



Foreign and Commonwealth Office

London S.W.1

6 December 1979

Dear Michael,

Visit of the Netherlands Prime Minister:
TNF Modernisation

Since receiving our brief for the Prime Minister's meeting with Mr van Agt you may have seen a copy of UKDEL NATO telegram No 297 in which Sir Clive Rose suggests possible fall-back ways to include the Dutch in Alliance decisions on TNF modernisation.

FCO officials do not think that Sir Clive Rose's suggestions should alter the line already recommended in the brief. As indicated in paragraph 5 of the "Points to Make", the Prime Minister might emphasise our willingness to see:

- (a) some public reference to the possibility of downward adjustment in the size of the Alliance modernisation programme in the light of results from arms control negotiations;
- (b) some reduction in other nuclear roles currently assigned to Dutch forces.

It would in our view be a mistake to concede more to the Dutch today, when it will still be uncertain whether any such concession would be sufficient to clinch matters for the Dutch Government in their Parliament.

If further concessions are to be made, we believe that they can only be judged at the time of the meeting of NATO Ministers on 12 December. Of the various fall-back options, the most acceptable might be:

- either (a) an arrangement which deferred Dutch participation in basing arrangements whilst allowing the Dutch to give maximum support to the Allies' modernisation and arms control decisions;
- or (b) a smaller modernisation programme, with firm Dutch participation.

But anything on these lines is likely to involve serious political, military and arms-control penalties. Such a high price would be worth paying only in the last resort if the whole programme is in jeopardy, which will not be apparent until 12 December.

M O'D B Alexander Esq
10 Downing Street



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We now know that on 4 December Mr van Agt was in Brussels (where the Belgian Government's position on TNF seems to be shaky) and that he will be in Rome today before coming on to London. The Italians are having a major Parliamentary debate due to finish this afternoon, whose outcome will be crucial for Italian participation.

We also learn that Mr van Agt will probably be travelling to Washington tonight to see President Carter. According to the Americans, the Dutch are now adding a further condition to those they have stipulated so far: that they would want to review at the end of 1981 any decision to deploy TNF weapons in the Netherlands. This is a slightly modified form of option (a) above. The Americans have told us that in dealing with Mr van Agt they expect to resist any change in the existing Alliance proposal although they are considering (as we are) ways to help the Dutch presentationally.

I am copying this letter to Brian Norbury in the MOD and Martin Vile in the Cabinet Office.

Yours etc

Paul

(P Lever)
Private Secretary

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6 DEC 1978

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PRIME MINISTER'S MEETING WITH THE DUTCH PRIME MINISTER

Objectives

1. To underline UK concern about the Khan leak, particularly in view of developments in Pakistan.
2. To put pressure on the Dutch Prime Minister to ensure that the need to tighten up security arrangements in Holland is taken seriously there.

Line to Take

I was very concerned that there should have been a leakage of sensitive nuclear information from Holland to Pakistan.

I am sure you share my concern that all possible steps should be taken to prevent any similar incidents in future.

URENCO partners must continue to co-operate closely to ensure that security procedures are stringently applied.

VISIT BY THE NETHERLANDS PRIME MINISTER, 4 DECEMBER

THEATRE NUCLEAR FORCES (TNF)

Points to make

1. TNF most important issue before NATO for many years. Full publicity for forthcoming Ministerial Meetings. Concerted Soviet propaganda effort to undermine Western position. Real test of Alliance solidarity.
2. A failure to take necessary decisions would seriously harm US-European relations. Given its broader global preoccupations (Iran etc) and generous efforts over TNF, Americans will not understand European back-tracking on a programme designed essentially to meet European concerns. Failure to take TNF modernisation decisions could also strengthen hand of SALT critics at crucial stage of ratification debate.
3. Soviet TNF programme continues energetically. Serious risk that existing TNF imbalance will be considerably worse by mid-80s.
4. For these reasons we are determined to go through with a TNF modernisation programme. In last resort we consider that decisions on a modernisation programme must take precedence over maintaining Alliance consensus. Clear indication that Germans and others share this view.
5. Understand Dutch parliamentary difficulties. Want to do everything possible to help short of compromising the modernisation programme. Mr Pym has been in touch with Mr

/Scholten

Essential facts

1. The proposal for TNF modernisation includes the basing of 48 GLCMs in the Netherlands. Key Ministers of the ruling Liberal/Christian Democrat coalition favour Dutch participation, but they continue to face major parliamentary difficulties. Within the coalition, the Liberal Party (VVD) is pro-nuclear and faces no great problem over TNF. The larger coalition party, the Christian Democrats (CDA) (itself an alliance of 3 parties) is strongly influenced by the anti-nuclear mood in the Dutch Churches. The CDA favours reductions in the role of nuclear weapons in Dutch defence policy and between 5 and 10 CDA members are threatening to bring the Government down by voting against TNF.

2. The CDA have laid down several conditions for Dutch participation:

- (a) decisions in December to be confined to TNF development and limited production but not deployment;
- (b) significant reduction in the size of the TNF modernisation programme (a cut from 572 to 286 warheads has been mentioned);
- (c) some existing Dutch nuclear tasks would be given up;
- (d) SALT II ratification;
- (e) the acceptance that no allied deployment would be necessary in the event of successful arms control (the so-called 'zero option');

/(f)

- (f) an Alliance study on the possibilities of shifting the emphasis from shorter range to longer range TNF (the 'shift study'); and
- (g) the possibility that further warhead withdrawals should be considered in addition to the 1,000 already proposed by the Americans.

The Dutch Government pressed these pre-conditions at the Nuclear Planning Group (13/14 November) and recently Mr Scholten, the Defence Minister, has written to Mr Pym stressing in particular the importance of (a), (b) and (c).

3. Other allies have already made a number of concessions to the Dutch position. These include several aspects of the arms control element in the TNF package, an agreement not to increase the stockpile of nuclear warheads in Europe, and (f) above. In replying to Mr Scholten's letter, Mr Pym argued forcefully against the Dutch demands but hinted that, providing the Dutch come along with the Alliance on TNF modernisation, we might be able to help the Dutch presentationally in the drafting of the communiqué on 12 December and to accept reluctantly some reduction in Dutch nuclear roles.

4. Mr Van Agt's visit, following one to Rome, seems to be part of a well-publicised demonstration that he is doing his utmost to press his Government's case prior to 12 December. Some of his colleagues hope that this effort, plus the sort of concessions mentioned in paragraph 3, will permit the Cabinet to convince Parliament and public opinion that it has done all in its power to find a satisfactory basis for Dutch participation.

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5. It is very difficult to know what, if anything, will now take the Dutch trick. Indeed Dutch Ministers themselves seem uncertain how to round up the one or two wavering votes on which their parliamentary support now depends. The Ambassador at The Hague has advised strongly that, in these circumstances, it would not be to the Alliance's advantage to hint at any further concessions before 12 December.

Defence Department

Foreign and Commonwealth Office

4 December 1979

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PRIME MINISTER'S MEETING WITH MR VAN AGT, PRIME MINISTER
OF THE NETHERLANDS, 6 DECEMBER 1979

EUROPEAN COMMUNITY

BUDGET/CONVERGENCE

POINTS TO MAKE

1. Grateful for Netherlands' helpful role at Dublin.
2. Way ahead: UK will actively and constructively pursue all suggestions from Commission and others for progress to a solution.
3. On contribution side, Dublin meeting seems to have endorsed, if only tacitly, removal of restraints on financial mechanism. This is helpful start.
4. But gap can only be bridged by radical decisions on budget receipts. (Britain contributes 20% and receives less than 10%).
Closing 3/4 of the gap between UK receipts per head and the
~~Bringing UK receipts up to~~ Community average would produce
1,000
~~4,400~~ million units of account a year.
5. A separate receipts mechanism would be simplest and most direct means of dealing with this problem. Regret this has not received more support.
6. We will also examine urgently with the Commission and our partners new Community instruments which could deal with receipts problem (which, if they are to meet it adequately, would have to bring substantial sums to the UK). Possibilities have already been mentioned by the Commission, e.g. exploitation of coal resources, transport infrastructure (e.g. major road links with Continent), agricultural improvement. Another possibility is help with bringing new industry to areas hit by closures in steel and shipbuilding. We are interested in these provided that like existing RDF expenditure they help to finance public expenditure which we ourselves consider necessary. Simply expanding RDF not enough in

/itself

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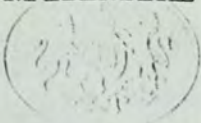
Scholten and has suggested that, on assumption Dutch participate in TNF programme, we could consider ways to help Dutch Government presentationally on 12 December and to examine as helpfully as possible reduction in Dutch nuclear roles.

6. But cannot accept other Dutch demands:

- (a) Cannot agree to separate decisions on TNF production and deployment: reduces Soviet incentive to negotiate seriously; casts doubt on NATO's ability to take difficult decisions; US have made it clear that Congress will not be prepared to endorse funding on this basis; would force Alliance to take equally difficult decision later on.
- (b) Cannot accept any significant reduction in size of TNF modernisation programme. Sound case for programme of about this size on military, political and arms control terms. Figure now in public domain; to reduce it would undermine Alliance credibility.
- (c) See major difficulties in tying TNF decisions to outcome of SALT debate: we should make immediate offer to negotiate on TNF even if there is a slight delay in start of SALT III.

7. [To be used with discretion] Dutch failure to go along with TNF package will reduce Dutch influence on NATO nuclear policy (including arms control). Would also jeopardise US willingness to withdraw 1,000 nuclear warheads.

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itself: only 10% net gain to UK, and this will diminish significantly after Greek accession.

7. Mr van Agt's proposal that non-quota section of RDF could be used (presumably exclusively) for the benefit of the UK would not work in present circumstances. Non-quota section limited to 5% of total fund (i.e. for 1980 little more than 50 million EUA). However, could take this idea up by creating new window on RDF, separate from existing non-quota section.

8. Own resources:

(a) As we have frequently stated we accept the own resources system. The Community receives, owns and disposed of the resources which the Member States have conferred on it.

(b) But the system has real and demonstrable effects in creating flows of resources from one part of the Community to another. This arises from the particular form of revenues which constitute "own resources" and from the particular purposes to which these revenues are applied. The 1975 Financial Mechanism recognises that all three components of own resources system add up to an overall cost to individual Member States.

(c) As far as the UK is concerned the flow is outwards. It is this outward flow - the net contribution - which we refer to as "our" money because it is a real resource which could be spent in the UK but in fact is spent elsewhere.

(d) Our aim is to deal with this real economic problem, not to engage in doctrinal argument about what is a national resource or a Community resource.

/9.

9. We are carrying on as normal, with positive and constructive policies. Mr Walker's participation in the Fisheries Council, 3 December evidence of this. Have no wish to disrupt the Community. But there must be progress on the Budget/Convergence in next month or two.

Foreign & Commonwealth Office

4 December 1979

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AGT, ANDREAS (DRIES) A M van (Christian Democrat Appeal - CDA)

Prime Minister since December 1977.

Born 1931. Studied law at Catholic University, Nijmegen, 1949-55 and then practised law for two years at Eindhoven. From 1957-63 worked in Legal Department, Ministry of Agriculture, before transferring to Department for Public Law Legislation, Ministry of Justice. In 1968 joined Law Faculty, Catholic University, Nijmegen, where he was Professor of Penal Law and Criminal Procedure.

A member of the Catholic Party (KVP), he was Minister of Justice in the Biesheuvel Cabinet, 1971-3, and then in the den Uyl Cabinet 1973-7. Despite his protestations that more suitable candidates were available, he was chosen to lead the newly formed Christian Democrat Appeal in the 1977 elections and became Prime Minister of a centre right government in December 1977.

Opinions of van Agt vary widely. He is certainly sincere and dedicated; but as Justice Minister he tended to be rash and erratic. However as Prime Minister he has shown a tactical sense, particularly in handling Parliament, which has earned him considerable respect. His personal standing in the country and in political circles is high, in spite of his openly admitted lack of grasp of economic affairs. Part of his strength lies in the fact that he did not seek the Prime Minister's post and claims that he would be happy to give it up. He is a pleasant and friendly person to meet.

Married with three children. He and his wife speak good English. His main interest is cycling.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 401 OF 03 DECEMBER

INFO ROUTINE EEC POSTS, UKDEL NATO AND WASHINGTON

VISIT OF NETHERLANDS PRIME MINISTER, 6 DECEMBER:
NETHERLANDS POLITICAL SCENE

1. MR VAN AGT'S BRIEF VISIT TO LONDON FOR TALKS WITH THE PRIME MINISTER, PROVISIONALLY ARRANGED FOR 6 DECEMBER, COMES AT THE START OF A TESTING MONTH FOR HIM. THERE IS WIDESPREAD SPECULATION THAT HIS CENTRE-RIGHT COALITION COULD FALL OVER TNF MODERNISATION OR OVER SOCIO-ECONOMIC POLICIES. THE ODDS HAVE CERTAINLY LENGTHENED AGAINST HIM.

TNF MODERNISATION

2. THE GOVERNMENT FACES A DEBATE IN PARLIAMENT ON 6 DECEMBER. THE CABINET IS EXPECTED TO DECIDE ON 7 DECEMBER WHAT LINE THE MINISTERS OF FOREIGN AFFAIRS AND DEFENCE WILL TAKE AT THE NATO MINISTERIAL MEETING ON 12 DECEMBER. THEY WILL PROBABLY HAVE TO FACE ANOTHER DEBATE ON 18 DECEMBER. WE HAVE REPORTED IN DETAIL TO THE DEPARTMENT ON THE PROSPECTS.

3. THE GOVERNMENT'S SURVIVAL SEEMS TO DEPEND ON THE VOTES OF A HANDFUL OF MEMBERS ON THE LEFT-WING OF MR VAN AGT'S OWN CHRISTIAN DEMOCRAT PARTY. IT WILL BE DIFFICULT TO CONFINE THE REBELLION - AS SOME IN THE GOVERNMENT APPEAR TO HOPE - BY A STATEMENT AFTER 12 DECEMBER THAT THE GOVERNMENT HAD DONE ITS BEST TO CONVINCING ITS NATO ALLIES TO ACCEPT THE CDA LINE (APPROVING PRODUCTION BUT DELAYING DEPLOYMENT FOR TWO YEARS) BUT HAD BEEN OBLIGED TO GO ALONG WITH THE GREAT MAJORITY OF NATO ALLIES, EVEN IF A SUBSTANTIAL ARMS CONTROL PACKAGE HAD ALSO BEEN AGREED AND ANNOUNCED.

4. MR VAN AGT ALMOST CERTAINLY BELIEVES THAT THE NETHERLANDS NEEDS A CONCESSION ON THE NUMBERS OF NEW WEAPONS TO BE DEPLOYED. BUT HE WILL KNOW THAT HE FACES AN IMPOSSIBLE TASK IN ATTEMPTING TO CONVINCING ALL HIS MAJOR PARTNERS AT A TIME WHEN THE TENDENCY TO BREAK RANKS ON THE ISSUE IS INCREASING AND A NUMBER OF SIGNIFICANT CONCESSIONS ALREADY MADE TO THE DUTCH HAVE MERELY INCREASED THEIR APPETITE FOR MORE.

5. IN THESE CIRCUMSTANCES I DO NOT BELIEVE IT WOULD BE TO THE ALLIANCE'S ADVANTAGE THAT ANY HINT OF FURTHER CONCESSIONS SHOULD BE GIVEN TO THE DUTCH BEFORE 12 DECEMBER. AT THE MEETING ITSELF, IF, AND ONLY IF, THE DUTCH SHOW THEMSELVES READY TO SHOULDER THEIR SHARE OF THE BURDEN AND RESPONSIBILITY, THERE IS A MUCH STRONGER CASE FOR GIVING VAN AGT SOME LIMITED CONCESSION TO BRING HOME, EG A REDUCTION IN THE NETHERLANDS' NUCLEAR TASKS IN WAR-TIME, (ALTHOUGH HE FEELS THAT THESE ARE IN THE BAG ALREADY).

SOCIO-ECONOMIC POLICIES

6. THE GOVERNMENT FACES MORE TROUBLE IN PARLIAMENT DURING THE WEEK BEGINNING 10 DECEMBER (IE BETWEEN THE TWO CRUCIAL TNF DEBATES) ON PUBLIC EXPENDITURE ISSUES. IN ORDER TO PERSUADE THE TRADE UNIONS TO LIMIT THEIR DEMANDS FOR 1980 TO A REAL WAGE INCREASE OF BETWEEN 0.5 PERCENT AND 1 PER CENT, THE GOVERNMENT NOW SEEMS LIKELY TO OFFER A PACKAGE OF INCOME TAX CUTS. BUT THIS WILL HAVE TO BE FINANCED, AS MINISTERS HAVE MADE CLEAR, BY INCREASING TAXATION ELSEWHERE OR REDUCING INDEX-LINKED INCREASES IN SOCIAL SECURITY BENEFITS. FOR THE CHRISTIAN DEMOCRATS ANY REDUCTION IN SOCIAL SECURITY STANDARDS AND THE PURCHASING POWER OF THE LOWER PAID ARE ANATHEMA. IF THE GOVERNMENT MEETS THE REQUIREMENT OF THE CHRISTIAN DEMOCRATS THEY RISK LOSING THE SUPPORT OF THE JUNIOR COALITION PARTNER, THE LIBERALS, FOR WHOM REDUCTION IN PUBLIC EXPENDITURE AND INCREASED PRIVATE SECTOR PROFITABILITY ARE EQUALLY ARTICLES OF FAITH.

CONCLUSION

7. ON BOTH THESE ISSUES A BREAK COULD COME EITHER IN CABINET, IF CHRISTIAN DEMOCRAT AND LIBERAL MINISTERS FAIL TO AGREE ON POLICY LINES, OR IN PARLIAMENT, IF ONE OR OTHER COALITION PARTIES FAILS TO SUPPORT THE GOVERNMENT. MR VAN AGT IS NOT WITHOUT FRIENDS: THERE ARE MANY WHO WILL WORK ACTIVELY WITH HIM TO AVOID A SITUATION IN WHICH HIS GOVERNMENT IS BROUGHT DOWN BY HIS OWN PARTY: AND NO ONE BELIEVES THAT THE LIBERALS WANT TO BRING DOWN THE GOVERNMENT ON ECONOMIC POLICY DIFFERENCES, SINCE THEY WOULD ALMOST CERTAINLY THEN EXCLUDE THEMSELVES FROM A SUCCESSOR CABINET. THERE ARE ALSO MANY IN PARLIAMENT WHO WOULD NOT LIKE TO SEE A CRISIS LEADING TO AN ELECTION FOUGHT ON THE NATO AND NUCLEAR ISSUE. DESPITE PESSIMISTIC MOODS MR VAN AGT HAS ALSO SHOWN HIMSELF ABLE TO CONJURE UP COMPROMISES AT AWKWARD MOMENTS. BUT HE HAS CAUSE TO BE WORRIED.

TAYLOR

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