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MINISTRY OF DEFENCE MAIN BUILDING WHITEHALL LONDON SW1

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14th November 1980

Dear Michael,

THE HEALTH OF THE ALLIANCE

My Secretary of State had a brief discussion with the German Defence Minister in Brussels this morning in the margins of the NATO Nuclear Planning Group. He thought that you might like this brief report in the light of the Prime Minister's impending visit to Bonn.

Mr Pym explained to Herr Apel that the British Government thought that it was time for the Alliance to stand back and have a hard look at itself to see whether it was as cost effective as it could be. It was his view that the Alliance as a whole ought to be able to get more defence for the money it was spending. It was also relevant to the Germans' division of labour concept that there should be some study in the light of the implications for the Alliance of the marked military build-up for South West Asia. At this stage these were tentative ideas; he had earlier had a brief discussion with the German Ambassador in London and he had shared his ideas on the previous evening with the US Defense Secretary.

Herr Apel said that his personal reaction was that there would be some advantages in a study on the lines suggested by Mr Pym but that there would also be problems. There would be a problem of public perception if hopes had been created by the starting of a study which in the event was not acted upon. He was dubious about the position of the smaller Allies. He would, however, report to the Chancellor what Mr Pym had said.

I am sending a copy of this letter to Paul Lever (FCO).

Jo B OMAND) Jan 6

M O'D B Alexander Esq

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## ANGLO GERMAN SUMMIT

As a postcript to David Omand's letter to you of earlier today I should perhaps send you the enclosed copy of my minute about the TCA so that the Prime Minister is aware of what Herr Apel has said before she sees the German Chancellor.

Brun.

(B M NORBURY)

M O'D B Alexander Esq

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SPEAH.



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MO 26/11/9

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## GERMAN POSITION ON THE TCA

In a brief discussion with the Secretary of State this morning in the margins of NPG, the German Defence Minister told the Secretary of State that although a formal governmental position had not yet been reached he thought it unlikely that the Germans would, for budgetary reasons, be able to proceed with the TCA.

2. The Secretary of State said that we had our own budgetary problems and could well find difficulty in fitting the TCA into our own equipment programme but we were making real increases in defence expenditure and we had been working on the basis that examination of the TCA project should continue. He noted, however, Dr Apel's advice.

14th November 1980

(B M NOREURY)
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