

CONFIDENTIAL

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TELEGRAM NUMBER 601 OF 21 FEBRUARY  
INFO PRIORITY MODUK (SIC A3A)

CALL ON WEINBERGER BY THE SECRETARY OF STATE FOR DEFENCE:  
20 FEBRUARY

1. WEINBERGER EXPRESSED APPRECIATION FOR THE SPEED WITH WHICH HMG HAD HANDLED THE CARBON CARBON CASE. PERLE COMMENTED THAT THE ESTABLISHMENT OF A COCOM DEFENCE EXPERTS GROUP WOULD MAKE IT POSSIBLE TO DETECT THIS KIND OF CASE EARLIER AND HANDLE IT MORE SMOOTHLY.
2. WEINBERGER CONGRATULATED MR HESELTINE ON THE SWIFT AND SUCCESSFUL ERECTION OF THE NEW PERIMETER FENCE AT MOLESWORTH. MR HESELTINE SAID THAT THE GOVERNMENT ALSO PLANNED TO STRENGTHEN THE PERIMETER DEFENCES AT GREENHAM COMMON. IN ADDITION, THE GOVERNMENT WAS TAKING STEPS TO ACQUIRE NEW POWERS OF ARREST FOR TRESPASS.
3. MR HESELTINE DREW ATTENTION TO THE MSE BID IN WHICH PLESSEY WERE TEAMED WITH ROCKWELL AND ITT. THE EQUIPMENT BEING OFFERED WAS FIRST CLASS. THE BID SHOULD BE VIEWED IN THE CONTEXT OF THE POLITICAL PROBLEM CAUSED BY ESCALATING TRIDENT COSTS. WEINBERGER ACKNOWLEDGED THE TRIDENT COST DIFFICULTIES CAUSED BY THE STRONG DOLLAR. OF COURSE, IT WAS TO BE EXPECTED THAT THE DOLLAR WOULD IN THE FUTURE FALL AGAINST THE POUND. AS FAR AS PTARMIGAN WAS CONCERNED, HE MADE A POINT OF NOT INVOLVING HIMSELF IN THE AWARDS OF INDIVIDUAL PROCUREMENT CONTRACTS. HIS POLICY WAS TO TRY TO ENSURE THAT THE PROCESS OF AWARDING CONTRACTS WAS A FAIR AND OBJECTIVE ONE. OF COURSE, CONGRESS COMPLAINED IF LARGE DEFENCE SUPPLY CONTRACTS WERE PLACED OUTSIDE THE US. BUT THE ROCKWELL/PLESSEY/ITT BID LOOKED PROMISING. A DECISION WAS LIKELY IN THE LATE SPRING, PERHAPS IN MAY. MR HESELTINE STRESSED THAT THE DECISION IN THIS CASE WOULD BE AN IMPORTANT ONE FOR THE UK.

(SHB/CHY)

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4. MR HESELTINE EXPRESSED SURPRISE ABOUT THE ABRUPT WAY IN WHICH THE ADMINISTRATION HAD CANCELLED EXERCISE ROLL CALL 85 WITHOUT PRIOR CONSULTATION WITH OTHER PARTICIPANTS. HE HAD NO QUARREL WITH THE SUBSTANCE OF THE ADMINISTRATION'S DECISION. BUT IT WAS UNSATISFACTORY WHEN THE US APPEARED TO EXPECT OTHER ALLIES SIMPLY TO FALL INTO LINE. WEINBERGER EXPRESSED SURPRISE AT THE WAY THE US DECISION HAD BEEN CONVEYED. THE ADMINISTRATION'S INTENTION HAD BEEN TO STATE THEIR WISH TO WITHDRAW FROM THE EXERCISE AND RECONSTITUTE IT WITHOUT NEW ZEALAND, AND TO INVITE THE VIEWS OF OTHER PARTICIPANTS. HE WOULD LOOK TO SEE WHAT HAD GONE WRONG. ON GENERAL POLICY TOWARDS NEW ZEALAND, WEINBERGER SAID THAT THE US CONTINUED TO REGARD NEW ZEALAND AS AN IMPORTANT ALLY AND WISHED TO PRESERVE THE RELATIONSHIP. AT THE SAME TIME, HOWEVER, THEY BELIEVED THAT THE NEW ZEALANDERS MUST BE SHOWN THAT THEIR POLICY ON SHIP VISITS WOULD NECESSARILY ENTAIL CONSEQUENCES IN TERMS OF US/NEW ZEALAND RELATIONS. MR HESELTINE AGREED. BUT THE ADMINISTRATION'S ABRUPT WAY OF HANDLING THE CANCELLATION OF EXERCISE ROLL CALL 85 MIGHT HAVE ALIENATED THE AUSTRALIAN GOVERNMENT. IT WAS IMPORTANT TO AVOID DOING THIS.

5. MR WEINBERGER SAID THAT THE ADMINISTRATION WERE STILL CONCERNED ABOUT THE FLOW OF MILITARY EQUIPMENT FROM THE UK TO IRAN RECENT DELIVERIES APPEARED TO INCLUDE JET FIGHTER AIRCRAFT ENGINES WHICH HAD BEEN SERVICED IN THE UK AS WELL AS REFURBISHED HOVERCRAFT AND LSTS. THE ADMINISTRATION CONTINUED TO FEAR THAT SUCH ITEMS WOULD BE USEFUL TO THE IRANIAN WAR EFFORT. MR HESELTINE EXPLAINED THAT THERE WAS AN OBLIGATION TO HONOUR CERTAIN OUTSTANDING CONTRACTS FOR THE DELIVERY OF EQUIPMENT FOR WHICH PAYMENT HAD ALREADY BEEN MADE. BUT DELIVERIES WERE LOOKED AT BY THE GOVERNMENT ON A CASE BY CASE BASIS AND ONLY ITEMS WHICH WERE NOT CONSIDERED LETHAL WERE RELEASED. HE WOULD LOOK INTO THE JET FIGHTER AIRCRAFT ENGINES CASE.

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6. WEINBERGER ASKED ABOUT THE FUTURE OF THE BRITISH DEFENCE BUDGET. MR HESELTINE EXPLAINED THAT THE BUDGET WOULD RISE BY 2 POINT 8 PER CENT IN REAL TERMS IN 1985/86. THIS WOULD PROVIDE FOR A REAL INCREASE OF 22 PER CENT OVER SEVEN YEARS. AFTER 1985/86, HE HOPED THAT THE DEFENCE BUDGET WOULD REMAIN BROADLY CONSTANT IN REAL TERMS ALTHOUGH HE COULD NOT RULE OUT THE POSSIBILITY THAT THERE MIGHT BE SOME SLIGHT FALL BECAUSE OF INADEQUATE PROVISION FOR INFLATION. WEINBERGER EXPRESSED APPRECIATION FOR THE PRIME MINISTER'S REFERENCE IN HER SPEECH TO CONGRESS TO BURDEN SHARING WITHIN THE ALLIANCE. BUT THE NOTION THAT THE EUROPEAN ALLIES WERE NOT PLAYING THEIR PART WAS A DEEP SEATED AND POPULAR ONE IN CONGRESS. IT APPEALED TO THE ISOLATIONIST STRAIN IN US THINKING, WHICH WAS ALWAYS JUST BELOW THE SURFACE. SENATOR NUNN WAS INDICATING THAT HE WOULD BE PURSUING THE BURDEN SHARING POINT AGAIN IN CONGRESS THIS YEAR. MR HESELTINE WONDERED WHAT NUNN HOPED TO ACHIEVE BY HIS HEAVY-HANDED APPROACH. HIS EFFORTS WOULD ONLY PROVOKE A EUROPEAN BACKLASH AND RESENTMENT AT THE APPARENT ATTEMPT BY THE US CONGRESS TO PUSH THE EUROPEAN ALLIES AROUND. IN ADDITION, IT WAS INACCURATE AND UNACCEPTABLE TO LUMP TOGETHER THOSE ALLIES WHICH HAD PERFORMED WELL ON DEFENCE SPENDING, WHICH INCLUDED THE UK AND THE FRG, WITH THE LESS WELL PERFORMING ALLIES. MR HESELTINE INTENDED TO PUT THESE POINTS TO SENATOR NUNN WHEN HE SAW HIM ON 21 FEBRUARY. WEINBERGER AGREED THAT NUNN'S APPROACH WAS MISGUIDED FROM ALL POINTS OF VIEW. THE ADMINISTRATION WOULD CONTINUE TO MAKE EVERY EFFORT TO PRESENT THE FACTS ON BURDEN SHARING AND TO POINT OUT THE DAMAGING AND COUNTER-PRODUCTIVE NATURE OF NUNN'S APPROACH, PARTICULARLY ITS SANCTIONS ELEMENT.

7. FOR DISCUSSION ON THE SDI, SEE MIFT.

WRIGHT