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Ref 39.

SLH



bc PC.

10 DOWNING STREET

From the Private Secretary

4 June 1985

VISIT OF MR SHULTZ

Thank you for your letter of 3 June about Mr Shultz's visit to London.

BF // The Prime Minister could see Secretary Shultz at 1845 on Friday 7 June. That is, I have to say, the only time on 7 or 8 June on which it would be possible for him to see her. The Prime Minister hopes that Secretary Shultz will come accompanied only by the US Ambassador. She would not propose to have anyone else present on our side except me.

I am sending copies of this letter to Rachel Lomax (H M Treasury), John Mogg (Department of Trade and Industry) and Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food).

C D POWELL

Len Appleyard, Esq.,
Foreign and Commonwealth Office

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CJT

cc/c ①



Foreign and Commonwealth Office

London SW1A 2AH

3 June 1985

Prime Minister

You could see him on Friday evening, since you have to stay in London.

Agree?

CDP
3/6

Yes sir
P.S. I suggest you ask to see him with Charlie Price only - easier to be frank.
Dear Charles,

Visit of Mr Shultz

Mr George Shultz will be in London on 7 and 8 June to attend the US Heads of European Mission Conference. He has indicated that he would be glad to call on the Prime Minister if she wished to see him.

The Foreign Secretary is committed to visiting Gibraltar and Stresa after the Lisbon meeting and will not be able to see Mr Shultz while he is in London. He will, however, have a bilateral working lunch with Mr Shultz on 5 June before the Lisbon North Atlantic Council on 6/7 June.

The Foreign Secretary considers that a meeting between the Prime Minister and Mr Shultz later in the week would be useful in following up and reinforcing his own meeting, in the light of the outcome of the NATO meeting. The main topic for discussion would be East-West relations and arms control. We see particular value in discussion of continued observance of SALT constraints, on which we understand President Reagan is likely to decide future US policy very soon. (It would be useful in this respect if in conveying any invitation from the Prime Minister to Mr Shultz for a meeting we could express the hope that no decision on constraints would be taken by the President until after that meeting.) The meeting would also provide an opportunity for the Prime Minister to stress the vital importance that Western countries stand firm against economic sanctions against South Africa (whether comprehensive or selective), and to reinforce the Government's views on major trade issues against the prospects for the world economy. Mr Shultz would doubtless appreciate being briefed on King Hussein's visit to London (which ends on the morning of 7 June).

I should be grateful to know whether the Prime Minister would wish us to suggest a meeting, and, if so, for proposed times.

I am sending copies of this letter to the Private Secretaries to the Chancellor of the Exchequer, Secretaries of State for Defence and Trade and Industry, and Minister for Agriculture.

Yours ever,

Lee Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

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Foreign and Commonwealth Office

London SW1A 2AH

7 December 1984

B G Cartledge Esq
Cabinet Office
Whitehall
London SW1

CDP
7/12.

Dear Bryan,

As requested in your letter of 27 November I enclose a copy of the arms control briefing prepared for Mr Shultz.

2. I am sending copies of this letter and enclosure to Nigel Nicholls, MOD; Charles Powell, No 10; Martin Morland and David Jago at the Cabinet Office.

gms
lvv
Jm

P J Weston

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VISIT OF US SECRETARY OF STATE : 11-12 DECEMBER 1984

ARMS CONTROL

POINTS TO MAKE

General

1. Welcome Shultz/State Department lead role in East/West relations and arms control. President Reagan's re-election historic opportunity to conclude and get ratified new agreements, and provide better basis for US/Soviet relations. "Reagan the peace-maker" in all our interests, including Moscow's.
2. Arms control answers political and strategic needs. But economic arguments equally strong, cannot have economies broken on wheel of endless arms cycle.
3. Agreements must observe certain principles: (i) balance ie equity and equality, not equal security or strict numerical parity; (ii) adequate verification, ie sufficient to deter violations. Verification can provide confidence in compliance but, more important, can improve chances of compliance. Should not be confused with punishment of violations.
4. In new process, Alliance cohesion/consultation essential. Solidarity has brought Soviet concessions, sticking together can bring more. Europe will need to feel involved if pressures from the political margins or Moscow for unilateral concessions are to be blocked. Public presentation also important, must avoid excessive expectations without making pessimism a self-fulfilling prophecy. Should not allow negative elements in Moscow to feed on their equivalents in West.

5. Recognize wish at Geneva to focus on key issues: offensive nuclear and defensive systems (BMD/ASATs). But CW not to be ignored: some changes in present US position required; could open up real prospect of agreement. Hope Russians agree post-Geneva to move swiftly from "talks about talks" to serious negotiations on main subjects.

6. Evident linkage between offensive/defensive (BMD/ASATs) forces. Constraints on latter should provide important Western leverage over Soviet Union to secure reductions in former. Conversely, limits on nuclear forces needed to allow BMD to be effective. Research on defensive systems should complement arms reduction efforts, not make them more difficult.

7. If Prime Minister visits US in February, proposed seminar on arms control could be valuable opportunity to review position and consider issues in detail.

OUTER SPACE

Anti-Satellite Systems (ASATs)

8. Recognise need to balance Soviet efforts in this field. But believe Western dependence on communications and surveillance satellites means that we stand to lose from the unconstrained development of ASAT systems. Welcome your readiness to consider constraints.

9. Understand you are now considering various options. We would see advantage in limiting low altitude ASATs to one Soviet and one US system, thus closing off further competition, and a ban on the testing/development of new systems including those at high altitude. Even if low level ban is not possible, would still favour a ban on high altitude ASATs, which would threaten key satellites on which West depends. Also scope for CBM's, complementary to, but not a substitute for measures of limitation.

BALLISTIC MISSILE DEFENCE (BMD)/STRATEGIC DEFENCE INITIATIVE (SDI)

10. Evidence of Soviet research on advanced defence systems. Agree only prudent for US to seek to match this research effort. But SDI raises far-reaching questions for Alliance. Expansion of programme would challenge fundamental aspects of security.

11. No real prospect of developing technology to point where nuclear weapons will be redundant. Best likely outcome is continued nuclear balance, at much higher cost in terms of weapons proliferation, strategic stability, Western cohesion and financial burdens - with an adverse effect on other programmes.

12. Believe some scope exists for arms control: early exploration of possibilities could lead to enhanced Western security by avoiding expensive spiral of technological capabilities, and by helping secure reductions in offensive forces.

NUCLEAR ARMS CONTROL

13. Recognise American thinking still at formative stage. What objectives/expectations at Geneva and beyond? Russians now referring to an effective merger of INF and strategic talks. How would this operate? Joint negotiator or separate heads on US side? Who in American team? Time-scale?

INF

14. Positions far apart when negotiations ended. Which approach most likely to succeed? Will aggregating INF and strategic figures help? Is "the walk in the woods" still a runner?

15. Russian aim undoubtedly to get a moratorium on NATO deployments, even though no longer a precondition. US and Alliance partners must firmly reject this. But will need to re-emphasise our willingness

to halt/reverse deployments if we get agreement. Cannot accept Soviet attempt to trade NATO INF with Soviet systems deployed forward (SS12/22 and SS23) in GDR and Czechoslovakia.

16. Important that INF should not hold back progress on strategic issues, even if more intractable. But indefinite delay would pose problems for solid Europeans eg FRG as well as weaker ones. Have already followed up your approaches to Belgians. Prime Minister spoke to Martens in Dublin. Sure that US will use care in public handling of SS20 deployments : vital for Dutch.

START

17. Which elements in Geneva positions offer basis for progress? Is build-down still main mechanism? What would warhead ceiling be if INF aggregated? Your view on "driving Soviets out to sea"? SLCMs: a major difficulty?

Alliance Consultations

18. Grateful for your message. Discussion in super restricted session at NAC will be helpful. Special Consultative Group (SCG) could be right body for subsequent briefings. Would not object if you wished to cover strategic aspects there as well. Nitze and Rowny had impressive record.

Third Country Systems (if raised)

19. Prime Minister discussed with President Reagan in September 1983 the British nuclear force in the context of arms control. Likely to be Russian pressure to include UK Polaris/Trident (and French systems) in new talks. You are aware of British position. We would be prepared to work with you - if situation required - to try to find ways of handling question of UK force size in context of overall deal which produced substantial cuts in US/Soviet forces.

French Attitudes

20. Mitterrand appears to share our general approach. Any indication of their attitude to new talks?

Flyindales BMEWS (if raised)

21. Looking at US proposals for upgrading as matter of urgency. Appreciate the importance the US attaches to the programme. In touch with State Department and DOD on ABM aspects. Public presentation (eg on possible BMD/ASAT angles) needs full consideration.

NON-PROLIFERATION TREATY (NPT)

22. Strongly endorse US commitment to non-proliferation and need to preserve NPT. Should we not seek to counter criticism of our attitude towards a comprehensive test ban (CTB) by pursuing a package of ideas on nuclear testing on the lines of that discussed by our people in the past? These would be aimed at improving our presentational position without impinging on essential security concerns, but should strengthen our ability to defend the NPT, given the linkage which others have established between the two issues.

CHEMICAL WEAPONS (CW)

23. CW remains politically sensitive. Recognise growing Soviet threat. Negotiated ban best answer: prospect of modernised US capability would underline benefits to Russians thus improving chances of agreement.

24. Share concern that verification of agreement should be adequate. Cannot risk revival of Soviet threat through covert production. Solution lies in achieving maximum deterrent effect in inspection provisions. Recent UK ideas (working from US draft treaty) designed to produce this. US draft already shown to be unacceptable even to close Allies. Strongly urge re-think of US

Article X proposals, to improve deterrent effect of potential challenge and prospects for agreement. Otherwise West risks being blamed for failure of negotiations.

MBFR

25. Little recent evidence of Eastern interest in making progress . but better East/West relations might change this. Alliance needs to keep sense of overall direction in conventional arms control. In past year we have spent more time negotiating with ourselves than with the East.

26. (If raised) Firmly believe MBFR treaty consistent with Western security must be based on prior agreement on size and shape of forces to be reduced before contractual obligations are incurred.

27. FRG refusal to allow completion of enhanced verification package which was quid pro quo for flexibility on data in West's April initiative highlights difficulties of verification-based approach to reaching agreement on data.

28. Would have liked West to complete April initiative this year but reluctantly conclude this not possible until Alliance has taken a considered view on new FRG concepts. Tabling a 'compromise' text without specific enhancements would be bad tactics and merely highlight Western disarray.

29. Necessary to look at Alliance posture on conventional arms control (CDE and MBFR) before Vienna CSCE review meeting in November 1986, but premature now.

CDE

30. Pleased that working group structure now agreed. Way open for real negotiations. West in good position to work for outcome

containing agreement on concrete measures and language reaffirming commitment to non use of force.

31. (If raised) Agree that Vienna follow-up meeting will need to consider balance in the CSCE process, but human rights issues best kept out of Stockholm in other than exceptional circumstances.

ARMS CONTROL AND DISARMAMENT DEPARTMENT

7 December 1984

VISIT BY US SECRETARY OF STATE: 11-12 DECEMBER 1984
ARMS CONTROL

Essential Facts

OUTER SPACE

1. Shultz/Gromyko talks to address outer space arms control. Present meeting valuable opportunity to probe US thinking on ASAT limitations and put forward our own views. President has hinted at a moratorium on the US test programme, provided talks are under way. Pentagon will be reluctant to concede this. Also useful to inject UK ideas on SDI/BMD, along lines suggested by Prime Minister to Shultz in Delhi. Composite paper on ASAT/BMD available for Prime Minister to pass to President, if desired.

2. President Reagan personally committed to SDI. Will need persuading that his aim of safer world can be better achieved by combination of radical controls on both offensive and defensive (ASATs/BMD) systems than by unconstrained development of latter with grave consequences for proliferation of former.

NUCLEAR ARMS CONTROL

3. Little information on US preparations for 7-8 January meeting. Neither US nor Russian negotiators announced. Nitze is Shultz's special adviser. Russians have been let off INF hook by procedural device. No hint of change in substance though appear to accept merger of INF/Strategic issues. Have not set preconditions but likely to press for INF moratorium and inclusion of British/French forces.

4. Combining INF and Strategic talks could have following effects/implications:

(a) could give impetus to the START/INF aspects; alternatively could compound the problems;

(b) increase scope for Soviets to drive wedges, decouple US from Europe;

(c) demands for inclusion of British/French forces. Effect on Trident;

(d) A merger, with common ceilings might offer scope for trade-offs eg. Russians might retain numerical superiority in ICBM warheads, and US keep current lead in ALCM. But problems for the US with Congress?

No clear consensus on merger in Washington yet. Official opinion mainly in favour.

INF

5. US seem determined to resist moratorium on INF deployments in advance of negotiated agreement.

6. A number of US negotiating options:

- (a) maintaining the position before suspension of talks;
- (b) pursuing a "walk in the woods" type solution;
- (c) US build-up/Soviet build-down; ie. US deploying to certain level of INF systems: Russians reducing to same level;
- (d) limiting INF to a percentage of strategic systems;
- (e) asymmetrical percentage cuts by both sides in INF stockpiles.

Would want to assess implications of new proposals before reacting.

START

7. Central feature of US START proposals was significant reduction in ballistic missile warheads by "build-down" to 5000 on each side. Hoped to limit certain Soviet systems, eg. SS18 "heavy" ICBM, while preserving American margin in other categories eg. bombers/ALCM. One theory was to "drive the Soviets out to sea", a policy favoured by Pentagon to limit Soviet ICBM programme. Not clear whether Americans will adopt strategic nuclear delivery vehicles (SNDV) or warheads as counting unit. The Pentagon favour sticking with present START position. State Department favour "framework aggregates": combined limits on launchers and warheads. Other possible models will emerge. Inter-agency debate in Washington continues. No figures for limits on launchers and warheads agreed yet.

SOVIET ATTITUDE

8. Soviet objectives similar to US: to protect lead areas and limit American margins eg. ALCM and SLCM. Initial tactic may be to sit back and wait for American proposals. Kornienko said on 30 November that prospects at Geneva and beyond depend on US intentions/readiness to make substantive moves. Likely to link NATO INF and Soviet systems in E. Europe. Third country and forward-based systems will be high on their agenda.

Consultations

9. Shultz sent Alliance Foreign Ministers a message on 28 November reaffirming US commitment to effective consultations on arms control. Several Allies, including the FRG, stress need for effective mechanism. Main fear the American concentration on strategic issues could be at expense of INF. Important to get British concerns across.

Third Country Systems

10. Given that there may be pressure from the USSR (and perhaps some Allies) as new negotiations get underway to accept the principle that UK (and French) forces should be taken into account in some way, the Secretary of State might indicate willingness to consider with the US how best to handle the matter. The approach would be cautious and non-committal. But in the light of the President's view in 1983 that it would be necessary to make allowances for strategic systems of other countries if agreement reached on sizeable US/Soviet reductions, the US may respond well to a sign that UK is prepared to put thought into the question.

NON-PROLIFERATION TREATY (NPT)

11. Strong criticism of US/UK failure to progress towards a CTBT may damage prospects for 1985 NPT Review Conference though renewed bilateral talks will clearly lessen the importance of the CTB issue. President Reagan's recent reaffirmation of commitment to non-proliferation provides opportunity to propose US re-consideration of package of UK ideas on nuclear testing which would help to counter such criticism.

12. Such a package of measures, which we believe would not impose significant constraints on US or UK testing programmes, could comprise:

- (i) proposals for US and Soviet Union to exchange data on tests, as provided for by unratified Treaties, and for observers at tests as suggested by President Reagan at the UN in September;
- (ii) US agreement to ratify with the USSR the (bilateral) 1974 Threshold Test Ban Treaty and the 1976 Peaceful Nuclear Explosions Treaty; on the explicit understanding that
- (iii) the Russians would agree to enter negotiations on a (minor) decrease in the threshold, coupled with provisions for enhanced verification; and
- (iv) continued acceptance of more CD multilateral work, (but not negotiations) on testing problems, especially verification.

CHEMICAL WEAPONS (CW)

13. Prospect of modernised US capability provided enhanced leverage at Geneva negotiations. Administration to resume efforts to secure Congressional funding for modernisation, but prospects uncertain. Presidential Review Commission on CW policy to report by April 1985. Views of major Allies likely to be canvassed.

14. President Reagan concerned that under Treaty US troops should not be overwhelmed by clandestine Soviet weapons. US Article X proposal ("no refusals" challenge inspection) would not fully meet the President's concern, since, as US admit, Russians would refuse inspection when necessary, even if had signed agreement. Proposal however poses serious security problems for UK and other close Allies. So far unserious US response to UK alternative proposal. This would enhance prospect of those counter-measures which would be essential basis for Western response, and hence provide better deterrent against Soviet covert production in first place. Would also ease UK security problems, and be more negotiable.

MBFR

15. In April this year, under heavy US pressure, NATO varied its 1982 draft Treaty with an initiative which confined the need for prior data agreement to Combat and Combat Support forces. This was offset by the

requirement for Eastern agreement to enhanced verification provisions. The latter ("Attachment B") tabled only in outline. In over 6 months discussion Allies have failed to agree on the details, primarily because of FRG opposition. The UK has now suggested that further efforts to draft a text papering over differences are nugatory, and that efforts to complete Attachment B will have to be put aside for the time being. Despite prior US/FRG/UK consultations and apparent acceptance of UK suggestion, US have so far not endorsed it in Alliance.

16. The current round (27 September - 13 December) has seen no progress on substance but some small procedural improvements. An Eastern suggestion for joint drafting on a preamble has so far not borne fruit despite the West's expression of interest.

CDE

17. The current round of the Stockholm Conference (6 November - 14 December) has agreed on an agenda and timetable for 2 working groups. Although not an ideal structure, it opens the way for real negotiations and the possibility of a generally acceptable outcome to the first stage of the Conference. Whether a substantive outcome will in fact be achieved by the Vienna CSCE follow-up meeting in November 1986 depends largely on the overall state of East/West relations.

18. The US may be under domestic pressure to hold progress at the Stockholm Conference hostage to developments in the rest of the CSCE process, especially on human rights.

ARMS CONTROL AND DISARMAMENT DEPARTMENT

7 DECEMBER 1984

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