

SECRET



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10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

TECHNOLOGY TRANSFER

The Prime Minister has seen your minute of 30 June about the article which appeared in the Sunday Times on 26 June. Mrs. Thatcher has made no comment.

A. J. COLES

1 July 1983

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A. J. C. 20/6.

MR COLES ✓
_____Technology Transfer

The Prime Minister may have seen the attached article which appeared in the Sunday Times on 26 June. It purports to describe the state of play between the United States and the United Kingdom on technology transfer, and reveals that the subject was raised by Mr Weinberger at his meeting with the Prime Minister last week (but not that he handed over a message from President Reagan).

2. The article criticises the United Kingdom's performance and (excepting the reference in the first paragraph to the Strategic Exports Working Party) appears to be based entirely on American briefing, almost certainly by Mr Richard Perle. Mr Perle accompanied Mr Weinberger for his call on the Secretary of State for Defence (though not on the Prime Minister), and the Foreign and Commonwealth Office have said that he gave a briefing to British correspondents about technology transfer towards the end of last week. The Sunday Times article is presumably one of the results. Mr Perle has all along been a leading proponent of a COCOM Military Sub-Committee, and has taken the line that the supply of United States high technology to Europe could be curtailed unless the Europeans make a greater effort to curb technology transfer to the Soviet Union. In a recent testimony to Congress Mr Perle made misleading use of statistics to show that Britain had the worst record in Europe for allowing high technology to leak to Eastern European countries. The Sunday Times piece contains these points.

3. The Foreign and Commonwealth Office believe that Mr Perle, on this subject as on others, does not reflect the views of the United States Administration and certainly not of the State Department, which recognises that the United Kingdom has been consistently helpful on technology transfer in the follow-up to the Shultz paper and is the only European ally to be taking effective measures to improve its enforcement arrangements. The Foreign and Commonwealth Office are however taking steps to ensure that



the Secretary of State is briefed on this subject for his forthcoming visit to Washington, and that he will leave the Americans in no doubt as to the extent to which the United Kingdom is co-operating in the efforts which the United States is making to tighten up on technology transfer to Communist countries.

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ROBERT ARMSTRONG

30 June 1983

conqueror

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Security clamp on high tech smugglers

A TOP SECRET working party, under the supervision of the Cabinet Office, has been set up to examine and reinforce efforts to stop the illegal exports to the eastern bloc of technology that could be militarily useful. Under the code-name SXWP, it includes members of the Joint Intelligence Committee, representatives from MI5 and MI6, and the customs service.

There is increasing cabinet concern at the pressure from the Americans, who consider Britain to have the worst high-tech-nology smuggling record in Europe. The working party was set up in the past two weeks, following threats from the

United States that American supplies will be cut off unless efforts are stepped up to curb the illegal exports.

The subject was discussed last week during meetings between the prime minister and the American defence secretary, Caspar Weinberger - the first member of the Reagan administration to visit Britain since the election.

Weinberger lobbied Mrs Thatcher to support a secret proposal for setting up an international panel of military experts to review individual export licences to the communist bloc. During the past two years this proposal has been

described last week by a senior Pentagon official as a "terrible institutional error." He added: "We have been concerned for a long time that military judgement needs to be brought to bear and we have been refused this by the UK."

Mrs Thatcher is said to be taking a very hard line with the Americans. She is keen on controlling the export of strictly military equipment to the eastern bloc, but does not support blanket control of other high technology items because of possible damage to exports. The Americans are arguing that in many cases no line can be drawn between equipment that

is militarily useful and that which is not.

One result of the talks is that in September both countries will hold discussions on high-technology exports. Senior representatives from the State Department and the Pentagon will meet with their counterparts from the Foreign Office and Ministry of Defence.

The prime minister is also under pressure from civil servants to increase staff in the customs service. There are doubts that staffing levels are sufficient to control the illegal export of strategic military equipment prescribed by Cocom.

by Linda Melvern
and Mark Hosenball

rejected by America's European allies.

The Americans have objected that the Co-ordinating Committee for Multi-Lateral Export Control (Cocom) lacks military presence. The job of Cocom, which is based in Paris and has representatives of all Nato countries, and Japan, is to agree on equipment which should not be sold to the eastern bloc.

At the moment, it is deadlocked. The refusal of the allies to agree to military representatives on the committee was