

PC



Ref. A085/899

PRIME MINISTER

Statement on the Defence Estimates 1985

(C(85) 8)

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## BACKGROUND

The Secretary of State for Defence has amended the text of his draft White Paper to take account of the points made in the meeting of the Defence and Overseas Policy Committee (OD) on 20 March and in previous correspondence. Your request at the OD meeting that the Soviet lead in chemical weapons should be clearly indicated in Chapter One of the draft has been well met by the revised third sentence of paragraph 125.

2. There are three additional glosses to be made on the revised text: the significance of the passage in the draft White Paper which deals with the decline of the United Kingdom merchant fleet (paragraphs 458-460) has been underlined by your meeting last week with Sir Edward du Cann at which he conveyed representations from the Parliamentary Maritime Affairs Group. The Secretary of State for Transport, who did not participate in last week's OD discussion of this aspect of the White Paper, may wish to report on progress made in the study of this issue to which reference is made in paragraph 460 of the text. Secondly, a passage has been added at the end of paragraph 511 about the new basic trainer for the Royal Air Force and you may wish to give Ministers concerned an opportunity to comment on this. Finally, it is understood that agreement has been reached orally between the Secretary of State for Defence and the Secretary-General of NATO on the way in which the comparison of NATO and Warsaw Pact dual-capable delivery systems is made in Annex A of the draft. The Secretary of State for Defence will





no doubt wish to confirm that the language in the text (paragraphs 29 to 31 on pages A14 to A15) reflect the agreement reached.

3. The Secretary of State for Defence proposes to publish his Statement on 1 May.

#### HANDLING

4. You will wish to invite the Secretary of State for Defence to introduce the Statement. Points to be established are:

- a. Is the Cabinet content with the text?
- b. Is the Secretary of State for Transport, who did not participate in the OD consideration on 20 March of the continued decline of the United Kingdom merchant fleet, satisfied with the description of the action now in hand on this important issue in paragraph 460 of the draft?
- c. Is there any objection to the proposed date of publication?

#### CONCLUSION

5. The Cabinet might be guided to:
- a. approve the Statement on the Defence Estimates 1985;
  - b. agree that it should be published on 1 May.

ROBERT ARMSTRONG

26 March 1985