



10 DOWNING STREET

From the Private Secretary

21 May, 1986.

MODERNIZATION OF BMEWS RAF FYLINGDALES

Thank you for your letter of 20 May conveying the Defence Secretary's intention to make a public announcement on 22 May about the modernization of Fylingdales.

The Prime Minister is content for the announcement to be made though thinks the text could be improved in various respects, principally by spelling out why we are satisfied that modernization of the system conforms fully with US obligations under the Anti-Ballistic Missile Treaty.

You will also wish to bear in mind that the Lord President will be visiting Moscow next week, and taking with him a message from the Prime Minister to Mr. Gorbachev which deals, among other things, with compliance with Arms Control Agreements. It will be essential for him to be fully briefed on the Fylingdales point.

I am sending copies of this letter to the Private Secretaries to other members of OD, the Attorney General, and the Secretary to the Cabinet.

(C.D. Powell)

Richard Hatfield, Esq.,
Ministry of Defence.

CONFIDENTIAL

du

Prime Minister
Agree Oct 86 *etc*



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20th May 1986

Proposed announcement should be made?

Dear Charles,

(The text needs some attention - as I will phrase this).

MODERNIZATION OF BMEWS RAF FYLINGDALES

ATTACHED

CDP 29/5

It was agreed in OD last July (OD (85)12 of 15th July taken out of Committee) that we should proceed with the modernization of the Ballistic Missile Early Warning System at RAF Fylingdales subject to the satisfactory conclusion of negotiations on the financial and industrial arrangements designed to ensure an adequate level of participation for British companies. Negotiations on these arrangements have taken a considerable time but on 13th March this year Richard Mottram wrote to you to report that we had been able to negotiate arrangements with the American prime contractor, Raytheon, which should lead them to place work in Britain to the sum of about \$135M over the next 10 years. This letter indicated that further discussions were continuing with the Americans on the Government to Government aspects of the project and said that the MOD would be giving careful thought, in consultation with the FCO, to the presentation of the decision to proceed with modernization. In his reply of 14th March Charles Powell said that the Prime Minister was content for Mr Younger to settle the financial and industrial arrangements with Mr Weinberger on this basis.

Agreed
no

We have now reached the point at which we need to make a public announcement on our intention to proceed with this project before the House rises for the Whitsun recess. The reason for urgency is that the US authorities have funds earmarked for their share of the modernization (\$220M against a UK share of £22.5M) which have to be committed before the close of their financial year. This means that a contract must be let before the end of September. If these funds are not so committed they will almost certainly be lost under the terms of the Gramm-Rudman amendment and we are told that it may be up to 2 years before adequate funding can be reinstated in the DoD programme. It is most important, from our own operational standpoint as well as that of the Americans, that we do not jeopardize timely completion of the modernization programme in this way.

The timetable is very tight. Until a public announcement is made we cannot permit the American prime contractor to

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commence detailed discussions with British sub-contractors who will be doing the construction work in this country. Nor can we initiate consultations with the North Yorkshire Moors National Park Authority on the necessary planning procedures which may well take some 3 months or so. It is therefore going to be very difficult to meet the end-September deadline for contract award required by American funding procedures. The Defence Secretary feels that we cannot afford any further delay by deferring an announcement until after the Whitsun recess.

ABN
 We have always recognised that the modernization programme could give rise to difficult questions in relation to United States obligations under the AMB Treaty. The terms of the announcement have been carefully prepared, in consultation with the US authorities, to underline our view, agreed at OD last year, that the modernization fully conforms with United States obligations under the Treaty. My Secretary of State understands that the Foreign and Commonwealth Secretary would ideally have wished the announcement to be deferred for slightly longer but that he accepts the pressing reasons set out above for going ahead now.

/ I enclose the text of a public announcement which we propose to make by written answer on Thursday 22nd May, subject to final clearance with the United States authorities. It has already been cleared at official level, with the FCO, the PSA and the Treasury Solicitor's office. Although we intend to make the announcement before negotiations on the inter-Governmental MOU are complete, these are going well and we do not anticipate any serious problems in this area.

I am copying this letter to the Private Secretaries to other members of OD, the Attorney General and the Secretary to the Cabinet.

(RICHARD HATFIELD)

MODERNIZATION OF BMEWS RAF FYLINGDALES

Public Announcement

The Ballistic Missile Early Warning System at RAF Fylingdales needs to be modernized in order to maintain its effectiveness in giving warning of modern multiple warhead missiles. Effective Early Warning Systems contribute significantly to [deterrence]. This modernization, ~~therefore~~, enhances the overall safety of the Alliance. The Government has therefore decided to proceed with a modernization programme in cooperation with the United States Government. We are satisfied that the modernization of this system fully conforms with United States obligations under the Anti-Ballistic Missile Treaty *because*

The modernized system will be of a more advanced design and will have a more compact, less visible profile. The modernization and subsequent operation of the Early Warning System will be carried out under the provisions of the Anglo/US Memorandum of Agreement published in 1960 together with new arrangements to cover detailed matters implementing those provisions. The systems will remain under RAF Command and Control. The necessary consultations will shortly commence with the appropriate local planning authority.

As well as maintaining our early warning capability, the Fylingdales modernization will create job opportunities. British companies will be used in the construction of the facility and infrastructure required by the improved radar, and they will also be undertaking the deactivation work on the existing radars. In addition arrangements have been made which ensure that a range

of British companies will have a [significant] opportunity to [benefit to an extent closely equivalent to the investment undertaken by the Americans at Fylingdales]. [contribute to the work on the new radar itself].