

CPC ①



PM/84/137

PRIME MINISTER

Prime Minister

You provided progress can be found without recourse to the contracting revenue sub.

When you discussed this with Percy Crook & me recently, you agreed to look at the arguments again. Percy thinks these arguments are strong. I am impressed by the risk of being pre-empted by American proposals which would

Non-Proliferation Treaty: The Case for Action

attached

1. I know that you are not enthusiastic about the idea of a technical cooperation fund designed to sustain and if possible increase support for the Non-Proliferation Treaty (NPT). Your Private Secretary in a letter of 16 April reported your reaction to my minute of 3 April.

cost us more, but earn us less credit.

2. Richard Luce and I have had another careful look at all this and have come to the conclusion that I should ask you to reconsider your reservations, because of the importance of the underlying political interests at stake.

Agree (reluctantly) to what is proposed in para. 7?

3. I think we have to start from the common ground that limiting the spread of nuclear weapons is one of the most important long-term elements in the United Kingdom arms control policy. Since 1970 the cornerstone of the international non-proliferation regime has been the Non-Proliferation Treaty, of which (as you reminded the United Nations in 1982) Britain was one of the principal architects. Under this treaty (which claims 120 states party) three-quarters of the non-nuclear weapon states have undertaken not to acquire nuclear weapons. Thus at present 98% of all nuclear facilities in non-nuclear weapon states are under safeguards. The treaty provides the legal underpinning for the IAEA safeguard system.

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4. The NPT is unfortunately very much at risk. The 1980 treaty review ended in disarray. Non-nuclear weapon states criticise the nuclear weapon states for their alleged failure to make adequate progress towards nuclear disarmament as required by Article VI. Developing countries claim that the developed countries have failed to help them enjoy the benefits of peaceful



nuclear energy as required by Article IV. The NPT will expire automatically in just over a decade from now, unless a majority of the states party vote to prolong it.

5. If the Treaty were to collapse, the international safeguards system would probably break down too. Countries such as Libya, Iran and Iraq (all parties to the NPT) would then be free to start nuclear weapons programmes without legal constraint and with less likelihood of detection. The stakes at next year's review conference are therefore large. So is Britain's responsibility as a depository power. Bearing in mind your words to the United Nations that "proliferation of nuclear weapons cannot be the way to a safer world", the next ten years could be crucial.

6. It is against this background that I think we should consider the case for Britain taking an initiative to canvass support among close allies for a technical cooperation fund, as proposed by the interdepartmental working party. The underlying purpose of the fund would be to give further practical expression to the Article IV commitment to help developing NPT countries enjoy the benefits of peaceful nuclear energy (see paragraph 8 below); and thus to provide added incentive to maintain the NPT regime intact. I have never pretended that this alone would be decisive. But it is a positive proposal for practical action, whose acceptance could be made conditional upon securing the right political outcome at the next review conference. As I warned you in my minute of 3 April there is in any case a danger of being preempted by more ambitious and more expensive proposals from other quarters. We know for example that Australian officials are recommending to their Ministers to double technical cooperation funds to developing states party to the NPT and to ask other suppliers (including the UK) to do likewise. We may thus face a situation of being asked to provide more money than is envisaged in our own technical cooperation fund proposal for a scheme for which the UK would receive no credit. Meanwhile the \$1 million pledged by the UK at the last review conference (the so-called IAEA footnote A scheme) has now been spent. Without



something like the new technical cooperation fund proposal, the UK will be providing no aid in the nuclear field specifically to NPT parties; and will be going into the next review conference with a reduced commitment measured against our pledge in 1980.

7. I accept that it is not yet clear where responsibility in financing a UK contribution to such a technical cooperation fund would lie. I have put in a bid for £0.3 million in 1986/7 and for £0.5 million in 1987/8 in this year's public expenditure survey. If the responsibility fell to me and I had to find the money elsewhere, it would involve sacrifices which I would regard as highly undesirable. But I believe there may be another way round this if discussions in Whitehall are pursued. What I require first is your approval in principle to support a line for the NPT conference which might commit the UK to contribute to a technical cooperation fund provided the money can be found and that the results of the review conference would justify this. If the question of financial responsibility could be solved quickly, I should then wish to consult close allies, since the next preparatory meeting for the NPT Review Conference will be upon us in October.

8. Finally a word about your own specific reservations. You expressed concern about the wisdom of promoting nuclear energy in the Third World and about the problems of nuclear waste disposal. You are quite right that many countries will not be ready for nuclear energy for many years if ever, and that we should not pretend that they will. But neither can we turn the clock back. There is a significant group of developing NPT countries who have decided that nuclear energy already makes some economic sense for them and who are committed to pursuing it. This comes out clearly in the interdepartmental working group report, and in particular annexes 3, 4 and 5 as well as the illustrative case studies (copies enclosed for ease of reference). In these cases it is important to ensure that such countries are capable of properly regulating their nuclear activities and

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with the
R.D.

with additional
calls on the
London
review.

— not enclosed actually



have adequate sources of expertise in such subjects as safety and waste disposal. Such expertise could be provided at relatively low cost, largely by consultancy and training assistance, with some possibility of net benefit to the UK balance of payments.

9. On disposal of fission products, it is certainly true that the developed world has not yet solved the problems associated with the disposal of radio-active waste, particularly highly active fission products. This challenge will have to be met by the developed countries themselves if nuclear energy is to continue at its present level of importance for their energy programmes. The additional amounts of material associated with developments in the Third World are exiguous by comparison. Any solution for the developed countries will a fortiori encompass them. Without such a solution, the problem will lie at our own doorsteps anyway.

10. I apologise for the length of this minute: but I believe the political importance of next year's NPT Review Conference and the political costs of failure should not be underrated. HMG is often criticised for not taking the initiative in arms control. This strikes me as a modest and sensible opportunity to do so.

11. I am copying this minute to the Secretary of State for Defence, the Secretary of State for Energy, the Chief Secretary to the Treasury and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

3 August, 1984

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FILE

WJ

cc: PC

10 DOWNING STREET

From the Private Secretary

6 August, 1984

Dear Peter,

NON-PROLIFERATION TREATY: THE CASE FOR ACTION

The Foreign and Commonwealth Secretary minuted to the Prime Minister on this subject on 3 August.

The Prime Minister retains her doubts about the wisdom of proposing a technical co-operation fund designed to sustain support for the Non-Proliferation Treaty. However, she is prepared reluctantly to agree to Sir Geoffrey Howe's proposals on the clear understanding that the money can be found without recourse to the contingency reserve.

I am copying this letter to Richard Mottram (Ministry of Defence), Michael Reidy (Department of Energy), John Gieve (Chief Secretary's Office) and to Richard Hatfield (Cabinet Office).

Yours sincerely,

(C.D. Powell)

P. Ricketts, Esq.,
Foreign and Commonwealth Office.

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