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PRIME MINISTEREurope and Defence

1. Our paper on 'Europe: the Future', which you sent to your colleagues among European Heads of State and Government, affirmed the defence of collective interests to be an important target for the Community. The paper specifically identified as key objectives the strengthening of the European pillar of the Alliance and the improvement of European defence co-operation. At the same time, we recognised the need to preserve the US strategic commitment and to increase American understanding of the European contribution.

2. If we are to follow up this aspect of British thinking about the future of Europe effectively in the coming months, there may be some difficult resource decisions and political choices to make. The purpose of this minute is to seek your agreement and that of OD colleagues to some specific suggestions.

3. In this context, I have in mind three particular challenges that British policy will have to meet:

(a) the recent Congressional debate on the Nunn Amendment has underlined both the importance and the difficulty of sustaining US confidence in the European contribution to the common Alliance defence. Oliver Wright's view is that we shall

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face further pressure on this in due course, if not in the remaining months of the present Congress. The fact that Senator Nunn is a long-standing Congressional supporter of the NATO commitment requires Europe to take such pressure all the more seriously.

(b) we need to watch closely the developing Franco-German contacts in the defence field.

There is a clear commitment at the highest political level in both countries, even if practical results have so far been relatively modest. Helmut Schmidt's Bundestag speech last month (proposing much increased Franco-German conventional force co-operation and extended French nuclear deterrence for Germany with a reduced role for both the US and Britain) has been widely discounted as impractical. But there is some evidence that Kohl may have his own ambitions for Franco-German co-operation in defence, as part of his vision of a more united Europe. Although Mitterrand's intentions are difficult to gauge, there may also be eye-catching political initiatives from France over the next few months.

(c) a corollary to any impression of a Franco-German axis would be the risk of Britain's position becoming marginalised. I referred to this in my minute to you of 12 July about Exercise Lionheart. There has been some evidence of such a tendency in the general climate of opinion in the defence and security debate in Europe. This impression, if unchecked, will affect American perceptions and damage our wider influence in Alliance affairs.





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4. Thinking European must of course be balanced by the Atlantic dimension. We should not assume that the scale of the US military presence in Europe will necessarily remain immutable for all time. But the need to sustain the American strategic guarantee for Europe and the resource pressures involved in any large-scale increase in European conventional defence, require that we should think very hard before doing anything to undermine support for that presence in the short run. I believe that Britain is well-placed to ensure that the growing impetus for European defence co-operation, whether in the Euro-Group, IEPG, WEU or in more restricted fora, is expressed in ways which ease, rather than intensify the problem of European perceptions and the more general US/European strains within the Alliance.

5. Against this background, I believe that our approach should concentrate on the following elements:

(i) we should reassert with new <sup>?</sup> <sup>?</sup> emphasis both publicly and privately the scale of the British commitment to the defence of NATO Europe, including our direct contribution to both conventional and theatre nuclear forces in Germany and the assignment of our strategic nuclear deterrent (in your words) 'for the purpose of international defence of the Western Alliance in all circumstances'. The visible involvement in this effort of senior colleagues led by yourself will be needed to carry conviction. It will be important to make as much as possible of Exercise Lionheart this autumn.

(ii) we must put Britain back on centre stage, together with France and Germany, in any new thinking or political initiative about the future of European

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defence and security. The prospects for developing our defence relations with both France and Germany will depend largely on our playing a full part in the further development of the Community generally. But there are independent arguments for significantly increasing the prominence given to defence and security at your regular Summit Meetings with Kohl and Mitterrand, so that they acquire a content comparable to that of Franco-German exchanges. I believe there are a number of issues which could be developed in such exchanges, for example the threat to European security; strategy in Central Europe; management of defence resources; increased co-operation between armed forces and in reinforcement planning; and out-of-area activities with the French. Nuclear issues are also a possible heading, but careful preparatory work would be needed to define what would be appropriate.

More generally:

(iii) I hope that we can build vigorously on Michael Heseltine's initiatives to reinforce bilaterally, in the IEPG and in the Euro-Group, moves in the direction of greater European arms co-operation. This would be consistent with the general thrust of our policy to increase industrial collaboration in the Community. We should not miss any opportunity to draw attention to our participation in such joint projects in the defence field. We should also look for ways of enhancing the effectiveness of the European contribution to Alliance force planning and of engaging French interest in this work. We should use the reactivation of WEU as a means of confirming our political support for practical co-operation.

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(iv) in all of this, and particularly in the public statements which will emerge from bilateral meetings and meetings of European Defence and Foreign Ministers (WEU, IEPG, Eurogroup ) during the autumn, we should have very much in mind the need to demonstrate in Washington that the European allies take the defence of Europe with the seriousness which it deserves; that they already make a major and insufficiently well recognised contribution to it; and that they are actively looking for ways of improving the effectiveness of the European pillar.

6. I am copying this minute to other colleagues in OD and to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

25 July 1984