(2)

Prime Minister

A very sorry affair, made worse by the Belgian Government's handling of it. But no apparent damage to vital UK interests.

CDP 3/8.

PM/84/138

PRIME MINISTER

Leakage of Alliance Documents

1. A senior official in the Belgian Foreign Ministry, Eugene Michiels, was arrested last year for spying. He was tried last month in the Lower Court in Brussels and sentenced to 8 years imprisonment.

2. It was not until 25 May that we received details of the scale of Michiels' involvement in passing to the Russians large numbers of NATO documents. These include at least 90% of documents produced by the Economic Committee between the beginning of 1982 and the middle of 1983 and all the major NATO political documents produced in the same period. The list includes two identified UK national contributions. There is no evidence of any leaked military secrets.

3. Michiels' treachery is a matter for grave concern. The scale of the leak justifies the judgement of the NATO Office of Security that serious damage was done to NATO. But most of the material available to him was not of a military or operational nature. Our own assessment has not identified serious damage to vital British or Alliance interests. Our damage assessment of the documents handed over, including the British contributions, suggests that no British Intelligence source appears to have been compromised.

/4.

4. Perhaps the most serious loss has been that of the study on "Soviet Policy Trends and their Implications" approved by NATO Foreign Ministers in the Spring of 1983. This gave a lengthy assessment of developments in the Soviet Union and a statement of Western objectives (including "differentiation" towards the countries of Eastern Europe). This and other documents will have given them a clear picture of the common basis on which the approach of the Allies to East/West relations is based. This included Allied thinking on such issues as INF, Soviet objectives in East/West relations, lack of information about the Soviet leadership, and Poland. But any assessment of damage to Western interests must take account of the fact that the Russians will have seen the conclusions of the documents put into practice. Similarly they are probably as likely to have detected different nuances of approach by individual Allies from their bilateral contacts as from a careful reading of classified documents.

5. Knowledge of the working methods and timetables of the Economic and Political Committees of the Alliance gained from the documents will have given the Russians a clear view of the Alliance's procedures and calendar. Knowledge of the dependence of the NATO Committees on Soviet statistics will have made it easier for them to reduce the amount of published information of particular value to NATO. Certain factual documents prepared by the Alliance, for example on Soviet industry and Soviet military expenditure, will have been of interest to them, not so much for the facts they contain, but for the information on how the Alliance establishes these and how much we know.

/6.

6. There are two further aspects of the Michiels case which are of great concern. The first is that it took several months for the non-Belgian Allies to be informed that Michiels' activities included the leaking of NATO documents. Although the Belgian authorities may have had domestic legal inhibitions while the case was sub judice, it should have been possible for them and the NATO authorities to indicate to their Allies at a much earlier stage that there appeared to have been a significant leak. Second, the Belgians themselves decided to prosecute Michiels under an Article of their penal code which provides for correctional punishment involving a maximum of 10 years imprisonment instead of under a more appropriate Article (dealing with espionage for a foreign power) which provides for sentences of up to 20 years. They have done this on the remarkable grounds that Michiels' actions were motivated by pecuniary as opposed to ideological considerations.

7. I believe it is important that we should make clear in the North Atlantic Council our view of the inadequacies in the handling of this case, both by the Belgian authorities and within NATO. I have therefore instructed our Permanent Representative to make appropriate representations in the Council and to suggest the implementation of new procedures to ensure that there is no repetition. I have considered making separate representations to the Belgians. But we have no standing to raise the issue of Belgian justice with the Belgian Government. Any bilateral approach would be all the more delicate as Michiels was a senior and trusted official from the same political party as the Prime Minister and Foreign Minister of Belgium (a factor which may not be unrelated to the Article under which he was tried). On the other hand, we are well within our rights to raise in the Alliance our concern at the leaking of NATO documents in a way which makes clear our unhappiness at the handling of the affair by the Belgians.

8. I have considered the question of whether we should, as a result of this case, be more restrictive about what we circulate in NATO ourselves. We already take care to ensure that such material as we make available (including JIC assessments) is suitably sanitised. In practice, this means that little or nothing classified above confidential is circulated in NATO. We are one of the net contributors of information in the Alliance and there is little that we receive in return which would not be available to us (often in fuller form) from other sources. Nevertheless, to restrict our contribution would damage our ability to influence consultation and the development of agreed views in NATO and, more generally, detract from their quality. It would be unfortunate for this to happen as Lord Carrington takes over the Secretary-Generalship and we are looking to greater coherence and consistency in Alliance machinery. It would make more difficult his and our objective of making the Alliance a more effective organisation.

9. This minute has been prepared in conjunction with MOD officials. I am sending copies to the Defence Secretary, other members of OD, to Sir Robert Armstrong and to Sir Anthony Duff.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
3 August 1984

SECRET

cc
LCO CDL
FCO CO
HMT DTI
LPO
MOD
LPS

cc PC

2

10 DOWNING STREET

From the Private Secretary

6 August 1984

Leakage of Alliance Documents

The Prime Minister has noted the Foreign Secretary's minute PM/84/138 of 3 August about the leak of Alliance documents by an official in the Belgian Foreign Ministry.

The Prime Minister agrees that the Belgian Government have behaved badly about this. She also agrees that we should raise our concern in the Alliance in a way which makes clear our unhappiness at the handling of the affair by the Belgians.

I am sending copies of this letter to the Private Secretaries to other Members of OD, and Richard Hatfield and Sir Antony Duff (Cabinet Office)

C D Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office

SECRET