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Prime Minister

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You will wish to  
note this.

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PRIME MINISTERCFE: APPORTIONMENT OF CUTS

Following your seminar on CFE on 30th September, the MOD and FCO, consulting the Treasury as necessary, were invited to conduct further in-house work on the apportionment of cuts and the right structure of forces, also dealing with the question of equitable burden-sharing. It may be helpful if I provide a progress report.

2. The attached note briefly describes the work in hand and the satisfactory procedures established for handling it within the Alliance. The main substantive points to note are:

- The Alliance approach continues to be framed to provide residual force structures capable of implementing flexible response and forward defence;
- with further detailed work, the counts of existing Alliance holdings of treaty limited items have tended to increase, complicating the problem of apportionment.
- two crucial unknowns are: US preferences over the share they wish to take of CFE equipment cuts; and an authoritative statement of current Alliance equipment holdings. We are working urgently to clarify these.



- Present indications are that only helicopters face the Alliance with a major difficulty in finding solutions acceptable in terms of security and equity, although the aircraft picture remains unclear. Conflicting national preferences and requirements will, however, complicate the task across the range of equipment.
  
- National ceilings statistically derived from a regime of equal percentage reductions would probably represent a viable force structure for the UK. Cuts would fall predominantly on older equipment and allow us to retain a balanced and effective contribution to NATO. But this is only a starting point: on grounds of operational effectiveness and national requirements, several trade-offs and departures from strict proportionality may be necessary. In the continuing debate, we will be guided by the twin requirements of preserving Alliance security, while aiming for an overall percentage reduction for the UK in line with that of our European Allies.

3. I will advise further when the position is clearer on ceilings, definitions, NATO data and the method of apportionment being proposed within the Alliance.

4. I am copying this minute and the attachment to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, and Sir Robin Butler.

Ministry of Defence  
18 January 1990

  
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CFE: APPORTIONMENT OF CUTSIntroduction

1. Following the Prime Minister's seminar in September, further work was commissioned on the apportionment of CFE cuts within NATO. Although the Vienna negotiations have since progressed well, many definitions and ceilings remain in dispute with the East. NATO has not yet assembled common data related to clear obligations, given the uncertainty over what is covered and the scale of the task of identifying and counting all equipment which might be covered by shifting definitions. Precision on what cuts are involved is thus not yet possible. This note sets out the present situation on the work in hand.

Work in NATO

2. Within NATO, the work has been carried forward by extensive consultation between SACEUR and the individual countries, and in a forum - (High Level Task Force (Reinforced)) - where the 16 nations (ie including France) can seek a collective solution, drawing on advice from NATO's military structure. The present timetable is that nations will make comprehensive data in an agreed format available in January; on the basis of this and of the considerable preparatory work already done by SACEUR, a first coherent Alliance view will be tabled by SHAPE at the end of the month.

3. Although much remains unclear, several pointers have emerged on the problems of allocation:

a. On tanks, the ceiling for each Alliance (20,000) is firm, but NATO has put forward a revised definition which is not yet agreed. On armoured combat vehicles (ACVs), NATO has recently suggested both revised ceilings (up to 30,000), sub-ceilings and definitions; the East's initial reaction was unfavourable. On artillery, the definition is agreed, but differences over ceilings remain. The recent revisions to the definitions within the armoured combat vehicle category in particular make analysis difficult; but neither here, nor for tanks and artillery, is the probable overall force reduction task likely to give major difficulties.

b. On aircraft, ceilings, definitions and data have still to be agreed. At present the apportionment problem looks more difficult than for land equipment, although the degree of difficulty is uncertain. Helicopters are a particular worry: in retrospect, the Alliance's July proposals took insufficient account of the impact of the rule which required unarmed helicopters to be counted against the ceiling if armed variants



existed in the relevant area. The proposal is currently being rethought, but the reductions required could well give rise to problems within the Alliance.

c. A continuing major unknown is the United States' view, especially given Mr Cheney's statements about defence cuts. It is possible that the US will seek something more than a pro rata share of reductions, on which we have been encouraging US officials to set out the American position to the Alliance soon.

d. Some countries have indicated particular preferences, but how firm these are remains to be seen. For example, FRG's restructured forces might require fewer tanks in active units than a proportionate share of cuts would give them; France may wish to avoid significant cuts in her tank fleet; Turkey wants to build up its stock of combat vehicles; and Italy has indicated difficulty in absorbing cuts in aircraft.

e. Even when overall figures look manageable, the complex relationship between ceilings, stationed force limits, zonal boundaries (still to be agreed) and storage rules can give particular problems. Indeed, different interpretations of how the rules interact are possible and potentially contentious within the Alliance.

f. Redeployment of modern equipment from one country to another within the area, with destruction of older equipment, can improve overall force quality and affect national attitudes to apportionment. Some scope for such switching has been provisionally identified (eg moving relatively modern US tanks from Germany to Turkey, who could destroy older tanks), but the process will not be easy to manage and may cause presentational problems.

g. For some small countries or forces, (eg Canadian forces in Europe) limited reductions could affect the viability of the contribution as a whole. A trade-off might be needed between an equitable share of the cuts and the political desirability of retaining a wide range of national contributions in Europe.

#### UK Approach

4. Correspondence between the Secretary of State for Defence and the Chief Secretary has characterised UK aims on apportionment as follows:

- to preserve security in relation to a changed military threat;



- to be equitable between nations;
- to aim for an overall percentage reduction for the UK in line with that of our European allies.

5. Within these broad principles, work done indicates that for the UK:- Our large stationed forces in FRG are particularly affected by interrelated changes in sub-zonal boundaries, definition of "active units", and storage rules. These remain areas of great uncertainty.

- For tanks, artillery and armoured combat vehicles, an equitable share of the cuts would probably sustain acceptable residual UK force levels. In all three categories, cuts would initially fall on less capable equipment such as Centurion, Pack Howitzers and 5.5" guns, Saracen and the Humber Pig, but, depending on the total reductions agreed (see paragraph 6 below), could have a more significant impact. The relative weakness in artillery in British Forces Germany suggests that we should take our reductions mainly in the UK and seek to minimise our reductions in stationed artillery in active units.
- For aircraft and helicopters, lack of agreement on numbers and coverage hinders analysis. However, the definition of combat aircraft in the West's draft treaty is a relatively broad one, and there is scope to take sizeable reductions from holdings of older aircraft, including Jaguar, Canberra, Buccaneer, Lightning and Hunter, while minimising the impact on modern dual-capable aircraft most relevant to our nuclear capabilities.
- The UK will not have a very active role either as a recipient or as a donor of equipment exchanged within the Alliance.

6. These points can usefully be viewed against the statistical implications for UK forces of a CFE agreement involving equal percentage reductions. As explained above, even this illustrative calculation of the impact on total (rather than front-line) holdings can only be very broad; but the following picture is emerging:



Equipment	UK Base Line Holdings 1.1.90. (on present definitions)	Range of Equal % Cuts	Range of Cuts for UK (Rounded)	Range of Residual UK Ceiling (Rounded)
1. Tanks	1278	15-20	190-260	1000-1100
2. ACVs	3470	5-10	175-350	3120-3290
3. Artillery	651	10-15	65-90	560-580
4. Aircraft	1114	15-20	170-220	890-950

Note: For helicopters, the fifth treaty-limited items, the ranges are still too wide for sensible statistical analysis in this form.

#### Conclusions

7. It is too early to draw firm conclusions, but some crucial points merit emphasis:

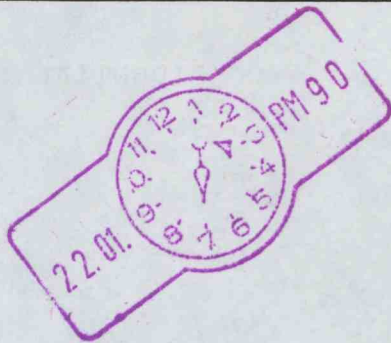
- The Alliance policy underpinning the work on apportionment is the retention of a force structure after CFE organised to implement a strategy of flexible response and forward defence.
- The recent refinements in ceilings and data do not undermine this.
- Nevertheless, changes in treaty coverage can be significant; and the baseline of current equipment holdings tends to rise as countries (including ourselves) account for each and every item covered by the changing definitions. This increases the number of items to be cut, and exacerbates the problem of apportionment.
- The Alliance now has appropriate machinery to tackle the task of apportionment, and the integrated military structure plays a prominent role in this with French acquiescence.



- On substance, two crucial unknowns are: US preferences on the share they wish to take of CFE equipment cuts and on stationed manpower reductions through CFE and any follow-on negotiation; and an authoritative statement of current Alliance equipment holdings. We are working to clarify these points as soon as possible.
- Present indications are that only helicopters face the Alliance with a major difficulty in finding solutions acceptable in terms of security and equity, although the aircraft picture remains opaque. Conflicting national preferences and requirements will however complicate the task across the range of equipment.
- National ceilings arithmetically derived from a regime of equal percentage reductions would probably represent a viable force structure for the UK, and allow us to retain a balanced and effective contribution to NATO. But this is only a starting point: on grounds of operational effectiveness and national requirements, several trade-offs and departures from strict proportionality may be sensible. In the continuing debate, the UK will be guided by the principles set out in paragraph 4 above.

8. Reductions would be implemented over a period of at least 2-3 years. The apportionment within NATO is only the first step in the restructuring of Alliance forces to deal with the new European security environment, including greatly-reduced Soviet force levels. Account will also have to be taken in NATO and national force planning of how the Soviet Union decides to restructure its own forces, and of how operational concepts on the Western side change in consequence. In parallel with the continuing clarification of definitions, ceilings and counting rules in CFE, further work is proceeding urgently on post-CFE force structures for British forces and on our future equipment programme - taking account of operational analysis currently in progress. Separate advice is being provided on more radical scenarios and their implications.









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*From the Private Secretary*

23 January 1990

CFE: APPORTIONMENT OF CUTS

The Prime Minister has noted the Defence Secretary's minute of 18 January about the apportionment of cuts under a CFE Agreement. She has no comments at this stage.

I am copying this letter to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and to Sir Robin Butler.

C. D. POWELL

Simon Webb, Esq.,  
Ministry of Defence.

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