



PM/90/04

THE PRIME MINISTER

Anglo-French Defence Cooperation

1. Your visit to Paris on 20 January will be an important opportunity to follow up the constructive discussions on defence issues which you had with President Mitterrand at Mont St Michel on 30 November 1988. Since then, the French have become increasingly concerned about US defence policy and alarmed by trends in the Federal Republic. This has been reflected in many signs of interest in working more closely with us over defence and arms control. French officials have told us that they were disappointed that this subject was not discussed at the "mini Summit" at Chequers in September. They have since proposed that we should cooperate more closely on the practical and arms control aspects of nuclear policy. They remain, of course, very keen that we should choose the French option for our TASM.

2. It is in our interest to capitalise on the fear about Germany and East-West relations which underlies this more constructive French attitude. The French are the closest to our thinking about the need to sustain defence and deterrence and to avoid a rush to arms control for its own sake. They are the best source in Western Europe of new value-added in defence, at a time when nearly all of our allies plan to cut defence spending. They share our views on nuclear deterrence. They have similar out-of-area interests. There is, in short, scope to achieve a better defence partnership and to publicise it to our mutual

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benefit. Given the state of anxiety in France, there is no risk that a British initiative would be seen as a sign of weakness on our part: rather it would be an indication of British willingness to work with the French in preserving a hard centre for Europe and the Alliance.

3. It would not be realistic to try to lure the French back into NATO's integrated military structure. Despite the inconsistencies in the present French approach, that is a shibboleth which they will not give up. This does not mean that we cannot, over time, challenge the French to iron out the inconsistencies in their traditional defence position. But our main target should be to make their involvement from outside the integrated structure more reliable and effective; to maximise our bilateral defence cooperation, through exercises and direct defence contacts; and to inject, collectively, a note of greater realism into East-West relations and arms control policy.

4. Specifically you might make the following points to M. Mitterrand:

- Developments in Eastern Europe and the heady response in parts of Western Europe put a premium on steady Anglo-French partnership on security issues. We have important common interests and attitudes to underpin this role. HMG are ready to do this as part of a long-term programme of cooperation.

- The higher priority we wish to give to Anglo-French defence relations should be symbolised by asking our Foreign and Defence Ministers to take personal charge of this work and to report progress at Anglo-French summits.

/- The aim



- The aim would be to bring our thinking as close as possible across the whole range of defence and security issues. This should cover procurement, nuclear and missile proliferation, chemical weapons and out-of-area issues. But the focus should be on nuclear matters and conventional security in Europe.

- In the nuclear field, we should develop the dialogue on our independent deterrents; coordinate our attitude to Soviet pressures for the inclusion of British and French systems in START; consult about SNF arms control; and consider how to sustain credible deterrence as an essential component of European security in the nineties.

- In the longer term, while respecting our different doctrines, we should consider whether current trends (to fewer systems and fewer warheads) offer scope to minimise those differences in respect of sub-strategic systems.

- In the conventional area we should continue to make sure that the details of a CFE agreement are analysed from a European angle; ensure that the problem of Soviet capabilities outside the Atlantic to the Urals area is not ignored; compare notes on how to implement the cuts which will result from the CFE agreement; and share our analysis of possible follow-up negotiations.

- We should in particular consider how best to handle pressure for US reductions. One suggestion is that we would jointly propose to the other WEU governments a collective approach to the Americans, urging them to clarify what share they wish to take of the reductions which fall to the Alliance in CFE. We should make clear to them that this is

/the best



the best opportunity to adjust the balance between the US and Europe. This would have the joint advantage of helping to ease the US defence budget problem while keeping our WEU partners up to the mark.

- We also need to prepare for growing pressure to remove stationed forces from Germany (as proposed, for example, by the East German Herr Gysi). We will both wish to resist this, while not ruling out reductions as the security climate improves in a durable way. One way of removing the connotation of "stationed" forces would be to explore the idea of creating multi-national units on the model of the proposed NORTHAG mobile division. Such units would have to be genuinely multinational (unlike the Franco-German Brigade). They would offer vivid evidence of a European contribution, while anchoring the Bundeswehr into NATO. It would also enable us to probe how far the French were willing to associate their forces with those of their allies - subject, perhaps, to a national decision on their deployment.

- We should also build on the programme of military cooperation, including exercises, which has developed well since you proposed it to M. Mitterrand in 1988.

- We should consider together whether there are acceptable ways of rationalising the plethora of European defence bodies (the WEU, Eurogroup, IEPG etc) which sometimes pull in different directions. The aim should be to optimise the "European defence cooperation within the Alliance" of which M. Dumas spoke at the last NAC. Officials could be asked to report on this in time for the summit on 4 May.

/- Since



- Since the US Administration now see the Community as its principal partner in Europe, we should decide together how best to structure EC/US relations in response to Mr Baker's Berlin speech.

- We should discuss frankly together how to ensure that current trends do not leave us with inadequate structures for European defence. This is an important aspect of the broader question of how to handle the German question, on which we also want to cooperate intimately with France.

5. I am confident that M. Mitterrand would respond positively to such a message - the more so if you were prepared to make plain at the outset that this is not a ploy to draw France back into the integrated structure. One important piece of the jigsaw, however, for the French would be what you were able to say about cooperation on TASM. The French are still inclined to see this as the touchstone for our cooperation. It would be important to disabuse M. Mitterrand of this, while showing that you are aware of the political considerations which play on this decision. You might draw on the following line:

- The fact that we have delayed our decision so that a full and fair assessment can be made of French proposals indicates how seriously we take the option of cooperating with you to meet our needs for a tactical air-to-surface missile. Military cost effectiveness is bound to be central to this analysis. I can assure you that examination of the French and American proposals is being conducted on a level playing field. We are, I am sure, both aware of the political advantages which will follow if it turns out that the French option is the more cost effective.

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6. How would this initiative be viewed by our other main allies? The Americans, from President Bush downwards, have indicated that they would welcome closer Anglo-French cooperation on nuclear and other matters. They will also see this as helping to meet the need for a clear European input on security issues which has been a feature of recent US speeches. As for the Federal Republic, the impact of an Anglo-French security initiative would offer a salutary warning. It would remind them that their recent tendency to overlook Western security interests risks their marginalisation from an important new trend in European defence cooperation. We should avoid the impression of exclusivity. We should, jointly with the French, brief the Germans on what is involved and make it clear that they are welcome to cooperate with us, provided that they do so on the same wholehearted basis.

7. Since one of the purposes of the initiative would be to steady attitudes in the FRG - and in other allies - we should seek some publicity for it. I attach press guidelines which might be deployed after your meeting.

8. If you felt that a lot of this material is too detailed for presentation to M. Mitterrand on 20 January we could of course put it into the form of a note, which could be handed over during or even before your visit.

9. I am sending copies of this minute to the Secretary of State for Defence, the Chancellor of the Exchequer and Sir Robin Butler.

R.H.H. S...

for (DOUGLAS HURD)

Foreign and Commonwealth Office
15 January 1990

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*(Approved by the Foreign Secretary
in Hong Kong)*

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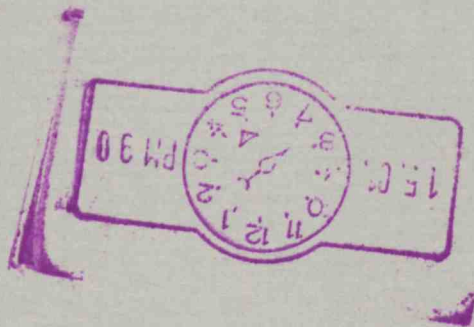
**PRESS GUIDELINES ON ANGLO-FRENCH COOPERATION ON DEFENCE
AND ARMS CONTROL**

1. The Prime Minister and the President agree that, at a time of profound change in East-West relations, there is a strong need for Britain and France to cooperate more closely on defence and arms control issues. They have accordingly asked their Foreign and Defence Ministers to supervise an enhanced programme of cooperation across the range of these issues, with particular emphasis on nuclear matters, conventional arms control and procurement. They see this a a long term effort, with two goals;

- first to make the fullest possible contribution to the security of Western Europe at a time of uncertainty and potential instability as well as hopes for a safer and freer Europe;

- second to ensure that the opportunities for better arms control and East-West relations are pursued, in conjunction with allies and partners, in ways which increase long term stability in Europe.

2. They agreed to review progress at their next meeting.





MINISTRY OF DEFENCE

MAIN BUILDING WHITEHALL LONDON SW1A 2HB

Telephone 01-218 2111/3

MO 14/4L

18/1 January 1990

Dear Charles,

CO 14/1

ANGLO/FRENCH DEFENCE CO-OPERATION

The Defence Secretary read with interest the Foreign and Commonwealth Secretary's minute of 15th January about Anglo/French Defence Co-operation. This was prepared in consultation between the Departments and he fully supports the approach which it takes.

There are, however, two small but important points on the line to take in paragraphs 5 and 6 which seem to have gone astray in finalising the text:

- a. The last sentence of the suggested line to take with President Mitterand. It is almost certain that an Anglo/French TASM will not turn out to be more "cost-effective", as narrowly defined, than a US option and setting such a test might be interpreted by the French as effectively ruling it out. The line might better read:

"We are, I am sure, both aware of the political advantages which will follow if it turns out that the Anglo/French option meets our requirements at an affordable cost."

- b. The second sentence of paragraph 6 might be misread to imply that the Americans at every level down from President Bush have indicated they would welcome closer Anglo/French co-operation on nuclear matters. Our impression is that this support is clear only at higher political levels including President Bush. The important task over the next few months will be to encourage wider dissemination of this political support at all levels within the US Government. When they met this morning the Defence and Foreign and Commonwealth Secretaries agreed to pursue just such an aim during their visits to Washington at the end of January.

I am copying this letter to Stephen Wall (FCO), John Gieve (Treasury) and Sonia Phippard (Cabinet Office).

Yours sincerely
Simon Webb

(S WEBB)
Private Secretary

Charles Powell Esq
10 Downing Street

FRANCE: Paris visit 1977

MINISTRY OF DEFENCE
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Foreign and Commonwealth Office

London SW1A 2AH

19 January 1990

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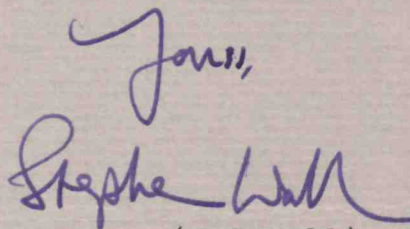
Dear Charles,

Anglo-French Defence Cooperation

You asked me to let you have a French translation of the "press guidelines" attached to the Foreign Secretary's minute to the Prime Minister on this subject of 15 January, together with a note on the details of the proposed programme of cooperation in a form suitable for leaving with the French. These I enclose, together with a French translation of the note.

The note includes a reference to the TASM issue. Sir Ewen Fergusson, in his scene-setting telegram for the Prime Minister visit (Paris telno 75), underlines the importance the French attach to this issue. If the Prime Minister wished to expand orally on the terms of the note, she might wish to make clear that she is aware of the political advantages if it turns out that the Anglo-French option meets our requirements at an affordable cost. The MOD would be happy for her to say this.

I am copying this letter to Simon Webb (MOD) and Sonia Phippard (Cabinet Office).



(J S Wall)

Private Secretary

C D Powell Esq
10 Downing Street

ANGLO-FRENCH DEFENCE COOPERATION b

Developments in Eastern Europe put a premium on steady Anglo-French partnership on security issues. This is a field in which we have important common interests and attitudes. The British Government are ready to give effect to such a partnership through a long term programme of cooperation.

The higher priority we wish to give to Anglo-French defence relations should be symbolised by asking our Foreign and Defence Ministers to take personal charge of this work and to report progress at Anglo-French summits.

The aim would be to bring our thinking as close as possible across the whole range of defence and security issues. This should cover procurement, nuclear and missile proliferation, chemical weapons and out-of-area issues, as well as nuclear matters and conventional security in Europe:

- In the nuclear field, we might develop the dialogue on our independent deterrents; maintain close coordination over our attitude to Soviet pressures for the inclusion of British and French systems in START; and consult about the prospects for SNF arms control.
- In the longer term, while respecting our different doctrines, we should consider current trends to fewer systems and fewer warheads.
- In the conventional area we should continue to make sure that the details of a CFE agreement are analysed from a European angle; ensure that the problem of Soviet capabilities outside the Atlantic to the Urals area is not ignored; and compare notes on how to implement the cuts which will result from the CFE agreement.
- We should in particular consider how best to handle pressure for US reductions. One suggestion is that we would jointly propose to the other WEU governments a collective approach to the Americans.

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- We also need to consider growing pressure to remove stationed forces from Germany (as proposed, for example, by the East German Herr Gysi).

- We should also build on the programme of military cooperation, including exercises, which has developed well since our discussions at Mont St Michel in 1988.

- We should consider together whether there are acceptable ways of rationalising the plethora of European defence bodies (the WEU, Eurogroup, IEPG etc) which sometimes pull in different directions. The aim should be to optimise the "European defence cooperation within the Alliance" of which M. Dumas spoke at the last Ministerial meeting of the North Atlantic Council. Officials could be asked to report on this in time for our summit on 4 May.

- Since the US Administration now see the Community as its principal partner in Europe, we should discuss how best we would like to structure EC/US relations.

There is also the important question of possible Anglo-French cooperation to meet our respective needs for a tactical air-to-surface missile. The fact that we have delayed our own decision so that a full and fair assessment can be made of French proposals indicates how seriously we take the option of cooperation with you. Military cost-effectiveness is bound to be central to this analysis. Our examination of the French and American proposals is being conducted on a strictly level playing field.

COOPERATION FRANCO-BRITANNIQUE EN MATIERE DE DEFENSE

Les événements en Europe de l'Est font ressortir l'importance d'une association franco-britannique solide en ce qui concerne les questions de sécurité. C'est un domaine dans lequel nous avons des attitudes et des intérêts communs importants. Le Gouvernement britannique est prêt à mettre en oeuvre une telle association dans le cadre d'un programme de coopération à long terme.

Pour symboliser la priorité plus importante que nous souhaitons donner aux relations franco-britanniques en matière de défense, nous pourrions demander à nos ministres des Affaires étrangères et de la Défense de se charger personnellement de ces travaux et de rendre compte de leurs progrès lors de sommets franco-britanniques.

Le but serait de rapprocher le plus possible notre réflexion en ce qui concerne l'ensemble des questions de défense et de sécurité. Ceci engloberait l'armement, la prolifération nucléaire et des missiles, les armes chimiques et les questions hors secteur, ainsi que le nucléaire et la sécurité dans le domaine conventionnel en Europe :

- Dans le domaine nucléaire, nous pourrions développer le dialogue relatif à nos forces de dissuasion indépendantes ; continuer à coordonner étroitement notre attitude face aux pressions soviétiques visant à inclure les systèmes britanniques et français dans les négociations START ; et nous consulter sur les perspectives en matière de maîtrise des armements SNF [forces nucléaires de courte portée].

- A plus long terme, tout en respectant nos différentes doctrines, nous pourrions étudier les tendances actuelles vers moins de systèmes et moins d'ogives.
- Dans le domaine conventionnel, nous pourrions continuer à nous assurer que les détails d'un accord sur les FCE sont analysés sous l'angle européen et que le problème des capacités soviétiques hors du secteur de l'Atlantique à l'Oural n'est pas ignoré ; nous pourrions aussi partager nos analyses sur la manière de mettre en oeuvre les réductions qui résulteront de l'accord sur les FCE.
- Nous pourrions en particulier étudier le meilleur moyen de faire face aux pressions en vue de réductions américaines. Par exemple, nous pourrions proposer en commun aux autres gouvernements de l'UEO une démarche collective auprès des Américains.
- Il nous faut aussi considérer les pressions croissantes pour le départ des forces stationnées en Allemagne (ainsi que le propose, par exemple, l'Allemand de l'Est Herr Gysi).
- Nous pourrions aussi renforcer le programme de coopération militaire, notamment en matière de manoeuvres, qui s'est développé de façon positive depuis nos discussions au Mont St Michel en 1988.
- Nous pourrions voir ensemble s'il existe des manières acceptables de rationaliser la pléthore d'organismes européens de défense (UEO, Eurogroupe, GIEP, etc.) qui, parfois, tirent chacun dans des directions différentes. Le but serait d'optimiser la "coopération européenne en matière en défense au sein de l'Alliance" dont M. Dumas a parlé lors de la dernière réunion ministérielle du Conseil de l'Atlantique Nord. Nous pourrions charger nos services de rendre compte sur ce point au sommet du 4 mai.

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- Puisque l'Administration américaine considère maintenant la Communauté comme son partenaire principal en Europe, nous pourrions voir ensemble comment nous aimerions structurer au mieux les relations Communauté/Etats-Unis.

Il y a aussi la question importante d'une coopération franco-britannique éventuelle pour répondre à notre besoin respectif d'un missile air-sol. Le fait que nous ayons retardé notre propre décision de façon à pouvoir procéder à une évaluation équitable et complète des propositions françaises indique le sérieux avec lequel nous considérons l'option d'une coopération avec vous. Le rapport coût-efficacité sur le plan militaire doit nécessairement être un point essentiel de cette analyse. C'est strictement sans a priori que nous menons notre étude des propositions françaises et américaines.

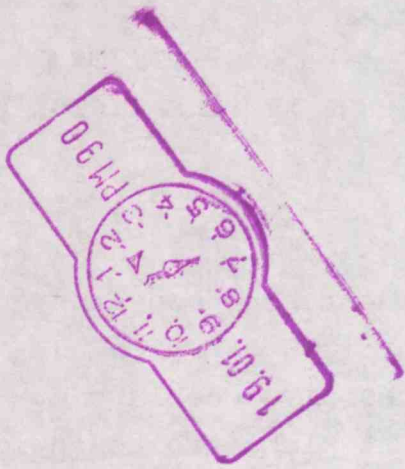
INDICATIONS POUR LA PRESSE RELATIVES A LA COOPERATION
FRANCO-BRITANNIQUE EN MATIERE DE DEFENSE ET DE MAITRISE DES
ARMEMENTS

1. Le Premier Ministre et le Président sont convenus qu'au moment où de profonds changements ont lieu dans les relations Est-Ouest, il est très nécessaire que la Grande-Bretagne et la France coopèrent plus étroitement dans le domaine de la défense et de la maîtrise des armements. Ils ont donc demandé à leurs ministres des Affaires étrangères et de la Défense de piloter un programme renforcé de coopération portant sur l'ensemble de ces questions, l'accent étant mis notamment sur les questions nucléaires, la maîtrise des armements classiques et l'armement. Il s'agit d'un effort à long terme, avec deux objectifs :

- premièrement, contribuer le plus possible à la sécurité de l'Europe occidentale à une époque où l'incertitude et les risques d'instabilité se mêlent à l'espoir de voir émerger une Europe plus sûre et plus libre ;

- deuxièmement, faire en sorte que les chances de faire progresser la maîtrise des armements et les relations Est-Ouest soient saisies avec nos alliés et partenaires, de manière à accroître la stabilité à long terme en Europe.

2. Le Premier Ministre et le Président sont convenus que les progrès dans ce domaine seront examinés lors de leur prochaine réunion.



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Foreign and Commonwealth Office

London SW1A 2AH

15 January 1990

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Jean Charles,

Western Security in the 1990s

We sent to you earlier today ^{with COP?} a minute from the Foreign Secretary to the Prime Minister which contained his advice for the Prime Minister, before her meeting with President Mitterrand on 20 January, about the overall question of Western security in the 1990s. The paper I am now enclosing, "Conventional Defence and Arms Control in Europe", expands on what the minute has to say about CFE and what may follow from it. It has been seen, and agreed, by the Foreign Secretary.

I am copying this letter and its enclosure to Simon Webb (MOD) and Sonia Phippard (Cabinet Office).

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

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CONVENTIONAL DEFENCE AND ARMS CONTROL IN EUROPE

Introduction

1. Prospects after CFE I depend crucially on what happens in Germany and the East. This paper considers the defence and arms control implications of two very different scenarios:

- Part I assumes that the Eastern Europeans will remain willing to go on negotiating on conventional arms control as a bloc and that relations between the two Germanys evolve only slowly;

- Part II envisages two possible trends - German reunification and the demise of the Warsaw Pact - which would invalidate several of our current assumptions - including the notion of a balance in the ATTU area and a bloc-to-bloc mechanism, on which the CFE process rests.

I THE CFE PROCESS

2. President Bush and most other allied leaders - as well as the Russians - now assume that a CFE agreement signed in 1990 will be followed by further conventional negotiations, to achieve, in the words of the Comprehensive Concept, "further reductions". The East's draft CFE Treaty envisages that, after CFE I enters into force, both sides "shall promptly continue the negotiations". The Russians already have a proposal on the table for a second phase of CFE involving reductions by 25% over the period 1994-97. Several of our allies are working up proposals, notably the Italians and Americans. There may well be something of a competition in the first half of 1990 to set the agenda for "CFE II". It would therefore be prudent for HMG to assess:

- the main security considerations for the UK and other main players;

- the options for further conventional arms control;

- how best to handle the pressures for follow-up negotiations.

UK security interests

3. The main considerations affecting our security interests in conventional arms control are:

- CFE I and events in the East are removing the threat of



short warning attack and could lead to major cuts in Soviet and indigenous forces in Eastern Europe even without further negotiations. But, even if the Soviet Union becomes firmly committed to its new defensive doctrine, we face a period of instability in the East, and a risk that Western countries would become embroiled. The Soviet Union will remain the biggest military power in Europe and we cannot assume that its leadership will be enlightened or cautious. It will retain the option of reinforced attack, albeit with longer warning time for the West;

- We therefore need to preserve our nuclear deterrents, some forces in Germany and substantial reinforcement capabilities - primarily for the Central Front but also for the flanks. (We will also need forces for home defence and to meet our out-of-area obligations.);

- We should ensure that CFE negotiations do not undermine the essentials of NATO's existing strategy - for example by biting unduly into dual-capable aircraft. Nor should we bring any new CFE agreement into force until CFE I has been satisfactorily implemented in full.

- But we should assume that the nature of forward defence will change. Indeed it would make sense, as the FRG and GDR move closer together, to focus less on defending the Elbe and on force/space ratios. If the Germans agitate for further conventional cuts they will have to accept a price in terms of greater reliance on reinforcements and a willingness to trade space for time;

- Such a change could suit the UK as well as the US. The present scale and disposition of our forces in the FRG reflect German more than British needs. As the paper for the PM's September Chequers Seminar noted, a more mobile, less territorial form of forward defence could probably be sustained at around 70% of existing NATO levels. This would offer us greater flexibility in how the UK structures its forces in the 90s, notably in the balance between land and air assets and between forces on continental soil and in the UK, Channel and Atlantic. It would also allow for some savings, mainly out of the £3-4 bn. currently spent on British Forces in Germany;

- In these circumstances, the Brussels Treaty commitment to deploy four Divisions and the Second Tactical Air Force in the FRG will appear more anomalous. Renegotiation of the Brussels Treaty should not be difficult to sell to our allies in the context of CFE II. (The procedures are described in Annex B.) This might permit a greater flexibility in the way in which we fulfil our NATO roles, with fewer British forces forward deployed in Germany and greater emphasis on mobility.



Interests of other players

4. The French will largely share our interest in retaining robust defence forces in the '90s (though with their usual national and nuclear emphasis). But the other main players are likely to have very different aims:

- the US want to use CFE II as the framework for making cuts which are driven by domestic budgetary and a new security relationship with the Soviet Union as well as political pressures. They may wish to go as low as 50% of current NATO levels - and possibly lower for US forces in Europe. They will not, however, wish to see limits on naval forces or other US forces outside the ATTU area;

- the Soviet Union seeks to reduce NATO forces, and specifically to constrain the Bundeswehr - in exchange for the deep cuts and withdrawals from Eastern Europe which it needs to make anyway;

- the FRG, preoccupied with the opportunities in Eastern Europe, is ready to play down the role of the Alliance and of deterrence. It may be prepared to pay a high price, in terms of force limits, in exchange for reunification.

CFE II options

5. The main options which have been mentioned are analysed briefly at Annex A. Some are clearly less attractive than others:

- deep cuts across the board may not enhance stability, given Soviet advantages of geography, mobilisation etc.;

- maritime reductions of the kind which might enhance Western security (for example by reducing the Soviet threat to reinforcement shipping) are unlikely to be negotiable on acceptable terms;

- limits on forces beyond the ATTU area would probably be unmanageable (though the problem of circumvention outside the ATTU area would become more important as force levels are lowered within ATTU);

- demilitarised or weapon-free zones would be incompatible with NATO'S current version of forward defence (though they could have a place in certain Eastern European scenarios);

- qualitative constraints will probably work to NATO'S disadvantage, at least in the short to medium term.

But there are areas where further arms control, possibly in



combination, could suit our interests depending on the detail:

- a further modest cut of selected items on the CFE I model;

- negotiations focussed on specific sources of instability (e.g. Soviet reinforcement capability);

- a focus on US and Soviet reductions (as the best way of channelling their need to cut their forces);

- asymmetrical cuts: for example different ceilings for Soviet forces in the western USSR and US-stationed forces in Europe;

- limits applying mainly or solely to Central Europe ("the Jaruzelski area);

Steering the follow-up

6. We are already committed by the Comprehensive Concept "to contemplate [following implementation of a CFE agreement] further steps to enhance stability and security - for example reductions or limitations of conventional armaments". The Italians have proposed that the allies should soon hold a seminar on "CFE II" (which we and the French have for the moment put on ice). The impetus for the CFE process to continue is very strong, especially from allies who aim to make bigger cuts than envisaged for NATO in CFE I. The likelihood is that firm proposals for CFE II will take shape and attract support in time to be written into the CFE I agreement.

7. The question for the UK is whether we should try to block/delay this process or should seek to steer it in a sensible direction. The case for delay is basically threefold:

- there will be enough on the arms control plate from 1991 onwards, with SNF and CW negotiations as well as the implementation of CFE and START;

- it would be prudent for the West to wait until CFE I has been implemented (and the future of Eastern Europe has become clearer) before embarking on further CFE negotiations;

- further CFE negotiations could create a momentum to disarm which the West would find particularly hard to reverse.

The French will sympathise with this view. But we would



almost certainly be alone in opposing further negotiations.

8. There are moreover powerful practical reasons for trying to steer the CFE process:

- for the Alliance it offers a way of controlling the urge for unilateral force reductions by allies; of developing the more political role for NATO which all the allies seek; and of preserving the Alliance's appeal in the FRG;

- for Gorbachev it provides the security framework essential to handling the complex processes of change in the East, including cover for an orderly, irreversible and verified Soviet withdrawal from Eastern Europe;

- for both Alliances CFE has stimulated a strategic dialogue (for example on the case for minimal nuclear deterrence) and a mood of cooperation which it is in our interests to continue;

The issue of conventional arms control will be at the centre of Alliance policy in the years ahead. A constructive British input will be essential if we are to deal effectively with the pressures likely to come from the US and FRG. As often in the Alliance, if other allies sense that we are the brake-man, they will feel freer to propose populist or grandiose schemes.

UK Objectives

9. We would need to be clear what our long-term objectives are in the CFE process. They include:

(a) to retain the UK forces necessary for our security and our role in NATO strategy, in particular those needed for nuclear deterrence;

(b) to lever Soviet forces out of Eastern Europe altogether, without paying a heavy price in terms of German neutrality etc; as far as possible to constrain overall levels of forces in the Soviet Union;

(c) at the same time, to retain an adequate US military presence in Europe as well as the infrastructure for rapid reinforcement;

(d) to maintain rigorous verification rights in the Soviet Union, including some surveillance East of the Urals.

10. In seeking to shape NATO's proposals for CFE II, the UK approach would be to ensure that priority is given to the central security and political interests of the West. We should make clear to the US that there is a point beyond



which limits confined to Europe alone are not acceptable: as European forces are cut, it will become increasingly necessary to verify (and ideally to constrain) military activities outside the area (especially Soviet mobilisation East of the Urals). Nor could we agree simply to unpick those elements of NATO strategy which other allies find onerous: the need, for example, to exercise forces in Germany and to sustain nuclear deterrence would remain. NATO's proposals would require rigorous analysis, as for CFE I, over many months: the Alliance should not simply pluck a politically-appealing figure from the air. The outcome might well be a mix of proposals.

Conclusions

11. (a) The CFE process is not stoppable, except perhaps by German reunification or the demise of the Warsaw Pact, which would radically change the whole East-West agenda.

(b) Our aim should be to shape NATO's proposals for CFE II. We should not rule out early negotiations after CFE I has entered into force. But we should insist that no new agreement enters into effect until CFE I has been satisfactorily implemented. We should also resist any proposals which would bite unduly into NATO's theatre nuclear capability.

(c) Although many ideas for CFE II are unattractive there are some which could well be beneficial to the UK and its allies.

(d) Further study of these options should be given high priority as a basis for early discussion with the US and other close allies.

(e) almost any CFE II ideas will require further adaptation of NATO's strategy. But political pressures in the next 3-5 years will probably force changes anyway, especially in forward defence. Some adaptation of the current version of forward defence could suit British interests.

II DEFENCE IN EUROPE: MORE RADICAL SCENARIOS

"Is Germany to be neutral and disarmed? If so, who will keep Germany disarmed? Or is Germany to be neutral and armed? If so, who will keep Germany neutral?"

1. The conclusions in Section I on the options for a continuing process of Conventional arms control in Europe are based on the assumption that the status quo remains largely unchanged. We are not confident that this assumption will hold. This section looks at the implications for arms control and defence of three scenarios (the two limiting cases and a middle option).

- a. A German Confederation in which the two parts remain in their separate alliances;
- b. A united Germany in NATO;
- c. A united neutral Germany.

All three scenarios would take place against the background of rapid political change in Eastern Europe, and pressure for the removal of Soviet forces from Czechoslovakia and Hungary. Scenario (a) could be a transitional phase on the way to scenarios (b) or (c).

A. A GERMAN CONFEDERATION

2. This scenario envisages the two Germanies establishing a number of confederal structures but remaining two separate states. Its least disruptive variant could involve:

- The continuation of the two Alliances with the FRG remaining in NATO and the GDR remaining in the Warsaw Pact.
- A continued Soviet military presence in the GDR and elsewhere in Eastern Europe, although at much reduced levels: a democratically-elected East German government is unlikely to accept the continued stationing of 375,000 troops in the GDR, Czechoslovakia is discussing the removal of the 75,000 Soviet forces based there, and the Hungarians may soon follow suit.
- A continued US presence in Europe, but major reductions in its size reflecting both the new situation in Europe and domestic budgetary pressures.

Implications for Arms Control

3. This scenario would be consistent with the implementation of CFE I and the continuation of the CFE process against a background of strong pressures for US and Soviet reductions.

Implications for NATO and Western Strategy

4. Europe would remain divided between two Alliances. The inner-German border would still be NATO's defence perimeter and the underlying rationale for a collective defence effort would remain; common force planning within an integrated structure, would reflect the potential threat from continuing Soviet capabilities. Further, there would be important new Alliance functions in maintaining and monitoring CFE I limits and obligations, and in continuing the conventional arms control process. NATO could well also develop its political functions, e.g. in respect of the CSCE process, and in developing dialogue with the Warsaw Pact. But German interest in minimising the differences between the two Alliances would make this a fragile, possibly transitory, structure.
5. NATO's strategy of flexible response and forward defence would need significant modification. There would be no chance of persuading the German Government to accept ground-based nuclear forces on German soil, and there would be a serious question mark over the basing of any air delivered weapons there. The theatre nuclear element of flexible response therefore would rest on air and sea delivered nuclear weapons from bases in the UK and France, possibly with contingency arrangements for forward basing in West Germany and Benelux in times of crisis. Turkey, and perhaps other southern flank countries, might also continue to be bases for nuclear weapons. This would be a much weaker form of extended deterrence - particularly for the FRG - which could destroy the existing bargain on nuclear risk sharing. But the essential element of an unacceptable nuclear risk to Soviet territory from the European theatre would remain.
6. The implementation of forward defence would evolve in response to the changed battlefield, the diminished threat, and the new relationship between the two German states. Whatever exact concept of operations was developed, its characteristics would probably include more mobile forces and less dependence on in-place troops. This would be adequate in military terms but whether the concept of forward defence would be able to survive politically in a German confederation would be questionable. As cooperation between the two parts of Germany grew it would become seem more and more absurd especially from the German point of view, to base defence planning on the possibility of fighting breaking out on the inner-German border.

Implications for UK Defence

7. UK defence might include emphasis of the following factors:
- Maintenance of forces on the Continent to help sustain the collective security endeavour against the continuing massive Soviet military capability; should deterrence ever fail, to contribute to effective defence operations set well beyond the

UK's own borders; and to help bolster a continued significant US presence in Europe to underpin US extended deterrence. Almost certainly however the level of in-place forces would be significantly lower than now, since increased warning time would permit more reliance on reserves and on reinforcement.

- Development of force structures, e.g. multinational divisions, which were both militarily effective and maximised other European (and especially German) involvement in common security. In particular the value of new military cooperation measures to bind Germany into the overall security structure would grow.
- Continued reinforcement assurances to the flanks, especially the northern flank, with forces visibly available for this purpose.
- Continued effort on sustaining an effective national and NATO nuclear contribution.
- Maintenance of our role in maritime operations, including in safeguarding reinforcement routes across the Atlantic, and in the direct defence of the UK but with the weight of our contribution and its character reflecting changes in warning time and in the scale of Soviet defence efforts.
- Development of defence cooperation, nuclear and conventional, with France.
- At the same time, the overall environment could be expected to exert pressure on defence spending in all Western countries.

B. A UNITED GERMANY IN NATO

8. This scenario envisages the unification of the GDR and FRG into one federal state with one capital and one defence policy. The United Germany would belong to NATO (as suggested by Kohl and Baker). This could involve:

- The continuation of NATO in some form; the Warsaw Pact would probably collapse or become a rump organisation
- Soviet withdrawal from the GDR but a strong incentive to retain bases in Poland.
- A continued but much reduced US presence in Europe. This could include forces still based in the Western part of a united Germany, but need not.

Implications for Arms Control

9. Under this scenario a CFE I treaty would need to be revised.

The zones and commitments contained in it would no longer apply and new ways of assuring that its essential components were implemented would be needed. Negotiations on conventional arms control could no longer take place between the two blocs and new machinery would be needed.

10. A radical look at the options for further arms control would also be necessary. For example demilitarized zones (e.g. for the GDR) might be more attractive and deep cuts might be more tolerable for the West. German reunification might mean that the focus had to be put mainly on cuts in the central "Jaruzelski" zone in order to reassure the Soviet Union.

Implications for NATO and Western Strategy

11. Much of the thrust of NATO policy described under scenario A could remain. A united Germany in NATO would probably be consistent with a collective security arrangement involving the US and European allies; it would maintain nuclear deterrence; a friendly and secure Germany, would be embedded in essentially western European institutions; and dialogue with Eastern Europe would continue to develop. The threat of large scale attack in Central Europe would be greatly reduced and warning times improved. But it could create a difficult dynamic for Western governments in terms of support for defence and willingness to sustain in-place forces and reinforcement capacity. Domestic German sentiment might be even more hostile to the basing of nuclear forces there. We could be left with a weaker insurance policy against a resurgent Soviet Union and might have difficulty in securing a continued US commitment to Europe.

12. A reunified Germany could be threatening to the Soviet Union. The Soviet Union might be unable to prevent it coming about but unless unification was cooperatively achieved it could result in an unstable and dangerous security environment. A premium would be placed on reassuring the Soviet Union through a number of measures short of German neutrality.

- A demilitarised zone in the eastern half of Germany, probably within an overall arms control structure, e.g. western military forces and German regular military forces remaining in the Western half of Germany and only German para-military forces being stationed in the Eastern half.

- Low limits on German forces but in the context of a Europe-wide arms control regime, to prevent German feelings of singularisation (c.f. Versailles).

- Our aim would be to convince the Russians that a continued presence of multilateral troops in Germany (under European or NATO command) was stabilising and therefore in their own long term interest. But the Russians might well try to insist that no stationed troops remained in Germany.

- Some pan-European security structure.
- Removal of all nuclear weapons from Germany.

Implications for UK Defence

13. It is difficult to predict how British defence structures would differ from those envisaged under scenario A. We would presumably maintain forces in Germany, assuming the Germans accepted them. The size of the British presence might be smaller than under option A if unification had been brought about with Soviet acquiescence but might need to be larger than option A if the scenario came about against a background of Soviet hostility to the changes themselves.

C. A NEUTRAL UNITED GERMANY

14. Despite firm statements to the contrary by German leaders this scenario cannot be ruled out. It is the condition on which the Soviet Union may try to insist before agreeing to a united federal Germany. It could include:

- the collapse of existing Alliances, although possibly with rump organisations remaining;
- minimal, or possibly no Soviet forces in East Europe;
- withdrawal of all the US and other stationed forces from Germany;
- agreed limits on German military forces.

Implications for Arms Control

15. In this scenario the dominant item on the arms control agenda would be to define the conditions attached to a neutral united Germany notably the level of its forces.

Implications for Western Strategy

16. NATO would either not exist or would be so changed that it became a different organisation. For example a rump alliance might develop involving the remaining NATO allies, or a series of bilateral treaties between the US and European countries could be put in its place. A crucial factor would be the attitude of the USA, and its willingness to preserve a military presence or extend nuclear cover to its residual European allies.

17. The immediate Soviet threat could become even more attenuated, with a neutral glacis extending from the Rhine to the Russian border. In general the structures of Western defence would be more fragile because of the loss of the Bundeswehr to the integrated structure and in particular because of the problems and ambiguities

posed by German neutrality:

- What guarantees of German security would be feasible for us and credible to the Germans? Our political and economic stake in German stability would remain but would the rump of NATO be willing or able to defend Germany if the need arose?
- What limits on force levels would a neutral Germany accept? If the Germans came to believe that they would have to rely on themselves for their defence, would such limitations be sustainable in the long run?
- What nuclear guarantee could credibly be extended to Germany? If the answer is none might pressures arise at some future and more unfavourable time for Germany to become a nuclear power?
- What would be the reaction of other European countries to a neutral Germany? Would it give rise to pressures to build up force levels?

These problems arise on the assumption that there remains a continuing preoccupation with a Soviet threat. This scenario could become more secure and more attractive if we were able to build a more integrated Europe in which the Soviet Union had a stake in European stability and prosperity.

18. On the assumption that we are still addressing a Soviet threat, important UK defence interests could include:

- Some form of collective Western security alliance, even without Germany. This would inevitably be a looser alliance than NATO. The UK would have an interest in closer collaboration with a core group: the US, France, the Netherlands and Norway at least. It would be crucial that this alliance should include the US. If it did not we should have to look at European options; but these would be unattractive without Germany. Another option would be an exclusive US/UK relationship. (c.f. US/Japan treaty)
- The maintenance of a friendly and cooperative security relationship with a neutral Germany. This might include cooperation in defence procurement, exchanges, policy talks but probably not exercises or joint planning. The essence of our relations with Germany would have to be sought elsewhere, notably through the Community (for which major problems would also arise).
- Increased defence cooperation with France, not least in nuclear matters, with greater significance attached to UK and French nuclear forces.
- Encouragement of maximum US involvement in European (and UK) security, even though US troops on the ground would be few, and the nuclear guarantee less credible.

- Development of more mobile and flexible UK forces if the retention of UK forces on the Continent is ruled out.

CONCLUSIONS

19. A German confederation has attractions since it is the least disruptive of current effective security arrangements and offers little scope for the Soviet Union to extract a price. The difficulty with this scenario is that it is unlikely to be a stable and sustainable arrangement for the long run. As an interim stage however it may have a role in providing time to make adjustment to a different configuration.
20. A united Germany in NATO is potentially favourable provided the West can maintain a serious defence capacity in the radically changed circumstances. This scenario is more favourable for Western interests if it can be achieved in a way which is not threatening to the Soviet Union.
21. A neutral united Germany would seriously disrupt NATO and Western defence arrangements. It would undermine the US role and the credibility of deterrence. A neutral Germany would either be unarmed and difficult to defend or armed and in the long run a possible cause of instability. None of the alternative security arrangements that might be available in this scenario appears satisfactory.
22. Our overriding objective should therefore be to try to avoid German neutrality. This implies the following policies:
- a) a readiness to adapt NATO - if necessary radically - in order to make scenarios A or B sustainable;
 - b) a refusal to allow the Soviet Union to extract the price of neutrality for unity;
 - c) but we should be prepared to take account of Soviet concerns short of neutralising Germany;
 - d) anything which tends to slow down the process is to our advantage, although our own influence on developments should not be overrated.
23. Under any of the scenarios arms control would be an important element in an essentially political process. Conventional arms control should be seen as a continuing process in which our aim should be to control the pace of reductions, make it more difficult to reverse them, to provide a forum for dialogue between the two Alliances (or between major powers if Alliances atrophied) giving assurance of cooperation rather than hostility and to allow Gorbachev to make Soviet withdrawals without loss of face and with visible Western reciprocity.



THE CFE PROCESS

(i) Selective Equipment cuts on the CFE Model. This would have immediate attractions; the definitions and machinery would be in place, and it could be done under the existing mandate. It would, for the first time, involve symmetrical cuts. Even with, say a further 15% cut below CFE I levels, NATO would lose 3,000 tanks and 855 aircraft - more in numbers and capability than in CFE I. This would yield some savings for hard pressed defence budgets - though many allies would regard 15% as too timid. We have not yet analysed in detail the impact on NATO's current strategy of cutting to such levels. But there are some indications that forward defence in something like its present shape could still be sustained. Given the greater importance of mobility in a thinned out battlefield, it might be preferable to contemplate larger cuts in some items such as tanks and protect other items such as helicopters and aircraft. It might also be appropriate to focus on items of equipment not covered by CFE I (see (v) below);

(ii) Deep cuts. Reductions to say 50% of current NATO levels in major equipment would almost certainly make it difficult to sustain forward defence as presently understood. But this option has considerable support in the US. It could become popular in Europe, especially if Soviet forces largely withdrew from Eastern Europe. Soviet forces largely withdraw from Eastern Europe. The changes in NATO deployments and capabilities which it would require would be disruptive both politically and militarily;

(iii) Focus on the Superpowers. Many US officials assume that cuts will have to be "US-heavy" in order to meet US budgetary pressures. Negotiated US/Soviet cuts would be preferable to unilateral American reductions. The main risk in this approach is that it would either legitimise large Soviet forces in Eastern Europe or encourage a slide to the elimination of US forces from Europe. But Gorbachev may, in the interests of stability and as part of an overall arms control pledge, accept asymmetrical results, with more US forces in Western Europe than Soviet forces in Eastern Europe. Alternatively it would be possible to develop the rules in a way which continued to bite principally on the Soviet Union, and which would rely less than CFE I on the present bloc to bloc structure;

(iv) Naval arms control. Although anathema to the Americans, this has strong support from the Russians and some allies (Iceland, Norway). But a package which enhanced NATO security (for example by reducing the naval threat to NATO's sea reinforcement capability) could hardly be negotiated on



acceptable terms. The regional nature of the CFE process also makes maritime arms control difficult to accommodate. Nevertheless the Russian argument that Western navies project power on the European landmass and that these should not be ignored when other such forces are under negotiation has persuasive political appeal. At the very least, therefore, NATO needs to be able to suggest naval confidence-building measures, especially at a time when we may have to rely more heavily on transatlantic reinforcements. But the Russian argument that Western navies project force on the European landmass and that these should not be ignored when all other forces are under negotiation is a cogent one. At the very least, therefore, we need to be able to suggest naval confidence-building measures as an alternative;

(v) Focus on Specific Sources of Instability. There is a sound security argument in favour of concentrating on military capabilities which would still be a source of instability after CFE I, in particular the continued Soviet potential for reinforced attack. This could well suggest a focus on factors such as sustainability, mobilisation and warning time as well as further cuts in equipment (such as missiles or conventional guided weapons). Further, once conventional balance were achieved, it might be acceptable to agree constraints on the number and scale of exercises, especially if the climate in the FRG is likely to inhibit NATO training anyway. Other more far-reaching confidence building measures might also be feasible;

(vi) Conventional arms control beyond ATTU. To carry the CFE process East of the Urals would reduce the scope for circumvention by the Soviet Union building up forces there. This would, however, be very difficult to negotiate, since we would need a new mandate and would have in some way to take account of conventional forces to the East and South of the Soviet Union. It would also raise the issue of inclusion of the continental USA. It should perhaps be seen as an issue to influence US policy towards CFE II rather than a promising field for negotiation in its own right;

(vii) Constraints on new technology and modernisation. The pros and cons for the longer term deserve careful examination, bearing in mind the costs and impact on stability of a qualitative arms race. But at first sight this appears to be an unattractive option for the West, given our technological and innovative potential. It would also raise great problems of definition and verification;

(viii) Asymmetrical reductions. Since flat-rate cuts may cause problems for one side or another, it may be preferable to trade off limits in different equipment categories, e.g. Warsaw Pact armour against NATO aircraft. Such a deal would be a departure from traditional East-West arms control, and a



package of this sort could be difficult to negotiate; but if feasible, it would have the merit of giving each side greater flexibility to meet its particular needs within an overall equitable framework. This might also provide a solution to the problem of Soviet and US manpower: by trading a ceiling of US personnel in Europe against a (larger) ceiling on Soviet forces in the Western USSR;

(ix) Jaruzelski area. If the Soviet Union needs cover for withdrawing from Eastern Europe - and if the FRG feels the need to reduce forces on its soil as a part of the price of closer relations with the GDR - it may suit both sides to include in CFE II specially tight limits on the narrow central zone. This would put the spotlight on the problem of British and French stationed forces but in a context where major reductions might be acceptable or even inevitable. The fixing of lower ceilings in this central zone might be an acceptable way - for the Russians and the West - of placing constraints on Germany for the longer term;

(x) Demilitarisation or weapon-free zones. This has long been a favourite idea with Eastern Europeans. We have long dismissed it as incompatible with forward defence. Moreover, NATO has tended to the view that the banning of specific "offensive" systems (such as tanks and attack helicopters) could affect NATO's defensive capability as much as the Soviet Union's offensive potential. The appeal of weapon-free zones for the West will be even less if we envisage that the Soviet Union is likely to withdraw most or all of its forces from Eastern Europe anyway. On the other hand, there are precedents from elsewhere (Sinai, Kashmir and Antarctica). And it is possible to imagine circumstances in which it would suit the West to apply special restrictions to a specific area (e.g. demilitarisation of the GDR as the price for a German Federation).



THE WEU ANGLE

1. Article VI of Protocol II of the Revised Brussels Treaty obliges the UK to "maintain on the mainland of Europe, including Germany, the effective strength of the United Kingdom forces which are now assigned to SACEUR, that is to say 4 Divisions, and the Second Tactical Air Force". The precise definition of "effective strength" can be modified through a decision of the WEU Council. This has happened before and would pose no difficulty in respect of such (rather modest) changes in the force levels of BAOR and RAF(Germany) as may occur under the prospective CFE Treaty.

2. If more far-reaching reductions in British force levels in Germany were in prospect, e.g. as a result of a further CFE Treaty, then a more formal revision of the Treaty would be required. This could be done either as part of the general revision of the Treaty to which its signatories are committed as a result of Spanish and Portuguese accession; or as an exercise in its own right. Treaty amendment of the UK's obligation would present no problem in itself but would raise related questions which could be controversial:

- should the UK obligation be amended or totally abolished? (Some of our allies - and some in Westminster - may feel that it is incongruous in the circumstances of the 90s to maintain a floor for the UK forces alone. The original rationale - to reassure the smaller allies about German rearmament - may be seen as no longer valid.);
- if minimum forces were redefined for the UK should minima also be proscribed for all WEU members? (Our suggestions for this have been unwelcome in the past and are unlikely to be more acceptable in the future.);
- should the residual force limits on the FRG be removed? (They are now an anachronism and the nuclear provisions of the Brussels Treaty are in any case covered by the FRG's accession to the NPT. If we seek to limit German conventional forces, the CFE process offers better prospects than the Brussels Treaty.)