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PS/Secretary of State

Copy to:

PSO/CDS

PS/PUS

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CofN

MGO

CA

DCDS(OR)

Head of IP 2

Head of DS11

DUS(P)

DUS(FB)

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Do you want to discuss  
with PUS or should we  
initial this to cap in  
London?

1/27

OPERATION CORPORATE - US ASSISTANCE

1. I discussed this afternoon with System Controllerate AUSs and DCDS(OR) the question of handling requests for US assistance in terms of weapons and other equipment. We see three alternatives - to buy in the normal way, purchase on a "sale and return" basis, or to have a loan on the understanding that we pay for what we use or retain. We felt that the last would be the best - as you may know PUS is strongly in favour of this - but that it would only run in the US system if established at the outset at Ministerial level. The draft letter attached seeks to do this. It contains as a fallback position "the sale and return" approach, and refers to two immediate requirements, both of which, as I understand it, Secretary of State has already agreed in principle.
2. It is likely that even if the US agree to the most favourable of these courses, some special and more detailed understanding will be required. Head of IP2 is considering this urgently (eg., we may have to pay for handling charges and there may have to be some limit of time after which we would have to pay for the goods in any event) but we feel that tactically we should leave it to the US to raise such points of (not unimportant) detail.
3. As regards handling, we envisage that central coordination of requests would, as already agreed, be handled by DCDS(OR) with the particular item being processed through the Systems Controllerates in the usual way since, even on the most favourable route, the contingent liabilities would fall on Vote 2. BDS Washington have proposed that they should organise themselves as a focal point for the handling in the US of these special requests for equipment; we are agreeing to this with the proviso that they make use of all the available procurement expertise within the Embassy. Financial scrutiny and approval will remain with MOD.

/4.

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4. I shall be glad to know as soon as possible that Secretary of State is prepared to give Mr Weinberger a letter on the attached lines. We believe that a conversation will not be sufficient since, given the complexities of the US system, a letter handed down from above will greatly speed things up.

4 May 1982

*K.C.M.*  
(K C Macdonald)

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## DRAFT LETTER FROM SECRETARY OF STATE TO MR WEINBERGER

As you know we are most grateful to your Government for undertaking to respond positively to requests for material support for British Forces in the current crisis. We are considering separately our needs for intelligence and logistic help, and are preparing a list of items of weapons and equipment and will be making special arrangements both in London and in our Embassy in Washington for processing our needs.

2. It is not of course clear however that we shall necessarily require to use all the items listed either themselves or in replacement for weapons and equipment consumed from our present stocks. I believe it would greatly simplify administration and accelerate action if we could agree at the outset that such items as you do provide to us should be supplied on the basis that we pay only for those which we use or retain. Would this be acceptable to you? An alternative would be for us to pay you but on a "sale and return" basis, but this course would require more administration at the outset. By way of illustration, the two immediate requests which we have in mind are for some 300 AIM 9L Sidewinder missiles and 2 Vulcan/Phalanx guns.

3. I should be glad to have your reactions to this proposal. I hope to have a word with you when we meet in Brussels.