



Foreign and Commonwealth Office

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*Dear Charles,*Anglo-German Summit: SNF Updating

It might be helpful, following Mr Baker's visit to Bonn, to give some background to the briefing line on SNF updating. As you will be aware, we have suggested that the Prime Minister argue for a decision in principle in favour of deploying a LANCE successor.

In his interview with the Financial Times (as edited by Teltschik) Chancellor Kohl spoke of no decision on "production" being needed before 1991/2. Technically that is correct. Full-scale production will not start until 1993. What is, of course, needed this year is a decision which will allow development to proceed from 1990.

A simple decision in favour of "development" would not necessarily be sufficient for the US Congress. They might well refuse to commit funds for this phase if there were no commitment to eventual deployment. During Mr Baker's visit to London, Mr Ron Lehman of the US Department of Defense told us that a "decision in principle to deploy" would cover US funding needs up to 1992. Congress could well ask for details of deployment sites and numbers before it votes money in 1992 for the production programme, but it will not need them now.

If Chancellor Kohl opposes the notion of "a decision in principle to deploy", it could be important to clarify that we are not talking about a decision on specific deployment sites or numbers this year. Some of the very confused remarks which he has been making during Mr Baker's visit to Bonn suggests that he may think that this is what he is being asked to agree.

There are frankly no fall-back options from a decision in principle to deploy which are in any way attractive. As mentioned above, we could not be certain that "development" would be enough. Chancellor Kohl would probably agree to "re-confirm the need for a LANCE successor": but precisely because it has already been confirmed and has not firmly committed the Germans, this would take us no further forward.

We have asked the Americans for a read-out of Mr Baker's impressions of his tour in time for the Frankfurt Summit.

I am copying this letter to Brian Hawtin (MOD) and John Weston (Cabinet Office).

Yours, Stephen Wall

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Private Secretary

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