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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~936 7022~~ 218 2111/3

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MO 14/2

30th May 1979

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Dear Bryan,

I attach, for your information, a corrected version of the record of the discussion between the Defence Secretary and Mr Vance on 22nd May.

Copies go to George Walden (Foreign and Commonwealth Office) and Martin Vile (Cabinet Office).

Yours sincerely,
Roger Facer

(R L L FACER)

B G Cartledge Esq
10 Downing Street

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NOTE FOR THE RECORD

RECORD OF A MEETING BETWEEN THE DEFENCE SECRETARY
AND THE UNITED STATES SECRETARY OF STATE
HELD IN THE MINISTRY OF DEFENCE
AT 1510 ON TUESDAY 22ND MAY 1979

Present:

The Rt Hon Francis Pym MP
Secretary of State for Defence

The Hon Cyrus Vance
Secretary of State

Sir Frank Cooper
PUS

The Hon Kingman Brewster
US Ambassador

Mr M E Quinlan
DUS(P)

Mr George Vest
Assistant Secretary of State

Mr R L L Facer
PS/Secretary of State

Mr Edward Streater
Minister, US Embassy

Mr Peter Sommer
Political Military
Attache, US Embassy

DEFENCE QUESTIONS

1. Welcoming Mr Vance, the Secretary of State said that the Conservative party had. In Opposition expressed their anxiety about defence and their determination to improve Britain's contribution to the Alliance. The Government had fulfilled their commitment to increase Forces' pay and wished to increase Britain's defence effort. The central problem with which the Government had to deal on taking office was that of the economy. Mr Vance stressed the close links between defence and foreign policy and welcomed the Government's interest in security problems.

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The Alliance had crossed a watershed in agreeing to the long term defence programme. There was a danger that it would lack the energy to implement it. PUS said that the difficulty was not that there was no clear perception of the threat in western countries but that economic growth would be insufficient to provide the necessary resources. Mr Vance asked what were the chances of Alliance countries achieving 3% growth in defence expenditure? The Secretary of State said he expected that some countries would achieve the targets and others would fail. There was no question but that HMG was firmly committed to the aim. PUS said that if the United States did not, other countries would fail too; he thought that if Britain and Germany achieved 3%, the United States would find it difficult not to. Mr Vance agreed.

2. Turning to Alliance collaboration, Mr Vance wondered whether better progress might be made by turning more to co-production with cross-licensing arrangements. The Secretary of State said that this would be difficult to achieve in practice. PUS said that every successful collaborative project had a major impact, but the lack of any new projects could be damaging in the long run. Industrial and financial pressures in our countries were very strong. But collaborative projects, particularly in aircraft, were now essential since no country could afford to pursue a purely national procurement policy. DUS(P) said there had been some recent successes, such as the AIM 9L consortium. Mr Vance wondered whether progress could be made on standardisation in tanks, artillery and ammunition. He recognised that the United States had a particular responsibility.

3. In reply to a question from Mr Vance, DUS(P) said that there was now a larger degree of agreement in NATO about war reserve stocks, though there was no/consensus^{real} about the limitation of military operations for which we should plan. Mr Vance said that the United States should preposition more equipment in Europe and build up her air-lift capability. The aim should be to preposition several more divisions-worth of equipment. He wondered how difficult it would be to obtain German agreement to the additional bases required. DUS(P) thought that this

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would prove a difficult problem, not least because of the differences between the Federal and the Laender Governments, and because of environmental pressures, and the problem could become harder as a result of Theatre Nuclear Force (TNF) modernisation. The additional infrastructure funding recently agreed by Ministers would help to provide the facilities in Europe required to meet US reinforcement plans.

TNF

4. Mr Vance said that the main problem was how to secure the necessary support in the Alliance by the end of the year. The Secretary of State said the Germans preferred to see the high level group and the special group working closely together, but he would prefer to see the technical options identified first: it was not possible to make progress in arms control until the high level group had produced specific recommendations. Mr Vance agreed. It should be possible to complete the studies on the options soon, to cover not only the capabilities of the various systems but also where they might be stationed. The Administration would discuss this matter with Chancellor Schmidt in Washington during his visit on 6th June. It was essential also that there was a thorough discussion at the North Atlantic Council meeting next week. In his view, the arms control aspects were complementary to the question of capability but they could not be used as a substitute for decisions about capability. He, therefore, was in favour of taking a political decision and then considering how that decision was compatible with arms control objectives. The Secretary of State said that he had discussed the subject with Herr Apel in Brussels and had reached a basic understanding, though Herr Schmidt still seemed to be in favour of sea-based systems. PUS said that the Ostpolitik was an element in German thinking.

SALT AND STRATEGIC NUCLEAR ISSUES

5. Mr Vance said that the United States would develop a new ICBM system which would probably be a variant of the MX.

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There were different views among the Joint Chiefs about the size of the missile (110,000, 150,000 or 190,000 pounds). As to basing, three alternatives were being considered and the recommendations of Ministers would be put to the President within the next three to four weeks, following which he expected that a National Security Council meeting would take a decision. The first possibility, favoured by the Joint Chiefs, was to adopt a multiple hole system. But he and a number of others had increasing doubts about its verifiability should the Russians develop a similar system. The present Soviet position was that any such system would be illegal under SALT since it would be equivalent to additional ICBM launchers. The second alternative was to increase the emphasis on SLBMs rather than ICBMs. The third was a new alternative, which appeared to him to be the best way of resolving the inherent conflict between survivability and verifiability. This system consisted of a trench from ten to 50 miles long with a rail-road track at the bottom, along which a self-propelled launcher vehicle moved in a random fashion. At each mile there would be a hardened shelter with a sliding roof. When the missile was in the shelter the roof would be closed, while the roofs of all shelters not containing a missile would be open. The number of missiles could therefore be verified by satellite photography. The time taken for a launcher to move between one station and the next was two minutes, so that ten minutes' warning time gave five alternative stations. The system had some environmental problems but these could probably be overcome by developing it on defence property such as the Yucca Flats. Neither this system nor the SLBM alternative would be constrained by SALT.

6. It was, however, difficult to explain to the American people that following the signature of SALT, it was necessary to spend \$35 billion to modernise the nuclear deterrent. It would be a tough battle to achieve ratification but he believed that it would be won. The advantages of the Treaty

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would become apparent. It constrained the Soviet Union in several important ways, notably in the number of warheads allowed per missile. The Soviets would be allowed only ten warheads on the SS18 instead of the 30 - 40 that would be feasible, only six on the SS19 instead of 10 - 12, and only four on the SS17. This would be a significant step towards limiting the effect of the Soviet advantage in throw-weight. The constraint on the development of new missiles was also of advantage to the United States since the Soviet Union had at least four new systems under test. The reduction in the number of missiles from 2,400 to 2,250 was a modest step; the Soviet Union would have to scrap 250 systems, which would include systems equivalent to Polaris and Minuteman II while the United States would still be able to build up its numbers. The provisions on verification represented an important step: interference with national technical means was specifically prohibited in the Treaty, and telemetry encryption was not permitted where it impeded verification. Furthermore, with the Treaty the United States could estimate that the Soviet strategic nuclear forces would comprise in the future and therefore would be better able to decide how to cope with them. The protocol was largely a figleaf for Soviet concerns. The restrictions on cruise missiles did not matter because no country could deploy cruise missiles during the period covered by the protocol. But the protocol would inhibit the Russians from deploying mobile systems during this period. The United States would make a statement at the time of signature that they would not renew the protocol without seeking the agreement of Congress. There was thus no real cause for concern that the protocol would become a precedent. In sum, therefore, a convincing case would be made to Congress, particularly when account was taken of the consequences of SALT II not being ratified.

7. The Secretary of State said that SALT II clearly represented an advance and we looked forward to its signature and ratification. He wondered, however, why it had become a matter of controversy in the United States. Mr Vance said that there was a persistent distrust of the Soviet Union which must be overcome by showing that SALT II enhanced Western security. There was also particular concern about verification. Criticism centred around telemetry encryption. They were prepared to take a challenge to the

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Standing Commission, and if they did not get a satisfactory explanation the United States would be prepared to denounce the Treaty. It was not possible to ban all telemetry encryption. The matter was further complicated by the loss of the Iran monitoring stations but he was confident that alternative ways could be found of making good the loss of capability. Verification would however be the most difficult area which would take until the autumn to be resolved.

8. PUS asked whether SALT II would have any impact on Soviet plans for Anti Ballistic Missile defences. Mr Vance said that he thought the Soviet Union would not expand their present single system; they would prefer to put their money into offensive systems rather than into ABMs. The Secretary of State asked whether the Soviet Union would increase its efforts in other fields as a result of the limitations imposed by SALT in the strategic field. Mr Vance said that the Soviet Union would probably continue to build up their Navy, since their force protection capability at sea was markedly deficient to NATO's. They would tend to strengthen their conventional forces generally. For this reason he saw advantage in achieving a Phase 1 agreement in MBFR, though Lord Carrington had expressed considerable scepticism. Agreement on the data base was essential to establish the procedure for Phase 2 reductions. It would be a step in the right direction in the West could secure the withdrawal of three or four divisions and 1,000 or more tanks to the Soviet Union. He stressed that the United States would not do anything without full consultation with their allies. The talks they had had with the Soviet Union had been purely exploratory to find out whether the approach made by the Russians was serious. He agreed with the British view that agreement on data was vital to progress.

9. The Secretary of State noted that we had received assurances that we would continue to receive technical information after the SALT Treaty came into effect: this was important to us. Mr Vance said that he recognised our concern about the language of the interpretative statement in non-circumvention, particularly the inclusion of the word 'necessarily', in the

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sentence "with respect to systems numerically limited in the agreement, as under the interim agreement, transfers would not be necessarily precluded by the agreement". Following the exchange between Mr Callaghan and President Carter, they had considered the problem again, and while they would keep 'necessarily' they would give assurances that every specific request would be granted: he would give these assurances to the Prime Minister tomorrow. As the United Kingdom made progress towards a decision on a Polaris successor, or on a successor system to replace the Vulcan bomber, the United States stood ready to help: he had told Dr Brown that a visit by a British team at any time would be welcome.

10. Turning to SALT III Mr Vance said that it was necessary to start intensive consultation about our objectives and about the forum for negotiation on Grey-Area systems. The Secretary of State said that the Germans believed that any negotiation on Grey-Area systems should take place in SALT III but he had not yet reached a view on this himself. Mr Vance said that exploratory discussions, but not negotiations, might well begin fairly soon after SALT II signature. PUS said that there was a growing concern in Europe about Soviet missiles targeted on Europe but no consensus about how to respond. This was why the Europeans were much more concerned about close consultation in SALT III than they had been in SALT I and II.

CTB

11. Mr Vance said that the stumbling block to progress in the negotiations was the number of National Seismic Stations (NSS). Lord Carrington had explained the difficulties for the United Kingdom, and he understood the problem of the cost of ten stations. But he did not think that the difficulty would be overcome unless we accepted more than five stations. Clearly not all these could be in the United Kingdom: perhaps one might be in Hong Kong (though he acknowledged a comment that this might offend China), and other possibilities were in Australia or New Zealand if their Governments agreed. He did not think that the suggestion made by Sir Michael Palliser that the number of stations should be proportionate to land mass was negotiable. But if progress could not be made in the next round of talks,

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starting on 4th June, there would be an increasing risk that the trilateral talks might not be concluded before the NPT Review Conference. At the Summit the United States would press the Soviet Union to abandon their position that all technical issues should be held up until the NSS problem was resolved and suggest instead that all the remaining questions might be discussed in parallel. In response to a question from PUS Mr Vance said that the Treaty would remain a comprehensive one rather than a threshold Treaty: it would be acceptable in terms of stockpile reliability, and to the Joint Chiefs, provided the duration was three years.

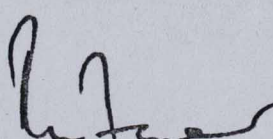
ANTI SATELLITE WARFARE NEGOTIATIONS

12. Mr Vance said that the Administration aimed to achieve an agreement of some kind as a companion to SALT at the Summit. Progress had been made in negotiations, and the Soviet Union had accepted the principle of a limited moratorium on further testing. The Joint Chiefs would like to continue with laser beam experiments, but the Administration did not favour this.

ARMS SALES TO CHINA

13. Mr Vance said that the Administration was opposed to proposals for arms sales to China being submitted through the COCOM machinery. It was their policy to keep a balance in their relations with the Soviet Union and China, and they would be placed in difficulty if they were forced into a position of public acquiescence in sales to China as they would be if the COCOM procedure were used. We should not put proposals through COCOM if we did not wish to risk a US veto. DUS(P) said that some of our allies, notably the Germans, took the opposite view. Mr Vance said that he would speak to Herr Genscher about the problem.

14. The meeting ended at 4.45 pm.


Secretary of State's Office

30th May 1979

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DISTRIBUTION:

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PS/Prime Minister

G G H Walden Esq
PS/Foreign & Commonwealth Secretary

M J Vile Esq
PS/Secretary of the Cabinet

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