

SECRET

PRIME MINISTER'S MEETING WITH THE UNITED STATES SECRETARY OF
DEFENCE AT THE PENTAGON ON FRIDAY, 26 JULY, 1985, AT 1600

Present:

The Prime Minister

Secretary Weinberger

HM Ambassdor, Washington

General Powell

Mr. Charles Powell

Strategic Defence Initiative

Secretary Weinberger said that faster progress than expected was being made with the Strategic Defence Initiative. The barriers were crumbling. It looked as though the Administration would get the funds it required from Congress. The United States saw a special role for the United Kingdom in the research work on the SDI, and had drawn up a list of areas where they believed we had particular expertise to contribute.

The Prime Minister said that she was glad to hear Secretary Weinberger say the United States wanted a special role for Britain. Our record as an ally, the history of our cooperation in sensitive defence research with the United States and our scientific and technical excellence entitled us to special consideration. We wanted a very significant share of the research work. Experts from both sides should get down straight away to identifying areas where Britain could make a contribution and the arrangements to govern our participation.

SECRET

Secretary Weinberger said that the United States wanted the same sort of relationship as there had been in the past, for instance in the development of nuclear weapons. US experts had already started the work of identifying areas where the UK could make a contribution, and he would very shortly be writing to Mr. Heseltine to follow up their recent discussion. (He handed over a copy of the letter which he proposed to send.) Mr. Heseltine had proposed that Britain be guaranteed a specific amount of work. There were a number of legal difficulties in the way of this. Congress insisted that contracts had to be allocated to the lowest bidder. There was also the Bayh Amendment which said that contracts should not be given to foreign countries unless the Administration could certify that no American company had the expertise to perform them. However, the Administration were trying to find a way round these problems.

The Prime Minister said that she felt very strongly indeed that the UK must have a significant part of the work. Secretary Weinberger said that he envisaged an initial allocation of funds to the Ministry of Defence, perhaps some £10 million or £15 million, as an earnest of good intent. This would only be a beginning and the amount of work would increase considerably as time passed. But the legal difficulties for the Administration were real. A specific set-aside for Britain would be thrown out by Congress. It was necessary to move gradually. The Prime Minister said that she did not like a salami approach. The two sides must look at the possibilities for British participation on a larger scale. It should be the first task of the proposed joint group to identify these. We would not be fobbed off with a few small contracts. Secretary Weinberger protested that there was no question of this: the work already on offer amounted to a substantial share of available contracts. He had to take account of the fact that if Britain were to be given a major and specific share of the work, other countries would demand

the same. This would introduce undue rigidity into the contract process. The Prime Minister said that it must be clear that Britain was in a different category to other countries. Secretary Weinberger thought that there might be some unenlightened people in Congress who failed to recognise this. The Prime Minister replied that it was the Administration's task to tell them. Secretary Weinberger said that it was important to proceed in a way which did not alienate Congress, but opened the way to full cooperation with British research establishments and British industry. He was aware of the imbalance in defence sales between Britain and the US, and wanted to try to redress it. He agreed with the Prime Minister that the joint group should start work as soon as possible.

Mobile Subscriber Equipment (MSE)

The Prime Minister said that it mattered tremendously that the US Army should procure the Ptarmigan MSE system. There was no doubt that it was the best one, and purchase would be a contribution towards diminishing the imbalance in our trade in defence equipment. She hoped that wider considerations would also be taken into account. Secretary Weinberger said that the US Army were looking closely at the Ptarmigan system, and would make a recommendation at the end of August. There was no doubt that the United States needed the capability, and there was no competing US system. But France was pushing RITA hard and price would be an important factor. The Prime Minister said that Secretary Weinberger should not underestimate the political importance of this decision. Award of the contract to France would not be understood in this country in the light of our helpful attitude on so many matters of interest to the United States. Secretary Weinberger promised that the United States would look very sympathetically at Ptarmigan. He hoped that the Army would report sensibly.

Fylingdales

The Prime Minister said that she understood that Mr. Heseltine had recently discussed Fylingdales with Secretary Weinberger and that the way was open for modernisation to go ahead, although we wanted to see a fair share of the high technology work awarded to British firms. Secretary Weinberger said that the Pentagon could influence Raytheon, which had the main contract for the radar, to award some sub-contracts to British firms. Opportunities also existed for British firms to win contracts for work on over-the-horizon radar. The more Britain and the US could work together in this area the better.

The Prime Minister said that care should be exercised to refer to the work at Fylingdales as "modernisation". If it was presented as installation of a new system, it might seem to conflict with the provision of the ABM Treaty. Secretary Weinberger agreed, while adding that he had never been a supporter of the Treaty. It was quite clear that modernisation of Fylingdales was not in fact a violation.

Arms Control Negotiations

Secretary Weinberger said that he was worried about developments in the margins of the talks in Geneva. In informal contacts the Soviet side had suggested that SDI research might be limited to ground-based ABM systems. In return for this, the Soviet Union would agree to reductions in offensive weapons. He feared that there would be those in the United States, particularly in Congress, who would grasp at this.

The Prime Minister asked how it was proposed to prepare for the President's meeting with Mr. Gorbachev. Secretary Weinberger said that the President did not anticipate great

developments at the Summit. It would be a "feel" meeting, with the hope that subsequent negotiations would be easier once he and Mr. Gorbachev had got to know each other. The President had called for a report before the Summit on Soviet violations of existing arms control agreements, and on additional steps which the United States might take to compensate for these violations. No doubt conflicting advice would be submitted.

The Prime Minister said that she doubted whether the negotiations in Geneva would make much progress before the Summit, which made it all the more important to ensure that the Summit itself was a success and gave them a fresh impetus. We should be submitting some ideas. Secretary Weinberger saw signs of increasing Soviet interest in discussing strategic defence, particularly as it was borne in on them that a workable system of strategic defence was feasible. He wanted to stress that the United States was serious in seeking agreement in Geneva.

Argentina/Falklands

The Prime Minister said that it was very important that the US should not allow the sale of Sky Hawks from Israel to Argentina to go ahead. Secretary Weinberger said that he was opposed to the sale. But there were many in the US Administration who would argue that it was essential to support a democratic Government in Argentina. He thought that the Prime Minister might need to appeal direct to the President. The Prime Minister said that she was fully prepared to do this.

The Prime Minister was subsequently given a highly restricted briefing on SDI developments by General Abrahamson.

SECRET

- 6 -

Much of this was rather obviously slanted towards supporting the United States Pathfinder proposals for Britain's initial participation in SDI research. The Prime Minister made clear to General Abrahamson that we wanted more than mini-programmes, let alone micro-programmes. General Abrahamson protested that the US proposals were only a start, and covered a very fair proportion of work currently available for allocation. We should not dismiss them lightly.

C.D.P.

27 July, 1985.

SECRET

JD2ADH