



INTERNATIONAL SECURITY POLICY

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ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

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DECLASSIFIED IN FULL
Authority: EO 13526
Chief, Records & Declass Div, WHS
Date: DEC 13 2017

22 January 1982

MEMORANDUM FOR THE SECRETARY OF DEFENSE
THRU: THE UNDER SECRETARY OF DEFENSE FOR POLICY
SUBJECT: UK Trident II Purchase - ACTION MEMORANDUM (S)

UK

(S) I have learned that the UK Government has decided to acquire our Trident II (D-5) missile. A British Embassy source indicates that Mrs. Thatcher, and Secretaries Nott and Carrington have already met and decided in favor of the missile; London sources report that the Cabinet will ratify the decision later this month and that the Prime Minister will then write to the President stating that HMG has decided to buy the D-5.

(U) Ambassador Henderson will likely disclose this at your meeting this morning.

(S) Apparently, the Prime Minister's letter (and/or Henderson's demarche) will ask for US Government agreement to meet with a British team in Washington early in February to discuss price, terms and other details. The British team is likely to be led by a Cabinet Office official but will include MoD participation.

(S) The British desire to disengage the Trident II discussions from the US/UK Working Group which, as you know, has attempted to find ways to ease MoD cash flow pressures and the reductions forecast for the Royal Navy and other British defense programs by effectual savings for the UK through greater defense collaboration.

(S) As you recall, both sides agreed that the Group would work within the political constraints surrounding Secretary Nott's announcement of the defense review to Parliament. No effort was to be made to reverse publicly announced decisions; rather ways would be sought in which Royal Navy forces might be maintained within the parameters set by the Defense Review.

Office of the Secretary of Defense
Chief, RDD, ESD, WHS
Date: 13 DEC 2017 Authority: EO 13526
Declassify: X Deny in Full: _____
Declassify in Part: _____
Reason: _____
MDR: 18 -M- 0920

5 USC 552

~~Classified by ASD/102~~
~~Declassify 31 Jan 1982~~

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326-84-0004, 1x25, UK (Qm-FEB) 1982

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(S) The Group met in July, August and again in October. By the conclusion of the third meeting a number of positive steps had been taken which appeared to promise the transfer of some resources to the UK. These included the transfer of surplus U.S. Polaris rocket motors to the U.K. at very low prices; the possible acquisition by the U.S. of two U.K. support ships; and a new arrangement for the advance payment by the U.S. for goods and services provided on a regular basis by the U.K. In addition, the group began serious examination of the possibility of homeporting U.S. naval forces at Portsmouth and initiated a study of the savings that might accrue to the U.K. if, as a consequence of a British decision to acquire the Trident II (D-5) missile, the U.S. would service the missiles at King's Bay Georgia.

(S) Arising out of the October meetings of the Working Group was the issue of U.K. recoupment of research and development and other charges that would be associated with the acquisition of the D-5 missile. You agreed that we should offer the British a reduction of the charge from about \$900 million to \$280 million, with \$140 million of the smaller sum to be credited toward the effort to maintain Royal Navy capability. In my last meeting with my British counterpart, Richard Hastie-Smith, I indicated that we could waive a very large portion of the R&D recoupment, but I did not give him a precise figure.

(S) You also agreed that the Trident II discussions should take place in the Working Group context, but you instructed me, in response to my memo to you of 13 October, to deal with the Trident II Working Group linkage in the most diplomatic fashion. I therefore subsequently agreed with Richard Hastie-Smith to conduct separate Trident II discussions when the British Government reached a decision, in a group smaller than the Working Group which we co-chair.

(S) I am now concerned that while (according to our information) Hastie-Smith is to be a member of the UK Trident negotiating team, a letter to the President from Mrs. Thatcher designating a negotiating team involving the Cabinet Office and the Foreign Ministry as well could have the effect of destroying any possible linkage with the DoD/MoD Working Group. The expansion of the negotiation to other British ministries could open the way to State (probably Rick Burt) to take the lead for the U.S. on what is a purely defense matter.

(S) I therefore recommend that you indicate to Henderson now and the White House (in anticipation of Thatcher's letter) that we would like to keep the negotiations on the Trident II purchase within Defense channels.

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Richard P. ...

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