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Foreign and Commonwealth Office

London SW1A 2AH

16 June 1988

*Dear Charles,*

Prime Minister's visit to Ottawa, 22 June:  
Canadian Nuclear Submarines

The Prime Minister will recall that she last discussed this with Mr Mulroney in London on 23 May. The tide may be turning against us in our efforts to sell Trafalgar to the Canadians. The Prime Minister's meeting with Mr Mulroney could be our last major opportunity to further our cause.

The negotiations between the Canadians and the Americans on amendments to their Nuclear Cooperation Agreement have been protracted but agreement is now in sight. Canadian worries about the US encumbrance and the fact that the French boat is cheaper are the major impediments to our prospects. The Canadians seem likely to make their decision once the negotiations with the Americans have been completed. This could be as soon as the period between 21 and 30 June.

The Prime Minister could reiterate her personal commitment to our bid to sell Trafalgar and rehearse the main arguments in its favour:-

- it has a proven capability for safety and survivability under the ice. A Trafalgar recently surfaced at the North Pole after a successful series of under-ice torpedo firings (which the French submarines have never done);
- there is no doubt about Trafalgar's superior performance and especially its stealth;
- although Trafalgar is more expensive than its rival it is a much better boat operationally, especially given that the design will be in service well into the next century;
- it is a proven system which needs little modification to meet Canadian requirements and whose price is accordingly a firm one.

This might lead on to the only major point we have not yet employed with the Canadians at the political level. If she judges it appropriate, the Prime Minister could indicate that if the Canadians choose Rubis-Amethyste, then for technical reasons we would face real problems over

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[redacted] operations. She would need to stress that this is a technical and not a political problem, lest it seem that we are trying to blackmail the Canadians. The Prime Minister could also add that the US might find it easier to cooperate with Canada if they procure Trafalgar, given the history of US/UK operational cooperation and the fact that a Canadian Trafalgar fleet should mature more quickly than a Canadian Rubis-Amethyste one.

If we had been able to offer a commitment to cooperate with Canada on future SSN technology such as the SSN20 this would have been a further powerful point in our favour. But we cannot do so. Our agreement with the Canadians refers explicitly to the SSN19. Going beyond that would provoke a sharp American reaction with potentially serious consequences for Anglo-US nuclear cooperation. Nevertheless there will be a continuing close relationship between the UK and Canadian navies. The Prime Minister could therefore refer to this in the following terms:-

- We see this decision as the beginning of a cooperative process which will continue well into the next century.

I am sending copies of this letter to Brian Hawin (MOD), and Trevor Woolley (Cabinet Office).

*long evs, L Parker*

(L Parker)  
Private Secretary

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BACKGROUND

Prime Minister's visit to Ottawa, 22 June

Nuclear Powered Submarine (SSNs) for Canada

1. Following the message on 21 April from the Prime Minister to President Reagan he gave conditional agreement despite the reservations of some members of his Administration, to the sale of Trafalgar. The US Administration are prepared to table amendments to the 1959 US/Canada Nuclear Cooperation Agreement, which would allow the Canadians to obtain submarine nuclear propulsion technology originally derived from the US. However, they stipulated that they will put the amendments to Congress only after the Canadians make their choice and only if they choose "Trafalgar".

2. If the Canadians go for "Trafalgar" they have no guarantee of Congressional approval, although they are confident they would get it. They needed to make their decision by 16 May to permit the amendments to be tabled for 90 days before the end of the present session. This deadline passed. It might be possible to use the procedural device of an "affirmative resolution" of the US Congress. This runs the risk of a filibuster or other delays from opponents of the deal, though the Canadians consider that US procedures could be concluded during the lifetime of the present Administration. If delays mean that a new President had to make a fresh decision, the sale could again be jeopardised because there is no guarantee that he would endorse the existing agreement.

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3. The Canadian negotiations with the Americans about the amendments to their 1959 Nuclear Cooperation Agreement have been protracted and difficult. Liability has been settled and the unresolved problem is "Trafalgar only" - American reluctance to agree to the transfer of information going beyond SS19 technology without further recourse to Congress. It looks as if the hardliners in the US Administration will not prevail and the negotiations should soon be concluded - probably before Toronto.

4. The US encumbrance and the difficulty of negotiating amendments to the US/Canada Nuclear Cooperation Agreement mean that the tide could be turning against us. There are suggestions that the Canadians find the price of Rubis-Amethyste more attractive. The Canadian technical assessment is almost certainly complete, and political factors are now paramount.

5. The only selling point which we have not yet made at political level is that, if the Canadians buy the French boat, this could be an obstacle to

The Canadian Government reacted sharply when the notion was informally put forward, towards the end of 1987 by an American Naval Officer in Ottawa, that a decision in favour of France would mean Canadian exclusion from the UK/US SSN club. Nonetheless the High Commissioner in Ottawa considers that the point would be worth making .

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