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8/4/82.

Some months ago the Foreign and Commonwealth Secretary said to you, and you were inclined to agree, that in the troubled state of the world we should need to develop our relations and the closeness of our consultations with both the French and the German Governments, not just on European Community issues but also on major issues of international relations (East-West, South-West Asia, the Gulf and the Middle East in particular).

- 2. That was before the meetings in May at which the argument about our budget contribution to the Community had been resolved. The Foreign and Commonwealth Secretary reverted to the subject in the "planning paper" which he sent you on 4th August.
- 3. The success of the consultations with the President of the French
 Republic and his Ministerial colleagues last month and the return of the Federal
 Chancellor for a further term of office provide us with a reason for reviewing our
 policy on these matters and with openings to develop closer links, if we are
 disposed to take them.
- 4. In that context I was struck by what Monsieur Wahl said to me when we were talking on 19th September. He was quite categoric, and left me in no doubt that he was His Master's Voice. He said that the Franco-German relationship was a foundation stone of European co-operation, and had grown steadily closer through the years. But he went on to emphasise that it was never intended to be exclusive, and that the President of the Republic wanted to see France working as closely with Britain as with Germany, and the Federal Chancellor wanted the same sort of relationship with Britain as he had with France. Indeed, Monsieur Wahl said that the President felt that he had offered this to you earlier but that you had not taken up the offer.
 - 5. I draw from all this four conclusions:

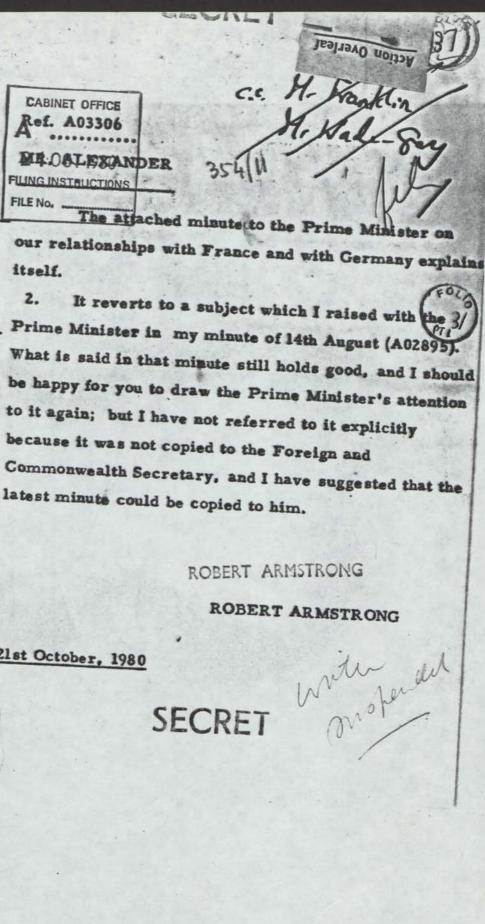
- (1) we now have the opportunity to develop closer links with the French
 Government and with the German Government, in a way that could put
 our relationships with them on the same sort of feeting (without the
 formalities of a treaty) as theirs with each other;
- (2) it is to our advantage to develop closer links with the French and German Governments, both within the Community and in other international relations, so that in effect the Franco-German axis becomes for as many purposes as possible an Anglo-Franco-German partnership;
- (3) the next move is up to us: the President of the Republic will think that he has offered us the opportunity, will be waiting for a possible response from us, and will construe failure to respond positively as a positive rebuff;
- (4) we should come forward with specific suggestions for the ways in which closer links could be established.
- 6. The lead will have to come from the top. Both the French and the German machines will respond at lower levels if they get the lead from the top: the French machine at any rate, left to itself, would probably not respond without such a lead. Both in Paris and in Bonn, the perception of the need for improved relations with the United Kingdom is probably sharpest at the top.
- 7. If you agree with this analysis, the next step might be for you to discuss the matter with the Foreign and Commonwealth Secretary. If you and he were in general agreement, the Foreign and Commonwealth Office and we would develop proposals for specific developments, and for the ways in which they could be presented in Paris and Bonn, which you and the Foreign and Commonwealth Secretary would then consider. I do not want at this stage to pre-empt that stage, but the sort of ideas we could consider might include:
 - (a) more frequent bilateral summits with the President of the Republic twice a year, or perhaps three times every two years; this could be combined with:

- (b) every other bilateral summit might be on the present lines, bringing not only Heads of Government but also a larger group of Ministers together; the other summits could be for Heads of Government and Foreign Ministers only;
- (c) more frequent consultations ad hoc at Ministerial level (like, for instance, those which the Chancellor of the Exchequer or the Minister of Agriculture have with their counterparts), including the possibility of further meetings between you and Monsieur Barre;
- (d) development of links between Political Directors, both bilaterally and tripartitely;
- (e) more direct discussions between officials in home departments and their French and German counterparts (but these would have to be kept under review by the Foreign and Commonwealth Office and (on Community matters) the European Secretariat of the Cabinet Office, to ensure a coherence of national policies and activities).
- 8. I have not sent a copy of this note to the Foreign and Commonwealth Secretary; but, if you are minded to discuss these matters with him, it could form a basis for discussion.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

21st October, 1980



CABINET OFFICE Ref. A03306

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to it again; but I have not referred to it explicitly because it was not copied to the Foreign and Commonwealth Secretary, and I have suggested that the

ROBERT ARMSTRONG

21st October, 1980

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PRIME MINISTER

The Foreign Office have prepared a planning paper on relations with our major European partners and with the United States. This, at this stage, is purely an FCO think-piece.

Above the FCO paper, I attach a commentary by Sir Robert

Armstrong. He sets out an alternative strategy. The two approaches represented in these papers cover an eternal debate, but it is one which Ministers will need to tackle in the near future. Would you like to start by having a session in the Foreign Office with Lord Carrington and a small group of senior advisers, which could be followed by a slightly enlarged Ministerial discussion?

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Ref. A02895

PRIME MINISTER

Relations with Allies

The "planning paper" enclosed with Lord Carrington's minute to you of 4th August (PM/80/64) covers some interesting ground. But I am not sure that it brings out clearly enough what is arguably a key issue for collective Ministerial decision on the Government's international strategy.

- 2. The paper's thesis is (a) that "no radical change in the pattern of our existing relationships is necessary or even feasible"; but (b) that we need to try a bit harder with the Americans, with the French and Germans and with the European Community. This sounds blameless. But the "no radical change" view needs to be tested: are we sure that it is right? And the advice in (b) is too broadly aimed to be much help as a guide to policy-making.
- The key issue, which the paper opens up but does not pursue to a very clear conclusion, is what we should do about the development of the Franco-German axis. Whitehall Permanent Secretaries who meet periodically under my chairmanship have increasingly drawn attention to the effectiveness and pervasiveness of this "special relationship". We are more and more tending to find, not just in the Community but also in wider international gatherings dealing with e.g. defence or monetary matters, that the French and Germans have got together in advance to work out a common line; and that this practice greatly enhances their ability to get their way. You yourself were very conscious of it at Venice. This development has been one of the most significant ways in which our international environment has changed in the seventies. In my own view, one of the most important issues for Britain in the eighties will be whether and how we can develop a relationship of parity and confidence, severally and together, with the partners in the Paris-Bonn axis. I do not myself see this as becoming (at any rate in the short term) a London-Paris-Bonn triangle; but I do think that we should try to achieve a position in which the French and German Governments

consult and do business with us - and we consult and do business with them - as freely and comprehensively as they now consult and do business together, in all matters in which all three have interests at stake. If we succeed - and (I believe) only if we succeed - we shall continue to be able to play a significant part in shaping the world we live in. If we fail, we shall end up bleating more or less ineffectively from the sidelines, like the Italians and Canadians today.

- 4. Success or failure will of course depend crucially on our efforts to put our economic house in order. If our relative decline continues unchecked, the wisest foreign policy in the world will not save us from international insignificance. But while our economic fortunes remain in the balance, skilfully directed diplomacy can do much to sustain our influence. The France which de Gaulle took over in 1958 was an economic shambles. But that did not stop him reasserting her influence politically, without waiting for the economic revival which has made it possible to sustain that influence today.
- The kind of relationship which we should aim at creating will grow out of the development of London-Paris and London-Bonn axes comparable to the present Paris-Bonn axis. A very firm Ministerial lead will be needed if a serious attempt is to be made to create these axes. We shall need to be clear that this is our priority. We shall also need to overcome some lack of enthusiasm at official level. Some senior officials believe that the intimacy between the French and German Governments is so much founded on the special needs of the two of them, and has become so deep-rooted and pervasive, that we cannot hope to match it. Others - of whom I am one - do not go along with that, and believe that, with commitment and determination, we can establish a comparable (though obviously not identical) relationship with each of them. However that may be, the fact that the Franco-German relationship has become so close is scarcely a reason for not trying to develop our own comparable relationships with them, though it does underline the immense amount of effort and persistence we shall have to put in to make up for lost time; and the danger of delaying the attempt.
- 6. More generally, there are many not only in Whitehall who still feel that our circumstances are objectively different from France's and Germany's: that we are superior in some ways (victor in World War II, "special" partner of

America, members of the Commonwealth); inferior in others (wealth, industrial discipline); and in others again just different (in terms of recent history, maritime rather than continental; Protestant-dominated not Catholic-dominated; English-speaking; electorally indifferent to foreign policy success; electorally ambivalent about the value of European unity). This analysis tends to overlook the implications of the emergence of the superpowers, and the fact that we are neither a superpower nor any longer an imperial power. It overlooks the inescapable constraints and bonds of geography and culture. And it ignores the fact that the Paris-Bonn axis has been constructed, and flourishes, across many no less striking gulfs. France is underpopulated, relatively self-sufficient, a nuclear power, militarily out of NATO. Germany is none of these things. Germany is much richer. Germany is a divided country. Above all, Germany is closely tied to United States leadership of the Western Alliance by her geographical vulne rability and the position of Berlin; France is traditionally the most independent and anti-American of the Allies. But each of them has concluded that they need a special relationship with the other more than they need the various short-run national advantages which each could no doubt secure by kicking the other in the teeth from time to time.

7. As things stand, their very intimacy with each other inclines them to feel the need of us much less. But that could change if we were able to convince them that we are in future prepared to make our relationship with the two of them into a cornerstone of our foreign policy. There are enough underlying strains and dissimilarities in the Franco-German partnership to make each country glad to have another major partner of the same sort of quality if one were available. At present the Germans probably realise this more clearly than the French do; our relations with them are not as good as they could and should be, and their relationship with us is seen as less important to them than their relationships with France and the United States, but they would probably not take much persuading that it would be in the interests of both sides for Anglo-German relations to be improved. Getting closer to the French Government is always a sticky task for any British Government. The Anglo-French relationship is a long-lived love-hate

relationship, and the French have a talent for the petty snub which we have to be constantly determined neither to accept nor to allow ourselves to resent. But there is also an awareness of inescapable mutual need and of mutual self-respect. Paradoxically the improvement of Anglo-French relations can be easier than the improvement of Anglo-German relations. We are used to each other; each of us expects the other to fight his own national corner, and would have less respect for each other if it were not so. But this is a perfectly healthy basis for doing business together, where there are interests in common, and for keeping conflicts and differences manageable, where interests diverge. Even the Giscard regime can probably be brought to see areas where close Anglo-French collaboration makes sense.

- 8. The Foreign and Commonwealth Office attitude is likely to be ambivalent, as their present paper suggests. They will be nervous about pursuing our links with France and Germany at the expense of the Community as a whole and its lesser members. But the hard fact is that if we succeed in setting up an inner directorate of three, that is how the Community will be run. The Commission or the outer membership will not always like it, but they will accept it, and will prefer that to the kind of drift that ensues if the three are failing to agree among themselves. If we do not succeed in this, we shall be left trying to woo the Italians and Benelux, with little chance of offering them effective leadership, and at the risk of worsening our relations with France and Germany in the process. With the enlargement of the Community it becomes even more important that we are not left in the second tier.
- 9. The Foreign and Commonwealth Office will also be jumpy about the effect on Anglo-American relations; and so will others, e.g. in the Treasury and Ministry of Defence. It will be pointed out, correctly, that the United States is far more important to us in many fields than France or Germany can ever be. But the United States is also of paramount importance to France and to Germany. The German decision (and, more covertly, the French decision) has not been to discard the American connection but to handle it on a joint Franco-German basis.

If we establish a European directorate a trois, it is with that directorate that the Americans will conduct the major business of the Alliance, and will be content to do so.

- It is true that in recent months, because of the coolness in Franco-American and German-American relations, it has suited the United States Administration to make the most of the "special relationship" with us. will not always be so. The special relationship is a diminishing asset, as the generations in the United States whose experience was rooted in the Second World War and its aftermath retire from public life. The younger generation now emerging will see no difference in kind between the relationship of the United States with the United Kingdom and the relationship with other European allies, and will weigh its significance to the United States in relation to the comparative strength, influence and value of the countries concerned, in a world in which United States supremacy no longer seems inevitable. On that basis, there will be real value to all of us in the quadripartite relationship to which the Foreign and Commonwealth Office currently and rightly attaches so much importance; but the scope for British influence will be much less if meetings a quatre are allowed to develop the form of a dialogue between a purely Franco-German directorate on the one hand and the United States and her British satellite on the other.
- 11. Much thought would of course have to be given to the detailed content of an enhanced Anglo-German and Anglo-French relationship; and to the various bits of symbolism which would be needed to signal the way things were moving. But the first thing is to decide whether or not there is (as I personally think) an important policy choice for Britain to make in terms of international strategic purpose; and if so, which way we should choose.
- 12. The Foreign and Commonwealth Secretary looks forward to going over this ground with you after the holiday; and you may want to bring at least the Chancellor of the Exchequer and the Secretary of State for Defence in on that discussion, perhaps at a second stage. In the light of that, it would be for

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consideration whether there should be a wider discussion of the underlying issues, and if so on the basis of what paperwork. It will not be possible to organise the necessary work before the Anglo-French Summit; but you may feel that it should be put in hand to inform the next meeting with the Federal Chancellor, which will be after the federal elections in Germany.

ROBERT ARMSTRONG

14th August, 1980

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1. Like you, I have recently been worried by the strains in the relationship between the Europeans and the Americans, and by the apparent exclusiveness of the Franco-German relationship which seemed bound to diminish

our own influence.

2. I therefore invited Oliver Wright and Reg Hibbert to a meeting in my office on 14 July at which we had a substantial discussion of the issues.

3. Since these are important matters, I would like the chance to go over the ground with you soon after the holiday. I enclose a paper which I commissioned to reflect the arguments exchanged at my meeting. It is compatible with present policy, though in its present form it is strictly a "planning" paper and has not been cleared outside the Foreign and Commonwealth Office. Nevertheless, I think that you will find it useful as a basis for further thought.

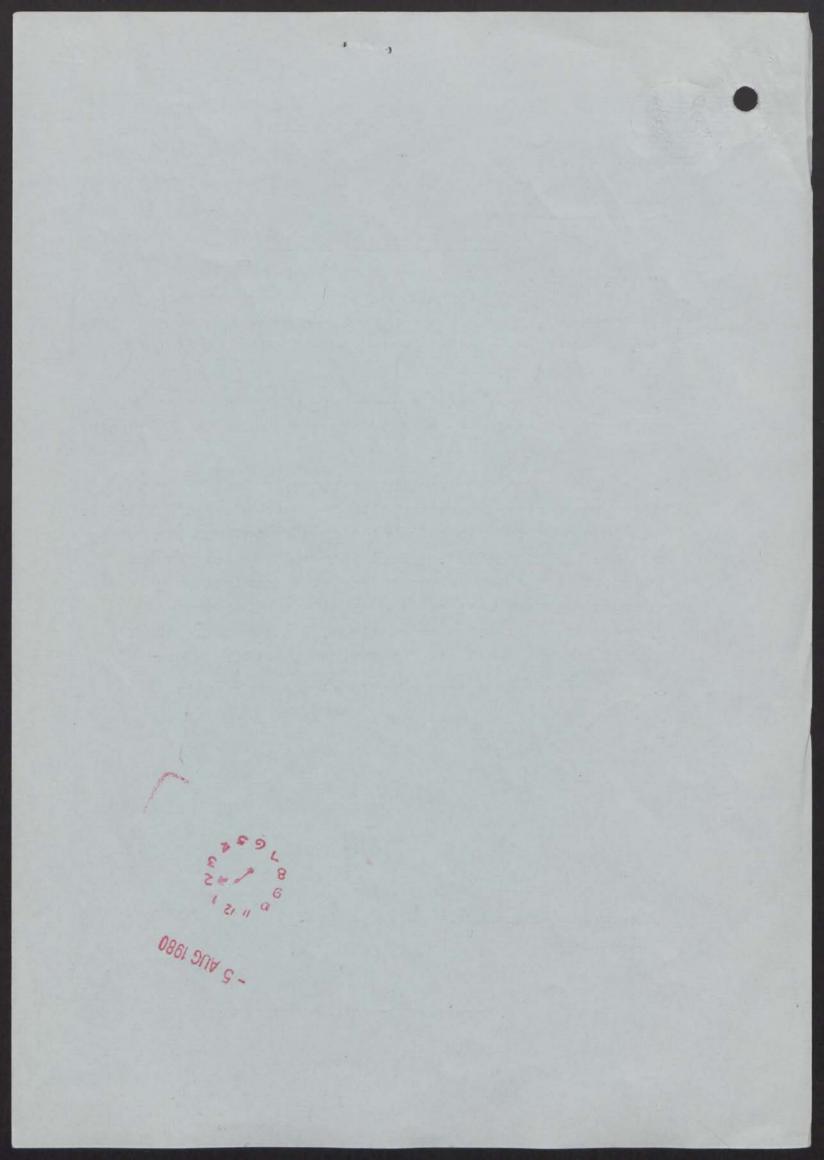
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RELATIONS WITH OUR ALLIES

1. This paper considers our relationships with the Americans and with our European allies in the light of the recent weakening in American leadership, the closeness of the Franco-German partnership, and the need for a substantial restructuring of Community policies. It concludes that, although no radical change in the pattern of our existing relationships is necessary or even feasible, to assert ourselves more effectively we need to increase our political and practical investment in certain areas of these relationships consistently and over a long period. The paper concludes by drawing attention to action which is needed in the fields of political consultation, defence and other forms of cooperation, and Community affairs. Much of this action is already in hand, but it needs to be pursued with a conscious awareness of our overall objectives.

THE PROBLEM

- 2. Relationships between the four main Western allies, and particularly the Transatlantic relationship, are currently more complex, scratchy and troublesome than usual. This reflects not only disagreements over Afghanistan but deeper factors as well:
 - a) The relative decline of American power.
 - b) The poor quality of American leadership.
 - c) The strains arising from the energy crisis and world recession.
 - d) The growing assertion by Germany of her political interests.
 - e) The continued ostentatious "independence" of France.
 - f) The deepening and increasingly exclusive relationship between France and Germany.
 - g) The problems of the EEC, to which the budget agreement of 30 May gives only temporary respite.

Together, these factors have brought about an unprecedented decline in US-German relations, suspicions, at least in America, that the Germans are set on a dangerous course of their own, a fear in Europe that America is becoming an unreliable ally, and apprehension of a too dominant Franco-German axis. Though the Western Alliance has frequently been thought to be in crisis, there is a wide feeling that the present crisis is qualitatively different.

SECRET - BURNING BUSH Most of these deeper factors will not rapidly change. is still (even militarily if she wishes) the most powerful country in the world: but she can never regain the absolute pre-eminence of the 1950s. Whoever wins the election, there must be continued doubts about the quality of American leadership for the next four or five years. The industrialised West faces a long hard slog to re-establish conditions of sustained growth and full employment. Germany's interests as a divided and Central European power will continue to exercise a major influence on German policy, and the German Government will be more wholehearted in its pursuit of these interests as the inhibitions of the post-war period recede. French domestic politics and ingrained French attitudes will ensure that French diplomacy continues to be spiky and self-centred. Twenty years of investment in the Franco-German relationship and the close rapport between Schmidt and Giscard, will continue to feed the two countries' feeling that they and their policies are 'European', in a way which leaves comparatively little space for us. And the smaller European countries, in all that they are nervous of Franco-German hegemony see Franco-German reconciliation as the essential element in European Cooperation. The problems of reforming the EEC and enlarging it - will demand imagination, political will, and a readiness to change and compromise which will tax all its members, and for the lack of which many of the Continentals will cheerfully blame the British. But there are other factors which continue to bind the allies together, and these are probably overriding: a) The French and the Germans, as well as ourselves, fully accept that the defence of Europe is unthinkable without the American alliance. Giscard and Schmidt have recently reiterated this; the Germans are developing their forces in accordance with NATO's plans: and France's defence arrangements are in practice, and even to some extent in theory, being increasingly aligned with those of her allies (see Annex A). American policy towards Europe is ambiguous; they want a strong and more united Europe to share the burden of defence; but are resentful when they see the Europeans developing and asserting their own policies. Such clashes are bound to continue and isolationism is not dead. But America has immense security, economic, ethnic, political and historical interests in Europe. It is hard to see them putting these links seriously at risk. c) The Community is now a major force in international affairs because of the weight of its commercial, economic, and development policies. It is tentatively acquiring an independent voice on purely political /issues

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SECRET - BURNING BUSH issues (the Middle East). It represents a substantial political and economic investment by all its members. Its role is unlikely to diminish, and it will doubtless master its current problems, though at the cost of creating new ones. The essence of the West's problems is thus not that the Transatlantic relationship, and relationships within Europe risk irremediable breakdown. It is that the new factors need to be recognised, accepted and managed. The Americans need to understand that a more powerful and united Europe, including a politically self-confident Germany, can be a good ally, even if it no longer demonstrates its loyalty by following American policies in every detail. The Europeans need to take more care to explain their concerns to the Americans, and to be more relaxed about the vagaries of American domestic politics and style. These are the problems of a more mature Transatlantic relationship, and they are manageable. THE BRITISH ROLE A unique combination of advantages and disadvantages gives us a particular role in this business of management. The remnants of the "special relationship" with the Americans, however unequal the partnership may continue to be, gives us the opportunity of influencing their policies, though less than we sometimes imagine. Our historical and geographical position off the European mainland gives us continuing world-wide interests, but makes us still somewhat suspect in the eyes of the Continentals. On the part of France in particular, there is profound jealousy of the increasing predominance of the English language, and of the advantage which we derive from it in international exchanges. Even when our views on policy command wide acceptance, our relative economic and military weakness expose

us to criticisms that we do not put our money where our mouth is. We do not always seem a reliable partner in long-term collaborative projects (Channel Tunnel and Concorde). These factors must affect our approach to our three most important allied relationships: the Anglo-American relationship; the tripartite relationship with the French and Germans; and our Community relationship. All require careful handling over the next few months.

THE ANGLO-AMERICAN RELATIONSHIP

- The Anglo-American relationship remains close for obvious reasons (see Annex B) and is different in kind from our relationship with the Continental Europeans. It brings us considerable practical and political benefits: the latest being the Trident deal. On the other hand:
 - a) Despite the current irritations in the US-German relationship, (and recently the US Administration has seemed more relaxed about these) Germany is America's strongest economic and military partner in Europe, and German policies towards the East have greater (and more disturbing) implications for

SECRET - BURNING BUSH American policy than those of any of America's other European allies. The Americans have more or less learned to live with French posturing, and we believe US-French cooperation is now in practice fairly extensive even in the defence field. The Americans have consistently favoured a closer relationship between Britain and Continental Europe and (eg during the last government's "renegotiations") have often discreetly indicated as much. They have never seriously suggested that we have an alternative, eg in a closer "Anglo-Saxon" relationship. There is no sign that they are modifying this policy, and no obvious reason for them to do so. These factors govern our ability to help in bringing the Americans and Europeans together in a time of unsettled Atlantic relations. We obviously have a useful role. But it can be an ungrateful task: we risk being regarded as a Trojan horse by the Continentals; and of being used by the Americans for their own purposes, and then being abandoned by them when we cease to agree with them or they find it more profitable to deal with one or other of the Continentals direct. We can normally hope not to be forced to choose between our American and our European interests, though clashes may occasionally be inevitable. But in dealing with them we risk falling between two stools if we act other than as a medium sized power firmly rooted in our European relationship. The existing arrangements for Trilateral and Quadripartite discussion provide a useful mechanism. THE TRILATERAL RELATIONSHIP: GERMANY AND FRANCE Our relationship with the French and the Germans is central to our European policies as a whole. Both countries recognise our importance: and have made concessions to our interests when we have pressed firmly eg over the budget. We cannot however expect rapidly to build up a formal relationship as close as the bilateral relationship which has been built up over nearly two decades under the Franco-German Treaty of 1963 (see Annex C). That relationship has particular historical roots, it has been the object of an immense investment of time and money, and its public flaunting serves the domestic and international political interests of both sides. ending of Franco-German hostility has also hitherto been in the interests of the rest of us. It would however have dangerous consequences if the example of French bloody-mindedness caught on in Germany and if we ourselves were thereby excluded - or even appeared to be excluded - from the central management of European and Atlantic affairs. /10. SECRET - BURNING BUSH

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- 10. The bilateral Franco-German relationship has always left plenty of scope for practical cooperation with ourselves. But past British governments have not felt the same overriding need for a close relationship with France and Germany that they have felt for each other. We have been reluctant to make the continuous effort needed to begin to bring our political relationship to anything like the same degree of intimacy: we have lost heart too readily, especially when confronted by particularly egregious examples of French irresponsibility or intransigence.
- 11. We therefore need to develop our bilateral and trilateral relationship with the French and Germans more systematically and over a long time. This involves more, and more intimate, political exchanges; the development of our defence relationships; work on cooperative, industrial and other projects; cooperation on Community issues.
- 12. The political exchanges open to us include informal bilateral meetings of Foreign Ministers; an increase in bilateral exchanges; further discreet trilateral meetings of Foreign Ministers and officials; full-scale meetings of Heads of Government accompanied by Cabinet Ministers. These can be tedious and not immediately productive. But the Franco-German experience shows that they pay off in the long run. Here the obvious weakness is the lack of provision for biannual summit meetings with the French to match those we have with the Germans. We should not seem to run after the French; and our relationship with the Germans is arguably more substantial. But the present situation helps to reinforce the impression that Europe is run by a Franco-German axis.
- In the field of defence, we need to consider what is the substance of the Franco-German defence relationship, what lessons we can draw from the conduct of Franco-German relations in this field. and what policies in the defence field would best serve our interests as an ally of France and Germany and as a member of the NATO Alliance. The abilities of the French armed forces are not impressive from a purely military point of view (Annex A). But this ignores the important political component to the Franco-German defence relationship. It is inevitable that the closeness of Franco-German relations in practically every field of political endeavour should finally carry over into the defence arena, almost regardless of the hard facts of military reality. This has some worrying implications: once again, we appear to be excluded; there could (as some Germans recognise) be an adverse effect on the Americans. But there are also military, as well as political, advantages. If France decides to produce ERW war-heads - which are designed for use against massed armour it may indicate that French military thinking is indeed moving away from the classical Gaullist doctrine of defence of the homeland from within the national territory towards something much more compatible with NATO doctrine. It was probably inevitable that if Giscard was to make a move of this kind, he could only do so through the German connection fathered by de Gaulle himself. The French

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moves are of course dictated by national interest, and it is irritating that the Germans have recently given them more political credit than we derive from our own more substantive contribution to German security. But the general trend is one we can welcome, if with reservations.

- 14. The implications for British policy are that we should concentrate on substance, and try to establish long term objectives in our defence relationships with the French and Germans which we are prepared to pursue consistently over a number of years. Annex D describes in more detail the nature of our defence relationships with France and Germany and it suggests some courses of action which would serve our political aims (without passing judgement on their desirability on strictly military grounds).
- cooperation there is scope for practical collaboration which has a political pay-off while still making economic sense: especially for example in aerospace, nuclear reactors and computers. There is a web of collaborative relations within Europe in these fields, and where it has suited their book neither the French nor the Germans (nor we ourselves) have hesitated to work with the Americans. Many long-term decisions have already been taken, such as Rolls Royce's connection with US airframe manufacturers. But there are some no less important areas undecided. The prospects for collaboration with the French on a commercial demonstration fast breeder reactor are now being explored by the Energy Secretary (see Annex E). UK international collaboration in civil science and technology is oriented towards Europe as a whole, especially the European Community (see Annex F). But the French have made approaches with a view to bilateral collaboration and we cooperate with the French and Germans on nuclear research.

THE COMMUNITY

interests is a necessary preliminary to our being able to play a full role in Europe in a way which satisfies our own domestic opinion. For this we need to clarify our ideas about precisely what reforms we need: there is a long long way to go. But work is in hand in Whitehall (see Annex G), and for the purposes of this paper, it is sufficient to note that we shall need to make a major intellectual and political input, and that there are bound to be difficult and disruptive arguments with our partners. Much will depend on our ability to convince the French and Germans that our requirements are reasonable and not incompatible with their interests and those of No the Community as a whole. This should be easier in the climate of greater realism prevailing since the agreement of 30 May. French will certainly expect us to fight our corner as ruthlessly as they would themselves; they would think us soft if we made concessions simply to improve the negotiating atmosphere. But both the French and Germans would welcome our entry into the EMS, and indications that we are thinking seriously about new policies on energy.

The "restructuring" of the Community's policies to meet our

SECRET - BURNING BUSH And on some issues - eg changes in the CAP - even the French themselves are developing ideas which may prove to be reasonably compatible with our own. These convergences of interest need to be pursued - and divergences sorted out-in bilateral and perhaps trilateral exchanges. We should not neglect the other members of the Community either. They know that the Community works badly if the French, British and Germans are at odds. They accept that private exchanges are inevitable. But they like the decencies to be preserved. The Italians are particularly sensitive, and we should consider talks with the Benelux countries jointly. The field of Political Cooperation is potentially an important instrument of policy. The French claim that it is outside the Treaty of Rome and therefore no more than an optional extra: they have strong domestic political reasons for being seen to preserve their freedom to manoeuvre. We do not share their inhibitions, and can thus continue to press for a more united and practical European contribution to international affairs without damaging our own interests. We have already had successes over the Middle East and Afghanistan. An active policy here (which could eventually extend to proposals for strengthening the institutional arrangements underpinning Political Cooperation) would be further evidence of the Government's public commitment to Europe. CONCLUSIONS The Transatlantic Relationship The European Foreign Ministers (especially the Secretary of State, M. Francois-Poncet and Herr Genscher) should take every opportunity to explain European policies to the Americans in public and in private. The Quadripartite exchanges should be developed, so that there is less talk and more action. There is plenty to do following the Venice Summit. This is in the first instance a task for officials. c) We should sustain our close relationship with the Americans, while avoiding situations where we might have to choose between them or the Continentals. France and Germany d) We should draw the maximum public advantage from the forth ming Anglo-French and Anglo-German summits; and seek in future o meet the French every six months as we do the Germans. We should continue tripartite meetings at Ministerial and off ial level. /f) SECRET - BURNING BUSH

SECRET - BURNING BUSH The Secretary of State should continue his discreet and informal bilateral meetings with Herr Genscher and M. Francois-Poncet, more frequently if possible; and should buttress these with occasional meetings of a more formal nature. g) We should follow up the hints we have had from French and German officials that defence cooperation might be intensified: in particular i) we should pursue the prospects of collaboration on a tactical combat aircraft and a new tank; ii) we should be ready to undertake a long process designed to deepen our discussions with the French on nuclear defence and arms control matters: we should be ready to talk to the Germans (and then perhaps the French) about our thinking on the organisation of Western European defence. h) We should look again at arrangements for increasing the volume of exchanges between officials and young people, and teaching of our three languages, to reflect the close personal and cultural links which the Germans and French have deliberately built up between them. The Community i) We should develop our thinking in Whitehall about the implications of "restructuring" as quickly as possible. j) At the earliest moment - and before the bargaining starts in the Community itself - we should try out our ideas on the French and Germans, in the light of indications that their thinking, too, is beginning to develop. k) We should not neglect our relations with the other members of the Community. 1) We should pursue an active policy on Political Cooperation, and be ready, when the time comes, to propose improvements in its workings. Moudine one white. These policies need to be pursued consistently, and over a long period, if they are to pay off. PLANNING AND COORDINATION STAFF FOREIGN AND COMMONWEALTH OFFICE SECRET - BURNING BUSH

LIST OF ANNEXES

- A. French Defence Policy
- B. US-UK Links
- C. Existing arrangements for consultation with the French and Germans
- D. Defence cooperation
- E. Fast breeder reactor
- F. Collaboration in science and technology
- G. Community matters

CONFIDENTIAL ANNEX A: FRENCH DEFENCE POLICY FRENCH FORCES Nuclear Force Current French nuclear forces comprise: (a) 5 submarines each with 16 missiles (M2s or M20s) with single warheads. These submarines are noisy and the range of their missiles restricts their operating areas. Their base (Brest) is vulnerable. The missiles may only have a limited ability to penetrate Moscow ABM defences. A sixth submarine is on order for 1985 to be equipped with a new M4 missile with 6 or 7 MRVs (not MIRVs). 18 S2 intermediate range ballistic missiles on (b) the Plateau d'Albion. These are in hard silos but their warheads are unhardened and without penetration aids: (c) 32 Mirage IV bombers. Their avionics are obsolescent for long range low level sorties and there are

insufficient tanker aircraft to support them;

5 regiments equipped with Pluton short range . (d) ballistic missiles all based on French territory but with a range of only 75 miles;

(e) the French tactical airforce has a number of nuclear capable squadrons equipped with nuclear bombs.

The cost to the French of their nuclear forces has been formidable. Figures are hard to come by. From what we can glean spending on nuclear defences accounted for 25% of the total defence budget from 1965-1970 and now stands at about 15% but is rising. The impact of this on the level of expenditure on French conventional forces has been considerable.

/ French Navy

French Navy

3. The French retain a number of large warships including two aircraft-carriers but their fleet is old. Of the 23 French attack submarines, none is nuclear and ten were commissioned in or before 1960. Of their 46 escorts, only 13 were commissioned in the 1970s, ten in the 1960s and 23 in the 1950s. The French Navy is best suited to coastal and intervention operations, rather than the much more demanding (and expensive) open-ocean ASW role which is what NATO needs in a European conflict.

French Army

4. The French Army is at present badly armed. Although it is now being re-equipped with modern armoured vehicles and self-propelled artillery, the French will rely until the 1990s on a tank developed in the early 1960s. This is inadequately protected even against existing Soviet tanks. There is a serious shortage of anti-tank weapons. The French General Staff privately admit that the French Corps in Germany is fit only for deployment in the rear areas of the Central Region (ie it cannot meet the first shock of an Eastern attack).

French Air Force

5. By comparison with the Army and Navy, the French Air Force is generally up to British standards, although, even here, there are certain deficiencies (eg maritime patrol aircraft).

B. FRENCH FORCES IN GERMANY

- 1. French troops have been in Germany since 1945. In 1966, following French withdrawal from the NATO military structure, France and FRG concluded a bilateral agreement on the stationing of French forces in Germany. Relations between the French forces in Germany and NATO are governed by the Ailleret-Lemnitzer (then SACEUR) agreement of 1967 (see Annex C). The Germans have recently told us that the French forces in the FRG have decreased by 12,000 since January 1976 and that they now stand at 48.000 including 2,000 ground force personnel based in Berlin.
- 2. French dispositions differ from the British in two major
- (a) French troops are stationed very close to the

 French border, mostly at Baden-Baden (making it

 especially difficult to be sure how many are on the

 German side of the border);
- (b) a large proportion of the French troops are short-
- 3. Comparisons with BAOR, as regards both role and equipment. are therefore difficult. BAOR is part of NATO's front line: the French are not, and are not equipped to be. Against BAOR's 600 Chieftains, the French have under 500 AMX-800 tanks, inadequately armed and protected against modern Soviet armour, and not due for replacement until the mid-1990s. By the mid-1980s their forces will have been re-equipped with new fighting vehicles (except tanks). Until then their equipment will remain of modest quality.

- C. FRENCH COOPERATION WITH NATO MILITARY AUTHORITIES
 - 1. Military cooperation between the French and Allied Command Europe (ACE) has been continuing discreetly since the French withdrew from the NATO integrated military structure in 1966. The original arrangements were enshrined in the Ailleret-Lemnitzer (then SACEUR) arrangements of August 1967. Numerous cooperative agreements and arrangements have been concluded since then covering:
 - (a) Air Defence;
 - (b) ACE/French cooperation in the Southern Region, primarily the Mediterranean (covering cooperation in intelligence gathering and French participation in developing naval tactics and exercises. Cooperation in exercises is very close particularly since the movement of a major portion of the French fleet to Toulon);
 - (c) ACE/French cooperation in the Central Region. This covers contingency planning both for the Second French Corps based in Germany and, since 1974, for the First French Corps deployed in Eastern France. There are also arrangements dating from 1975 on cooperation between the French Air Force and the NATO military authorities;
 - (d) Liaison arrangements including French military missions and liaison officers at the major NATO Headquarters;
 - (e) Additional agreements exist on communications, exchanges of information and the joint participation in exercises, conferences etc.
 - 2. This military cooperation has improved notably since about 1974. The French military appear willing to cooperate provided there is no commitment for French participation before any French Government decision to 'fight alongside the Alliance' and provided no publicity is given to the cooperation. The

most interesting recent development is that the French have suggested they are willing to discuss planning for overflights of French territory by NATO reinforcement aircraft during a crisis and for NATO naval combat aircraft on offensive missions in the Central Region during a war.

D. For specific defence cooperation projects in which France is involved see appendix to annex D.

ANNEX 8: US/UK LINKS The Anglo/American relationship is conducted both through official and non-official channels. Government Controlled Links Intelligence links are close and intensive in almost all fields and in the use of the product; the defence relationship is closer than our relationship with other NATO countries because of nuclear co-operation, purchases of

US arms (including Trident), US bases in Britain, the practice of posting US officers to British establishments and vice versa, cooperation on Diego Garcia and in the Indian Ocean;

Ministerial fact-finding visits to the US are far more frequent than to France and Germany;

- d) official consultations with the US on a wide range of topics (Latin America and the Caribbean, Africa, Indian Ocean, Asia and the Pacific, Middle East, UN matters, information policy) are a matter of long established routine and probably take place more frequently than similar consultations with the Europeans;
- e) Parliamentary exchanges, especially British visits to the US, seem more frequent than parliamentary visits to Europe; eg the British American Parliamentary Group is planning a special visit to observe the presidential elections;
- f) legal exchanges with British and American lawyers to discuss common problems, basing themselves on the common law, regularly take place.

Links over which HMG does not exercise direct control.

- g) Rhodes, Marshall and Kennedy Scholarships: Scholarships of similar prestige do not exist to bring young Frenchmen and Germans for study here, except for a few German Rhodes scholars. scholarships have great prestige in the US and a surprising number of prominent men are former Rhodes scholars;
- Investment: US investment in the UK is greater than in any other single European country;
- UK Investment in the United States is greater than that of any other country;
- j) .Trade: The USA is our second largest market (after West Germany);
- Wire Services (Reuter, AP and UPI) are used by most British and



American papers resulting in a greater coverage of each other's affairs than is the case with Europe.



ANNEX C: EXISTING ARRANGEMENTS FOR CONSULTATION WITH THE FRENCH AND GERMANS

Franco-German Consultation

- 1. The 1963 Franco-German Treaty provided for the following:
 - a) Heads of Government to meet at least twice a year;
 - b) Foreign Ministers to meet at least every three months;
 - c) Defence Ministers to meet at least once every three months;
 - d) Ministers of Education to meet every three months;
 - e) Chiefs of Staff to meet at lease once every two months;
 - f) Ministers for Youth and Sport to meet at least once every two months;
 - g) senior Foreign Ministry officials charged respectively with political, economic and cultural affairs to meet each month alternately in Paris and Bonn;
 - h) regular contacts between diplomatic missions of the two countries and between their permanent representatives at international organisations;
 - i) an inter-ministerial commission to be set up in each country to follow the problems of cooperation, presided over by a high official of the Foreign Ministeries;
 - j) intensified exchanges of information between research organisations and scientific institutions;
 - k) concrete steps to be taken to increase the number of German schoolchildren learning French and the number of French schoolchildren learning German;
 - 1) collective exchanges between young people of the two nations to be increased.
- 2. This impressive level of consultation has not been followed in all respects. Practical difficulties in arranging mutually convenient times have meant that some of the Ministers and senior officials have considered their obligations discharged by meeting informally in the margins of other multilateral meetings, eg in Brussels or Luxembourg. Nonetheless the traffic between the Bonn and Paris bureaucracies is intense.

British arrangements

- 3. Present UK practice is as follows:
 - a) a biannual summit with the Germans and an annual one with



the French;

- b) bilateral meetings between Foreign Ministers arranged ad hoc with both countries, usually once or twice a year;
- c) occasional bilateral and trilateral meetings between Ministers for Defence; and between other Ministers also ad hoc;
- d) other exchanges at senior level at varying intervals across a wide range of subjects;
- e) in the case of the FRG there are regular annual consultations between officials on information topics and economic policy. Government support goes to the Anglo-German Foundation for the Study of Industrial Society; and to the annual Königswinter Conference.
- 4. The most serious weakness of these arrangements is that they provide for only one annual top level consultation with the French. This is at present governed by the Anglo-French joint declaration of 1976 which provided for annual meetings between Heads of Government and (separately) between Ministers of Foreign Affairs together with 'periodic' meetings between other principal ministers. By contrast we now have biannual summit meetings with the Italians under the agreement reached in 1979 between the Prime Minister and her Italian opposite number.



DEFENCE COOPERATION

1. There are elements in British defence relations with both France and Germany that are absent from these countries' relations with one another:

a) UK-France:

- i) We are both medium-size powers with independent nuclear forces. The French decision to develop both their theatre and strategic systems in the course of the decade, relying on French technology, will put a severe strain on financial and research resources. On the theatre nuclear arms control front, the French who play no part in direct NATO consultations are dependent on others to ensure that future US-Soviet agreements do not harm their interests. In both nuclear strategy and in nuclear arms control we share interests with the French which neither party shares with anyone else.
- ii) We have a long, if chequered, history of collaboration with the French (eg Jaguer, helicopters). The French are difficult and domineering collaborative partners, and joint projects have become rarer as the FRG has increasingly offered a rich and relatively pliant partner (eg Alphajet, Roland). But the French (like us) will increasingly rarely have the economic or technological capacity to tackle large future projects of their own, and there are some areas (eg lightweight torpedoes) in which we can fill a gap in French technology which the Germans cannot.

b) UK-FRG:

i) The UK and FRG have a whole network of common interests arising from our position as the two largest European contributors to NATO, and in particular from the presence of substantial British land and air forces in Germany. The French Army in Germany is not committed to NATO and not equipped or intended for a front line role against a Soviet attack; the French station no air forces in Germany.

/ii) The



- ii) The Royal Navy operates mainly in areas (Eastern and Northern Atlantic, Channel and North Sea) of immediate concern and growing interest to the FRG. The French Navy's main tasks lie in areas (eg Mediterranean, out of area) of less importance to the FRG.
- iii) We also have a history of collaboration with the FRG (Tornado, medium artillery). Largely thanks to Tornado, the Germans probably find us easier to work with at the industrial level in the aerospace field than the French.

Recommendations for Action

- 2. Our political aims in relation to France and Germany would be well served by the following courses of action, but their inclusion here does not imply any judgment on their desirability on strictly military grounds:
- a) A realistic defence programme, sustainable over the 10 to 15 year lifespan of major defence projects. Nothing does more damage to our standing with prospective collaborative partners than uncertainty as to whether we have the will or the means to see projects through to completion;
- b) a determined effort to produce substantial results in trilateral defence equipment cooperation with France and Germany:
 - i) <u>Tactical Combat Aircraft</u> (TCA): We may recognise the real obstacles to success in this project, but need not take the lead in pointing them out publicly; .
 - ii) Tanks: We start late in the field, but may find that different French and German priorities strengthen our hand;
 - iii) Missiles (air to air and anti-tank);
- c) a readiness to undertake a long and patient process designed to deepen our discussions with the French on nuclear defence matters. This is a field in which we have things to interest the French, and they know it;
- d) A resolute effort to deepen our existing discussions with the French on nuclear arms control issues. This, like nuclear defence, is a field in which we have special reasons for closeness to the French. We have already made a start.

APPENDIX

CONFIDENTIAL

DEFENCE COOPERATION PROJECTS

1. ANGLO-FRENCH

Jaguar Strike Aircraft
Puma Helicopters
Lynx Helicopters
Gazelle Helicopters
Martel Air-Surface Missiles
Exocet Surface-Surface Ship
Missiles

66 - 90

mid 60s - 1990s

mid 60s - 1990s

mid 60s - 1990s

1964 - 1980

1970 - 1990s

2. ANGLO-GERMAN (all with Italy also)

Tornado Combat Aircraft
FH70 Field Howitzer
SP70 Self-propelled Howitzer
ASRAAM Air to Air Short Range
Missiles

1969 onwards

1969 onwards

Future

3. FRANCO-GERMAN

Main Battle Tank
HOT Milan Anti-Tank Missile
Roland Surface-Air Missile
Transall Military Transport Aircraft
Alfajet Harrier Aircraft
Atlantique Maritime Patrol Aircraft

4. FUTURE ANGLO-FRENCH-GERMAN PROJECTS (ie projects at an early stage of elaboration)

NATO 6S Small Surface-Air Ship Defence System (and Denmark)

NATO ASSM Anti-Surface Ship Missile (and Norway Holland)
Range of Anti-Tank Weapons
MLRS Multiple Launch Rocket System
Medium Surface-Air Missile.
Tactical Combat Aircraft



ANNEX E: FAST BREEDER REACTOR (FBR)

- 1. Ministers recently decided that they were not at present in a position to take decisions about building a commercial demonstration FBR. The Energy Secretary was given the authority to probe, without commitment, the possibilities of collaboration with the French, German, Italian and American governments. He is starting this process by visiting his French opposite number.
- 2. After several years' discussions at the industrial level, the UKAEA's preference is for collaboration with the French-led European partnership, provided satisfactory terms can be negotiated. They believe that a set of valuable agreements could be negotiated which would include: the cross-licensing of all design and construction information aiming ultimately at a common design; and the coordination of R & D and fuel cycle programmes. The Germans are keen for us to collaborate. The motives of the French are less certain. They have asked us for a £50m entry fee, but recent soundings suggest that this is negotiable: it may well be that the French are feeling exposed in being the only country to have an expanding FBR programme. In addition (a) they would probably prefer us to be tied in with them rather than with the Americans; and (b) they probably want to have access to our FBR fuel cycle know-how where our technology is at least as good as theirs.
- 3. Collaboration with the Americans has some attractions for the UK, and our FBR programmes are in many ways complementary. There are, however, three major obstacles:
- (a) The US have large domestic reserves of uranium and therefore have less need of the uranium-using efficiency of the FBR;
- (b) President Carter has repeatedly asserted his determination to defer the commercialisation of the FBR on non-proliferation grounds; and
- (c) If US policy did change, the UK could become very much a minor partner in any determined US FBR programme.

ANNEX F: COLLABORATION IN SCIENCE AND TECHNOLOGY

- 1. International scientific and technical collaboration takes place:
 - a) between governments, through their research establishments;
 - b) between societies and organisations, such as the Royal Society;
 - c) between public and private companies; and
 - d) between private individuals.

Governmental collaboration is the most relevant to this study as it is open to governmental direction whereas the other forms of collaboration are more autonomous. All forms of collaboration are interrelated, however, and all would be affected by any change of policy.

2. The UK is involved globally in most areas of scientific and technological cooperation, both multilateral and bilateral, and collaborates extensively within Europe. In Europe we are particularly concerned with research and development in the nuclear energy, non-nuclear energy, medical, agricultural and industrial sciences, the latter including space.

EUROPEAN COMMUNITY

- 3. Within the EC we take an active part in research and development programmes carried out under the Common Policy on Science and Technology. In 1980 277.8 MEUA were budgeted for these programmes and they include:
 - a) the work of the Joint Research Centre, which includes the nuclear reactor safety project 'Super Sara';
 - b) research into new forms of energy, nuclear fission and nuclear fusion, the latter of which includes the Joint European Torus at Culham Laboratory, Oxfordshire;
 - c) research into raw materials (including recycling) and agriculture;
 - d) environmental protection research including pollution control;
 - e) health and safety research including radiation protection;
 - f) technological development, both conventional and new, the latter including biotechnology (to start 1981) and data processing; and
 - g) scientific and technical information and documentation.

- 4. Another area of Community research is that carried out in collaboration between EC members (where they wish to join a programme) and non-EC European nations under COST (Cooperation Europeeanne dans la domaine de la recherche Scientifique et Technique) agreements. These include research (which is funded by the nations participating) into:
 - a) Informatics
 - b) Telecommunications
 - c) Transport
 - d) Oceanography and marine environment
 - e) Metallurgy and
 - f) the Environment.

The UK is involved in all these areas and in most of the projects within them. The largest project under COST is the European Centre for Medium Range Weather Forecasts at Shinfield Park near Reading.

EUROPEAN COLLABORATION OUTSIDE THE COMMUNITY

- 5. The UK is a member of the following European collaborative organisations:
 - a) CERN (European Organisation for Nuclear Research) which is a nuclear research installation in Switzerland. The UK pays 15.79% of the budget (1980 UK contribution Swiss francs 92.58m out of 586.32m) but may have difficulty with the 1981 budget which may rise to SF600m. The members are Austria, Belgium, Denmark, France, Germany, Greece, Italy, the Netherlands, Norway, Sweden, Switzerland and the UK.
 - b) ILL (Institute Max von Laue-paul Langerin) which is a nuclear research establishment at Grenoble France. France, Germany and the UK are the members of this organisation. There are no problems over funding for this project at present to which the UK pays 33.3% of the costs.
 - c) European Space Agency (ESA) which pursues a policy designed to improve the world-wide competitiveness of the European space industry. The members of ESA are Belgium, Denmark, France, Germany, Italy, Netherlands, Spain, Sweden, Switzerland and the UK. Norway, Austria and Canada participate but are not members. The UK contributes 12.34% (£41m: 1980) to the budget (France 35.3%, Germany 25.4%).
 - d) Northern Hemisphere Observatory (NHO) which is being established in La Palma. Spain, Sweden and Denmark are partners with the UK in this.

e) European Incoherent Scatter Facility (EISCAT) which uses radar to probe the ionsphere, is establishing research establishments inside the Arctic Circle. Finland, France, Germany, Norway, Sweden and the UK are members.

The UK also cooperates in projects under the auspices of the Council of Europe and the European Science Foundation.

BILATERAL COLLABORATION WITH FRANCE AND GERMANY

6. For the present there appear to be no major civil collaborative projects (apart from one or two satellite projects) with either France or Germany. However, the French have made a few exploratory moves about the idea of setting up a new mechanism for Anglo-French collaboration in industrial research and development. Approaches are also being made to Germany, Japan and one or two other countries.

FUTURE POSSIBILITIES

- 7. The scope for improvement of our scientific and technical collaboration is limited in that the multilateral organisations to which we belong already have programmes of action and it would be difficult for the UK to do more than we do at present. We could however affect the organisations in a negative way by withdrawal or (a more immediate possibility) by cutting contributions. Both would have the opposite effect to the proposals set out in this paper. Proposals for new European organisations should be looked at sympathetically and consideration ought to be given within the UK to proposing such organisations where they would help our national efforts. There are none in prospect at the moment but they do crop up from time to time.
- 8. Our present policy on EC projects is to try and keep the costs as low as possible and to examine critically the areas of research with a view to restricting them to the minimum. If we wish to be seen to be more 'communautaire' we should relax this position and not contribute to the blocking of projects unless we have strong grounds for doing so. In practice it would be best to allow our members of the technical committees such as CREST (Scientific and Technical Research Committee) to argue about the details but give our political committees, such as the Council Ad Hoc Research Group, sufficient flexibility to avoid our being in a minority situation.
- 9. Every effort should be made to make government departments and establishments concerned with research more positive in their attitude to Europe. This could take the form of considering whether European funding could be used for nationally conceived projects. National research programmes should, where possible, take account of European programmes. While EC programmes should continue to be considered on their merits, departments should be urged to accept that European collaboration is important and that technical considerations should take this into account. (There is still a lingering, but diminishing disposition to reject rather than accept. It was only because of the intervention of the FCO that we allowed Super Sara to go ahead: there may be other similar cases in the future.)

- 10. Action in this area will only cause marginal changes in that we are already extensively involved in EC research and some departments, such as the DOI, generally take a positive attitude. The impact of changes of attitude might not be great as the committees concerned with research would aimply see the UK as being more positive. However, there are two areas where we could adopt a high profile. One is Information Technology and the other is Space.
- 11. Information Technology: This is in an early stage and a UK policy towards this new technology, both national and international, is still being formulated. The Commission have now produced proposals based on the Davignon report on telematics and a positive reaction from the UK in this topical area could reap dividends. Naturally, the proposals would have to be considered on their technical merits but it would be better for the UK to adopt an attitude where we can be seen to be trying to make the proposals work rather than grudgingly accepting the minimum we can get away with.

12. Space

- a) Out of a space budget of £50m £41m goes to ESA and £9m goes to national programmes. Also £45m from Britain is invested in ESA. The Agency was originally built on the triptych of Communications for Britain, Space Lab for the FRG and Launchers for France. So far, we have got our share of communications satellites (Marecs, European Communications Satellite and Orbital Test Satellite). But they have been expensive with little commercial prospects (Marecs' sale to Inmarsat will not even cover the development cost);
- b) a future generation of communications satellites L-Sat, is in the offing and British industry is set to be the prime contractor. The French and Germans have decided to cooperate in building their own television satellites with an eye to the export potential. They chose not to participate in the development of L-Sat. But L-Sat includes all other ESA members as well as Austria and Canada;
- c) as is evident from the French and German decision to build television satellites outside ESA and the French plan to build an independent business systems satellite there are doubts in ESA about its viability. Its remit outside the science field is to develop space applications. There could be a need now to look for an expanded role for ESA to coordinate marketing activities of European material and/or for more UK bilateral cooperation with the Europeans particularly the French and Germans, in producing and marketing satellites developed in ESA. The current CPRS review on UK space policy is examining the available options for exploiting national and international opportunities.

13. There may be opportunities for bilateral collaboration with other members of the Community on research and development work on alternative sources of energy eg coal liquefaction and gasification, fluidized bed combustion, wave and wind powers.

SUMMARY OF RECOMMENDATIONS

- 14. a) We should maintain or if possible improve our position within those European scientific organisations of which we are members.
 - b) Consideration should be given to joining new organisations where doing so would be strongly in our political interests and not directly contrary to our national interests.
 - c) Government departments should be urged to look upon Community projects in a more positive manner and accept that European collaboration is a worthwhile objective.
 - d) The Community should be looked on as a source of funding for our national projects and as an extension of our national effort.
 - e) The Community initiative on Information Technology should be considered in a positive manner.
 - f) We should follow up French approaches for future bilateral cooperation in industrially-related research.
 - g) We should examine the opportunities for further collaboration with France and Germany in space and/or for development of ESA in a more commercially-orientated organisation.
 - h) We should examine the opportunities for bilateral cooperation on energy research projects.

CONFIDENTIAL ANNEX G: COMMUNITY MATTERS A . RESTRUCTURING In the budget agreement of 30 May 1980 the Community pledged itself to structural changes aimed at preventing the recurrence of unacceptable situations for any member state. The Commission is to make proposals for reform by the end of June 1981. This gives an important opportunity to revise some of the Community's central policies, in order to get them working in better balance and in particular to ensure that the UK's net contribution to the Community budget can never again rise to an unacceptable level. There are three main areas in which change would be of potential benefit to the UK: (i) the own resources system itself; reforming and reducing the cost of the Common Agricultural Policy; (iii) developing the Community's non-agricultural expenditure policies in such a way as to give us a built-in net gain. The Secretary of the Cabinet is co-ordinating a programme of work on our future Community strategy. Papers will be put to Ministers in the early Autumn. The Prime Minister is being kept informed of progress. The 1% VAT ceiling will help to ensure that the whole Community gets to grips with the problem. So will the fact that the budget agreement will shift the major part of any future increase in agricultural expenditure on to the Germans: this will give them a powerful incentive to tackle the cost of Common Agricultural Policy surpluses. The Prime Minister has agreed that, once we are clear about our own objectives, we should at an appropriate time have bilateral talks on future Community strategy with our partners. CONFIDENTIAL

B. A MORE FORTHCOMING APPROACH TO EC INITIATIVES

- l. Soon after entering office in May 1979 Ministers decided to lift UK reserves on a number of Community measures, on which we had been in a minority of one, as a means of demonstrating a more positive UK approach to the Community. These included the EMS Interest Rate Subsidies Regulation, Community accession to the Bonn, Barcelona and Oslo Conventions (on marine pollution), the aircraft noise directive, three nuclear communications and three VAT directives. We endorsed the Commission's proposed decision on specific aids to the steel industry, and adopted a more forthcoming approach on regional and ship-building policies. In addition we sought to adopt a more constructive policy on energy, industrial research and development, the environment, transport infrastructure etc.
- 2. The budget dispute interrupted this process. But now that the agreement of 30 May has been reached there is a fresh opportunity to consider a more positive attitude.
- 3. One possibility would be to join the exchange rate mechanism of the EMS. But Ministers have decided that the economy is not yet in a state when full membership would be right.
- 4. Another important area is energy. Here the Commission have put forward ideas for an initiative which might include the harmonisation of energy prices and taxes; Community investment in energy to reduce oil consumption and develop alternative energy sources which might be financed by a system of Community energy taxation, possibly an oil import levy combined with a production tax on indigenous hydro-carbons. No detailed proposals have yet been put forward, and the Commission is now involved in bilateral discussions with Member States before putting specific proposals to the Council. The issues involved are complex. We have made it clear that we are ready to take a constructive and forthcoming line. But our final attitude will be conditioned by the net benefit which any energy fund might have for the UK, the implications for our domestic policies, and the impact on competence.
- 5. Officials have been looking at other areas where the UK might take initiatives which would benefit the UK and be seen as constructive within the Community. There is for example scope for interdepartmental consideration of measures to facilitate travel.

 A major element would be measures to produce cheaper air fares in intra-Community travel. Progress on improved reciprocal health and social security measures is also envisaged. We might also develop a strategy for increasing the exchanges of young workers and teachers within the Community, the employment of foreign language assistants, and more exposure of British students to study in other Member States. These measures will include the objectives of improving the language skills of British industry and elsewhere, broadening the teaching skills and European experience of UK teachers

/and ...

and providing opportunities for European travel for school pupils.

6. None of these measures by themselves, would have any significant impact on Britain's image in the Community. But each could contribute to projecting a more co-operative attitude which could have useful effects in other areas.

CONFIDENTIAL

- C. PUBLIC EXPLANATION OF POLICY
- 1. OD(E) have formulated a 2-pronged strategy aimed at improving public attitudes to Europe:
 - (i) the presentation of such successes as we have already been able to achieve within the Community and the explanation of the broad advantages of Community membership. Preparation of new material to be drawn on for Ministerial speeches and in general briefing is in hand. It will be particularly helpful and effective if many of these speeches can come from Ministers who do not have an obvious responsibility for relations with the Community.
 - (ii) an effort to secure early progress in the Community on a number of modest, practical measures which will be of interest and value to the man in the street. These include seeking to get international agreement to cheaper travel, improved arrangements for reciprocal health and social security benefits and more exchanges of students, teachers and workers. There may also be steps we could take ourselves which would help to improve the public's appreciation of the advantages of Community membership. Officials are, for example, already considering publicity for projects benefitting from Article 235 Regulation.
- 2. The Prime Minister has endorsed this strategy, on the understanding that (i) remains in low-key until the end of the year, when the negotiations on fish have, we hope, been concluded. Preliminary briefing material has been prepared by the FCO in conjunction with the Paymaster General's Office and will be up-dated regularly. MIO(E) are also monitoring overall strategy. On (ii), officials are preparing detailed proposals which will be put to OD(E) in the near future.
- 3. We are, as a parallel exercise, considering how to promote a better picture <u>abroad</u> of the Government's policy towards the Community.

Private Secretary SECRET Mr Ga/Adstone WED RELATIONS WITH OUR ALLIES We spoke. I now attach a paper for the Secretary of State's meeting with HM Ambassadors in Paris and Bonn on 14 July. D H Gillmore Defence Department 11 July 1980 PS/PUS CC Mr Braithwaite Lord Bridges Sir A Acland Mr Bullard Mr Fergusson Mr Hannay Mr FitzHerbert ECD(E) Mr Spreckley ECD(I) SECRET

RELATIONS WITH OUR ALLIES: SECRETARY OF STATE'S MEETING WITH HM AMBASSADORS PARIS AND BONN: 14 JULY

1. I am grateful for the opportunity to comment on Mr Braithwaite's paper. I am in general agreement with the paper and in particular with the analysis of the Franco-German defence relationship. Sir O Wright describes defence as the ''joker''. Before we draw conclusions on the implications we need to consider precisely what are French military capabilities, what is the substance of the Franco-German defence relationship, what lessons we can draw from the conduct of Franco-German relations in this field and what policies in the defence field would best serve our interests as an ally of France and Germany and as a member of the NATO Alliance.

French Military Capabilities

2. Looked at with a pragmatic English eye, the French capabilities are not impressive (details at Annex). Enormous resources have been pured into the French nuclear deterrent, particularly the SLBMs. But this has produced a system which will for the foreseeable future be considerably less technically sophisticated than Polaris/Chevaline. And the detriment to French conventional forces, particularly the army and the navy, has been severe. Most of the French surface fleet is out of date; and they have no nuclear-powered hunter-killer submarines. Their army is ill-equipped, a fact that President Giscard has recognised. In Germany their forces are deployed in a rear area (Baden Baden) and has no pretensions to be a teeth fighting force comparable, even, to BAOR. Only the French Air Force is of reasonable calibre.

Franco-German Defence Cooperation

3. The Franco-German summit has been the occasion for a good deal of ballyhoo and mutual congratulations on defence issues. Chancellor Schmidt has likened the French statement on ERW to NATO's TNF modernisation decision. The German press has been heavily briefed on the importance of France to Germany's defence -''close up behind America'' according to Die Zeit. Sir O Wright

suggests that there may be more in the shop window than in the shop. The facts tend to bear this out.

4. But in my submission to focus solely on the facts is to ignore the important political component to the Franco-German defence relationship. In the country of Hegel and Descartes this component takes on greater importance than it does for the more pragmatic Anglo-Saxons. The development of the Franco-German relationship across the board has been worked at assiduously and pursued consistently for two decades. For the reasons given in Mr Braithwaite's paper and in the analysis in Sir O Wright's telegrams, it is inevitable that the closeness of Franco-German relations in practically every field of political endeavour should finally carry over into the defence arena. This has happened almost regardless of the hard facts of military reality.

Implications for the UK

- 5. It is only natural that we should feel worried at the extension of the Bonn-Paris axis to defence matters. It apparently leaves us out, diminishing our standing and the role we are seen to play in European defence matters. We are (rightly) concerned at the effect on the Americans, a point which will nag those Germans who recognise that in the last resort the defence of Europe depends upon the strength of the transatlantic link. But we should not ignore the benefits.
- 6. If France does proceed with the production of ERW warheads, the implications for Western defence will be important. This is because ERWs are a war-fighting weapon for use against massed armoured attack. The logical inference of French possession of a weapon of this kind is that France is signalling its readiness to play an important role in forward defence, beyond its own frontiers. If so, President Giscard's statement on ERW is a practical demonstration of the force of a process of change in French thinking begun four years ago. It is a move away from the classical Gaullist doctrine of defence of the homeland from within national territory. This development should be as welcome to us as it is to the Germans since in

logic it can only lead in the direction of greater military cooperation with NATO. Such cooperation has gone ahead steadily over recent years, but out of the public gaze (see Annex).

- 7. We must also accept that if Giscard was to make a move of this kind he could only do so via the German connection. The Gaullists would not have accepted a tightening of military links with the ''Anglo-Saxon''. But de Gaulle was the founding father of the Franco-German relationship and by using the channel of Franco-German cooperation President Giscard has preempted a good deal of Gaullist criticism. Thus, although the background of military reality may look altogether different, the foreground of Franco-German rapprochement in defence and of a French shift towards shared defence concepts should be more a cause for satisfaction than of disgruntlement.
- 8. British defence relations with the French and Germans also have unique characteristics.

(a) UK-France

- (i) We are both medium-size powers with independent nuclear forces. The French decision to develop both their theatre and strategic sytems in the course of the decade, relying on French technology, will put a severe strain on financial and research resources. On the theatre nuclear arms control front, the French who play no part in direct NATO consultations are dependent on others to ensure that future US-Soviet agreements do not harm their interests. In both nuclear strategy and in nuclear arms control we share interests with the French which neither party shares with anyone else.
- (ii) We have a long history of collaboration with the French (eg Jaguar, helicopters). The road has often been bumpy. But both countries know that going it alone on large projects in the future is simply not an option.

(b) UK-FRG

(i) We share with the Germans a defence relationship which may not be spectacular, but which is deeper and broader than that existing between the FRG and France. With

the largest European Navy we provide the important protection necessary for US reinforcement in the event of tension in central Europe. We maintain a large army and air force in Germany. Unlike us, the French army in Germany is not geared for front line combat and the French station no air forces in Germany.

- (ii) We also have a history of collaboration with the Germans (Tornado, field artillery). Tornado, for example, is a venture on a much larger scale than anything achieved . by the French and Germans.
- 9. What can we learn from the French and Germans? I see little point in trying to ape their manners. The style of the Franco-German summit is not our style. We should concentrate first on substance. But, above all, we must try to establish long term objectives in our defence relationships with the French and Germans which we are prepared to pursue consistently and doggedly over a number of years. These are qualities which both the Germans and the French prize. We have not demonstrated them convincingly in the last two decades.

Conclusions

- 10. What does this mean in practice? I suggest the following:
- (a) A realistic defence programme. We must, as Mr Braithwaite says, be in a position to put our money where our mouth is.
- (b) The political will to carry defence programmes through. Sudden cancellations, changes of course and reversals of decision have an appalling effect upon our partners' judgment of our reliability and consistency.
- (c) An unequivocal and stated intention to ensure that the tactical combat aircraft (TCA) project gets off the ground and is pursued to completion.
- (d) Pace MOD, an equally unequivocal statement of our determination to design and build a new tank with the French and Germans for the 1990s. I have submitted separately on this today.
- (e) A readiness to undertake a long process designed to deepen our discussions with the French on nuclear defence matters.

SECRET We have things to offer the French and they know it. Once the decision on the Polaris successor is out of the way we should tell the French that we see the next two decades (ie the period before we need to consider a successor to the successor) as one in which we intend progressively and systematically to develop from small beginnings a thorough-going dialogue. (f) A resolute effort to deepen our existing discussions with the French on nuclear arms control issues. This, like nuclear defence, is a field in which we have special reasons for closeness to the French. And we have already made a start. (g) A readiness to talk to the Germans (perhaps only subsequently to the French) about our thinking on the organisation of Western European defence (eg greater specialisation, a clearer division of labour). 11. The price we may have to pay for this is a frequency and breadth of consultation which will often be tedious and on occasion unproductive. We will certainly have difficult periods (particularly with the French). But such consultation has played a part in developing the French and German relationship over the last 20 years. The US Connection I realise that in the foregoing I have not referred to the United States. As Mr Braithwaite points out, we shall have a vital and often most uncomfortable role to play in sustaining the transatlantic relationship. But with skill and discretion we can do it where no other country can. D H Gillmore DEFENCE DEPARTMENT 11 July 1980 SECRET '

ANNEX A

FRENCH FORCES

Nuclear Force

- 1. Current French nuclear forces comprise:
- (a) 5 submarines each with 16 missiles (M2s or M20s) with single warheads. These submarines are noisy and the range of their missiles restricts their operating areas. Their base (Brest) is vulnerable. The missiles may only have a limited ability to penetrate Moscow ABM defences. A sixth submarine is on order for 1985 to be equipped with a new M4 missile with 6 or 7 MRVs (not MIRVs).
- (b) 18 S2 intermediate range ballistic missiles on the Plateau d'Albion. These are in hard silos but their warheads are unhardened and without penetration aids;
- (c) 32 Mirage IV bombers. Their avionics are obsolescent for long range low level sorties and there are insufficient tanker aircraft to support them;
- (d) 5 regiments equipped with Pluton short range ballistic missiles all based on French territory but with a range of only 75 miles;
- (e) the French tactical airforce has a number of nuclear capable squadrons equipped with nuclear bombs.
- 2. The cost to the French of their nuclear forces has been formidable. Figures are hard to come by. From what we can glean spending on nuclear defences accounted for 25% of the total defence budget from 1965-1970 and now stands at about 15% but is rising. The impact of this on the level of expenditure on French conventional forces has been considerable.

/ French Navy

French Navy

3. The French retain a number of large warships including two aircraft-carriers but their fleet is old. Of the 23 French attack submarines, none is nuclear and ten were commissioned in or before 1960. Of their 46 escorts, only 13 were commissioned in the 1970s, ten in the 1960s and 23 in the 1950s. The French Navy is best suited to coastal and intervention operations, rather than the much more demanding (and expensive) open-ocean ASW role which is what NATO needs in a European conflict.

French Army

4. The French Army is at present badly armed. Although it is now being re-equipped with modern armoured vehicles and self-propelled artillery, the French will rely until the 1990s on a tank developed in the early 1960s. This is inadequately protected even against existing Soviet tanks. There is a serious shortage of anti-tank weapons. The French General Staff privately admit that the French Corps in Germany is fit only for deployment in the rear areas of the Central Region (ie it cannot meet the first shock of an Eastern attack).

French Air Force

5. By comparison with the Army and Navy, the French Air Force is generally up to British standards, although, even here, there are certain deficiencies (eg maritime patrol aircraft).

ANNEX B

FRENCH FORCES IN GERMANY

- 1. French troops have been in Germany since 1945. In 1966, following French withdrawal from the NATO military structure, France and FRG concluded a bilateral agreement on the stationing of French forces in Germany. Relations between the French forces in Germany and NATO are governed by the Ailleret-Lemnitzer (then SACEUR) agreement of 1967 (see Annex C). The Germans have recently told us that the French forces in the FRG have decreased by 12,000 since January 1976 and that they now stand at 48,000 including 2,000 ground force personnel based in Berlin.
- 2. French dispositions differ from the British in two major respects:
- (a) French troops are stationed very close to the French border, mostly at Baden-Baden (making it especially difficult to be sure how many are on the German side of the border);
- (b) a large proportion of the French troops are shortservice conscripts.
- 3. Comparisons with BAOR, as regards both role and equipment are therefore difficult. BAOR is part of NATO's front line: the French are not, and are not equipped to be. Against BAOR's 600 Chieftains, the French have under 500 AMX-800 tanks, inadequately armed and protected against modern Soviet armour, and not due for replacement until the mid-1990s. By the mid-1980s their forces will have been re-equipped with new fighting vehicles (except tanks). Until then their equipment will remain of modest quality.

ANNEX C

FRENCH COOPERATION WITH NATO MILITARY AUTHORITIES

- 1. Military cooperation between the French and Allied Command Europe (ACE) has been continuing discreetly since the French withdrew from the NATO integrated military structure in 1966. The original arrangements were enshrined in the Ailleret-Lemnitzer (then SACEUR) arrangements of August 1967. Numerous cooperative agreements and arrangements have been concluded since then covering:
- (a) Air Defence;
- (b) ACE/French cooperation in the Southern Region,
 primarily the Mediterranean (covering cooperation
 in intelligence gathering and French participation
 in developing naval tactics and exercises.
 Cooperation in exercises is very close particularly
 since the movement of a major portion of the French
 fleet to Toulon);
- (c) ACE/French cooperation in the Central Region. This covers contingency planning both for the Second French Corps based in Germany and, since 1974, for the First French Corps deployed in Eastern France. There are also arrangements dating from 1975 on cooperation between the French Air Force and the NATO military authorities;
- (d) Liaison arrangements including French military missions and liaison officers at the major NATO Headquarters;
- (e) Additional agreements exist on communications, exchanges of information and the joint participation in exercises, conferences etc.
- 2. This military cooperation has improved notably since about 1974. The French military appear willing to cooperate provided there is no commitment for French participation before any French Government decision to 'fight alongside the Alliance' and provided no publicity is given to the cooperation. The

ANNEX D: DEFENCE COOPERATION PROJECTS

1. ANGLO-FRENCH

Jaguar Strike Aircraft 66 - 90

Puma Helicopters mid 60s - 1990s

Lynx Helicopters mid 60s - 1990s

Gazelle Helicopters mid 60s - 1990s

Martel Air-Surface Missiles 1964 - 1980

Exocet Surface-Surface Ship

Missiles 1970 - 1990s

2. ANGLO-GERMAN (all with Italy also)

Tornado Combat Aircraft 1969 onwards
FH70 Field Howitzer 1966 onwards
SP70 Self-propelled Howitzer 1969 onwards
ASRAAM Air to Air Short Range
Missiles Future

3. FRANCO-GERMAN

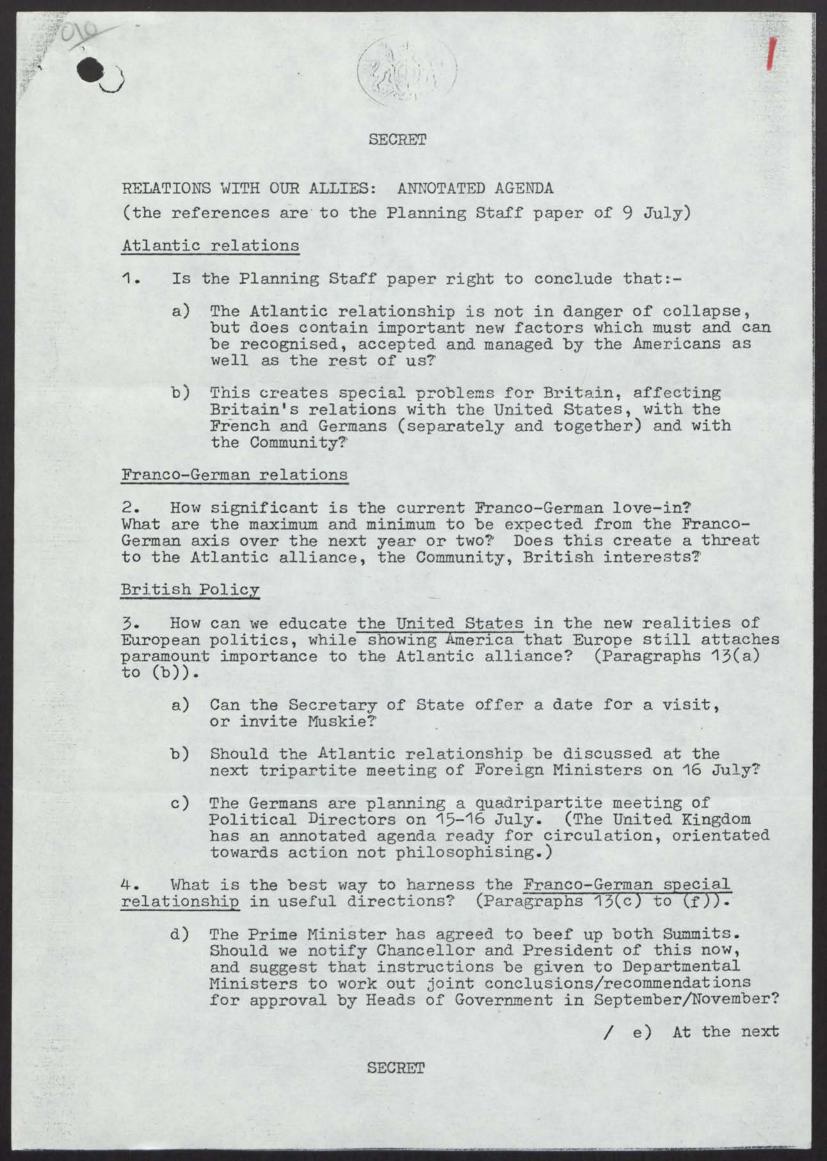
Main Battle Tank
HOT Milan Anti-Tank Missile
Roland Surface-Air Missile
Transall Military Transport Aircraft
Alfajet Harrier Aircraft
Atlantique Maritime Patrol Aircraft

4. FUTURE ANGLO-FRENCH-GERMAN PROJECTS (ie projects at an early stage of elaboration)

NATO 6S Small Surface-Air Ship Defence System (and Denmark)

NATO ASSM Anti-Surface Ship Missile (and Norway Holland)
Range of Anti-Tank Weapons
MLRS Multiple Launch Rocket System
Medium Surface-Air Missile
Tactical Combat Aircraft

most interesting recent development is that the French have suggested they are willing to discuss planning for overflights of French territory by NATO reinforcement aircraft during a crisis and for NATO naval combat aircraft on offensive missions in the Central Region during a war.







- e) At the next tripartite Foreign Ministers' meeting should we suggest underpinning these encounters with more frequent tripartite official meetings?
- f) Are there particular bits of bilateral or trilateral Community/defence/industrial/political business to be done which would strengthen our position in the triangle?
- 5. The Community: How far will the Germans support the French view that enlargement must take second place to reform of the Community ("restructuring")? Where is the British interest likely to lie? How soon will our views on "restructuring" be sufficiently mature for us to discuss these issues with the French and Germans? (Paragraphs 13(g) and (h)).

RELATIONS WITH OUR ALLIES

1. This "Note for Discussion" analyses current problems, and makes some suggestions for action.

THE PROBLEM

- 2. Relationships between the four main Western allies, and particularly the Transatlantic relationship, are currently more complex, scratchy and troublesome than usual. This reflects not only disagreements over Afghanistan but deeper factors as well:
- a) The relative decline of American power;
- b) The poor quality of American leadership;
- c) The growing assertion by Germany of her political interests;
- d) The continued "independence" of France;
- e) The deepening and increasingly exclusive relationship between France and Germany;
- f) The problems of the EEC, to which the "budget settlement" of 30 May gives only temporary respite.

Together, these factors have brought about an unprecedented decline in US-German relations, a suspicion not only in America that the Germans are set on a dangerous course of their own, a fear in Europe that America is becoming an unreliable ally, a risk about a Franco-German axis of a potentially dangerous kind. Though the Western Alliance has usually been in crisis, there is wide apprehension that the present crisis is qualitatively different.

Most of these deeper factors will not rapidly change. America is still (even militarily if she wishes) the most powerful country in the world: but she can never regain the absolute pre-eminence of the 1950s. Whoever wins the election, there must be continued doubts about the quality of American leadership for the next four or five years. Germany's interests as a divided and Central European power will continue to govern German policy, and the German Government will be more wholehearted in its pursuit of these interests as the inhibitions of the post war period recede. French domestic politics and ingrained French attitudes will ensure that French diplomacy continues to be spiky and self-centred. Twenty years of investment in the Franco-German relationship, and the close rapport between Schmidt and Giscard, will continue to feed the two countries' feeling that they and their policies are 'European', in a way which leaves comparatively little space for us. The problems of reforming the EEC - and enlarging it - will demand imagination, political will, and a readiness to change and compromise which will tax all its members, and for the lack of which many of the Continentals will cheerfully blame the British.

SECRET But there are other factors which continue to bind the allies together, and these are probably over-riding: The French and the Germans, as well as ourselves, fully accept that the defence of Europe is unthinkable without the American alliance. Both Giscard and Schmidt have recently reiterated this; the Germans are developing their forces in accordance with NATO's plans; and France's defence arrangements are in practice, and even to some extent in theory, being increasingly aligned with those of her allies; b) For all their impatience with what they see as Europe's failure to carry a fair share of the burden, it is very difficult to believe that the Americans could ever sever themselves from Europe, where they have such immense security, economic, ethnic, political and historical interests; The Community is now a major force in international affairs because of the weight of its commercial, economic, and development policies. It is tentatively acquiring an independent voice on purely political issues (the Middle East). It represents a major political and economic investment by all its members, including ourselves. It will therefore probably expand its roles, and master its current problems, though at the cost of creating new ones. The essence of the West's present problems is thus not that the Transatlantic relationship, and relationships within Europe, risk irremediable breakdown. It is that the new factors need to be recognised, accepted, and managed. The Americans need to understand that a more powerful and united Europe, and a politically selfconfident Germany, can be a good ally, even if it no longer demonstrates its loyalty by following American policies in every detail. The Europeans need to take more care to explain their concerns to the Americans, and to be more relaxed about the vagaries of American domestic politics and style. These are the problems of a more mature Transatlantic relationship, and they are manageable. THE BRITISH ROLE A unique combination of advantages and disadvantages gives us a particular role in this business of management. The remnants of the "special relationship" with the Americans gives us the opportunity of influencing their policies, though less often than we sometimes imagine. Our historical and geographical position off the European mainland gives us continuing world-wide interests, but makes us still somewhat suspect in the eyes of the Continentals. Even when our views on policy command wide acceptance, our relative economic and military weakness expose us to criticisms that we do not put our money where our mouth is. These factors must affect our approach to our three most important allied relationships: the Anglo-American relationship; the tripartite relationship with the French and Germans; and our Community relationship. All require careful handling over the next few months. / The Anglo-SECRET - 2 -

SECRET The Anglo-American relationship We have often in the past tried to play the role of honest broker between the Americans and the Continentals. This can be an ungrateful task: we risk being regarded as a Trojan horse by the Europeans; and of being used by the Americans and abandoned when we cease to agree with them or they find it more profitable to deal with one or other of the Continentals direct. once Greeks to America's Romans, we are so no longer. We risk ambiguity if we try to deal with them other than as a medium sized power firmly rooted in our European relationships. Nevertheless, we have an opportunity and a duty to explain to the Americans, both in private and in public, the nature of the changes which are taking place in the Atlantic relationship, and to play the same role with the French and Germans. This is a task which no other government can tackle as Britain can. The Tripartite Relationship Our relationship with the French and the Germans is central to our European policies as a whole. Both countries recognise our importance, despite conflicts over particular issues. plenty of scope for practical cooperation, whether bilaterally or trilaterally: on defence questions, on Community issues, on relations with America, the Soviet Union or the Third World. 10. We have no hope of rapidly building up a formal relationship as close as that which has been built up over nearly two decades under the Franco-German treaty. That relationship has particular historical roots, and has been the object of an immense investment of time and money by both sides. They attach great importance to the public appearance of their bilateral relationship, even though this in practice does not exclude close cooperation with us. 11. This is frustrating. But it is no reason why we should not develop our bilateral and trilateral relationship by all the means available: informal bilateral meetings (eg at Dorneywood); discreet trilateral meetings of Foreign Ministers and officials; full scale meetings of Heads of Government accompanied by Cabinet Ministers. These can be tedious and not immediately productive. They can be expected to pay off only if practised (like the Franco-German exchanges) persistently and over a long period. In the past, British governments have lost heart too readily, especially when confronted by particularly egregious examples of French intransigence or irresponsibility. But meetings must be backed by a range of cooperative activities in as many fields as possible (current examples are fast breeder reactors, space, and the next generation of tanks and tactical combat aircraft. / Community SECRET - 3 -

SECRET Community relationships 12. It is particularly necessary to persist with the tripartite relationship with the prospect over the next eighteen months and more of difficult and disruptive arguments about the "restructuring" of Community policies. We shall need to make a major intellectual and political input, work on which is only beginning. And we shall need to convince both the French and the Germans that it is in their national interest to find solutions which meet our needs as well. With the new climate of realism in the Community, this should be possible. But it too will require a careful investment of time and good will. RECOMMENDATIONS 13. The following are some practical suggestions for implementing the principles set out above: The Transatlantic Relationship a) The Secretary of State should revisit America before too long to explain European policies in public and in private. He should encourage his European colleages to do the same. The Quadripartite exchanges should be developed, so that there is less talk and more action. There is plenty to do following the Venice Summit. This is in the first instance a task for officials. France and Germany We should accept Sir R Hibbert's and Sir O Wright's proposals for beefing up the Anglo-French and Anglo-German summits in September and November respectively, as part of a more general campaign to give our relations with those countries a more public dimension. d) We should continue tripartite meetings at Ministerial and official level, seeking to make them more frequent and to give them more operational content. The Secretary of State should continue his discreet and informal bilateral meetings with Herr Genscher and M. Francois Poncet, more frequently if possible; and should buttress them with occasional meetings of a more formal nature. f) We should follow up the hints we have had from French and German officials that defence cooperation might be intensified. / The Community SECRET - 4 -

SECRET The Community We should develop our thinking in Whitehall about the implications of "restructuring" as quickly as possible. If necessary we should set up a full time "task force" for the purpose. h) At the earliest moment we should try out our ideas on the French and Germans, in the light of indications that their thinking, too, is beginning to develop. PLANNING AND 9 July 1980 COORDINATION STAFF SECRET - 5 -

