

NEWCOVER

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PART 2

CONFIDENTIAL
FILING

ANGLO - GERMAN RELATIONS

GERMANY

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Pt 1. July 1979

Pt 2. March 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
19/9/84							
28/9/84							
PART ENDS		PREM		19/12/84			

PART 2 ends:-

Pm to Chancellor Kohl (T 166/84) 28.9.84

PART 3 begins:-

Fco to CDP 1.10.84

ANGLO-GERMAN SUMMIT
28-29 OCTOBER 1982

PMVX(82)1-14 :
master set preserved in
CAB 133. This set ∴
destroyed.
R Pomman

1. STEERING BRIEF
2. (a) EUROPEAN QUESTIONS: STEERING BRIEF ON EUROPEAN COMMUNITY 6/3/13
(b) EC BUDGET (INCLUDING CAP)
(c) ENLARGEMENT
(d) EC/TURKEY
(e) EUROPEAN ACT
(f) FRANCO-GERMAN RELATIONS
(g) COMMON FISHERIES POLICY
(h) EUROPEAN MONETARY SYSTEM
3. TRANSATLANTIC RELATIONS
4. EAST/WEST ECONOMIC RELATIONS AND THE PIPELINE
5. EAST/WEST POLITICAL RELATIONS (INCLUDING AFGHANISTAN)
6. POLAND
7. CSCE
8. INNER GERMAN RELATIONS
9. DEFENCE MATTERS
10. ARMS CONTROL AND DISARMAMENT
11. (a) ARAB/ISRAEL AND LEBANON
(b) EUROPE/LATIN AMERICA (INCLUDING THE FALKLANDS)
(c) BRITISH POLICY TOWARDS CHINA
(d) WORLD POLITICAL ISSUES: IRAN/IRAQ AND THE SITUATION IN THE GULF
(e) NORTH/SOUTH DIALOGUE
(f) UNLOSC
(g) EC/ASEAN
(h) SOUTHERN AFRICA/NAMIBIA
(i) CAMBODIA
12. (a) PROSPECTS FOR THE WORLD (INCLUDING US ECONOMIC POLICY)
(b) INTERNATIONAL DEBT PROBLEMS
(c) INTERNATIONAL TRADE PROBLEMS
13. ANGLO-GERMAN BILATERAL QUESTIONS
14. (a) FRG SCENE: POLITICAL
(b) GERMAN ECONOMY

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T166/84



FILE

cc Master
ops.

10 DOWNING STREET

THE PRIME MINISTER

28 September, 1984

My dear Chancellor

I am asking John Gummer, our Party Chairman, to bring you this private message.

Let me say first how grateful I am to you for seeing him and his colleagues. There is still scope for our Parties to work more closely together, both internationally and in the European Parliament, and I hope the meeting being held under the Konrad Adenauer Stiftung's auspices will give an impetus to this.

I was pleased, as I am sure you were, by the success of Exercise Lionheart. It was very impressive militarily and will have been an unmistakable message to the Russians of continuing steadfastness and determination in our Alliance. The press and television coverage in this country was particularly good, giving a reassuring picture of easy rapport between the British troops taking part in the exercise and your fellow countrymen going about their daily lives.

On one particular matter, I should like you to know how sorry I am personally that it was not possible for Professor Carstens to lead the Committee on European Institutions which we set up at Fontainebleau. There is no doubt at all that he would have made a most distinguished and creative contribution to its work - a contribution which I hope he will still make through other channels.

/We have

We have an opportunity this coming week to settle once and for all the remaining problems on the Community Budget on which we made substantial progress at Fontainebleau. If we can do so, the process which you started at the Stuttgart European Council will be brought to a successful conclusion - and we shall all be in debt to your vision and statesmanship. We shall also be able to get down to dealing more imaginatively with the other problems pressing in upon the Community. I am looking forward to discussing these with you, as well as to hearing your assessment of the prospects for East/West relations, when we meet on 2 November.

With best wishes to you and to your wife.

Yours sincerely
Margaret Thatcher

His Excellency Herr Dr. Helmut Kohl.

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10 DOWNING STREET

From the Private Secretary

28 September, 1984

The Prime Minister understands that Mr. Gummer will see Chancellor Kohl during his visit to Bonn next week. The Prime Minister would be grateful if Mr. Gummer could take the opportunity to hand the enclosed personal message to Dr. Kohl. The purpose is simply a friendly gesture, to maintain her good relations with him.

(C.D. Powell)

A. Galloway, Esq.,
Paymaster General's Office



10 DOWNING STREET

From the Private Secretary

28 September 1984

Dear Julian,

CHANCELLOR KOHL

Thank you for your letter of 25 September about some of the problems you perceive with the Anglo/German relationship at the highest level. I hope that we can find time before long to have a word about it.

We have taken up your suggestion that John Gummer should bear a message from the Prime Minister when he visits Bonn next week. The Prime Minister has written to Chancellor Kohl in what I hope you will find are reasonably warm and friendly terms. John Gummer will have the letter with him. I enclose a copy for your personal information.

One of the problems you identify is a lack of basic knowledge in Chancellor Kohl's immediate circle of how No. 10 works, the channels through which the Prime Minister receives advice and so on. If it would help, Robin Butler and I would be ready to explain this to two or three members of the Chancellor's entourage, in particular Bergsdorff and Teltschik. Part of the problem lies of course in the difference between British and German systems, in particular the distinction we make between Private Secretaries and special advisers, a distinction which does not exist as far as the Germans are concerned. But if we can at least explain the system to them perhaps it will ease some of the confusion. If you agree that this would be useful, you might suggest it to Bergsdorff and Teltschik, saying that we would be ready to welcome them for a brief visit over here. Alternatively we could try to find time in the margins of the Anglo/German Summit.

I should warn you of a complication. There have been past attempts to arrange visits by Private Secretaries which have all foundered because other business intervened at the German end or ours. A visit to London by some of the Chancellor's staff to meet special advisers took place in December 1983. An effort is being made to set up another,

PRIVATE AND CONFIDENTIAL

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with the involvement of the Konrad-Adenauer-Stiftung. Teltschik and Neuer participated in the last one. But such meetings are unlikely to achieve the objectives you have in mind and there is some danger in them precisely because the German participants do not understand that there is a distinction between the Private Secretary and special adviser functions.

Your letter suggests that we should aim at intensified contact between the Prime Minister's closest advisers and those of Herr Kohl. This requires careful thought. Quite a close working relationship already exists between Robin Butler and me at our end and Teltschik, Stabreit and Neuer because we have to make arrangements with each other from time to time and see each other quite frequently at bilaterals, European Councils, economic summits, etc. Also I know Bergsdorff and Teltschik well. But at a more senior level the Prime Minister's closest advisers are her Ministers and the various senior officials who have regular contact with their German opposite numbers. Attempts to develop special links between private offices and other individuals which bypass these channels tend to lead to confusion. One only has to look at what happened during Kissinger's days as National Security Adviser. I doubt whether there will be any enthusiasm for such a system here. It would be best to lead the Germans to reach that conclusion themselves. The explanatory exercise which I have suggested ought to help with that.

I am sending personal copies of this letter to Len Appleyard and Michael Jay at the FCO.

Yours sincerely,
Charles Powell

C.D. POWELL

His Excellency Sir Julian Bullard, KCMG

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R. G.

PRIME MINISTER

John Gummer is leading a group of Conservative MPs on a visit to Bonn this weekend for talks with the CDU/CSU. The group will meet Chancellor Kohl.

It would help John Gummer and be good for relations with Kohl if he could be the bearer of a personal message from you. It would only be a gesture: but gestures seem to matter a lot to Kohl and he is susceptible to flattery. Julian Bullard advises privately that a message would be helpful.

I attach a letter which John Gummer could take. If you don't want to write, it could be converted into a speaking note - but I think a letter would be more effective with Kohl (particularly if you can bring yourself to put "Dear Helmut").

C.D.X.

27 September 1984

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10 DOWNING STREET

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relations.*

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asir P Casonh*

From the Private Secretary

PERSONAL AND CONFIDENTIAL

26 September 1984

If the PUS has time to read the enclosed letter, I would like to have a word about it on Friday.

John Gummer is definitely not the right person. I think any way that all we can do for his visit is to get him to convey warm personal greetings from the Prime Minister.

As regards telling Kohl's immediate circle how the Prime Minister and No. 10 work, one runs up against the immediate problem that Kohl's staff are political appointees but fill official functions whereas here we are divided between officials in the Private Office and political appointees in the Policy Unit.

But, if it was thought useful, we might, as a first step, organise some contact between the No. 10 Private Office and Kohl's immediate staff. I happen to know both Bergsdorff and Teltschik very well from my time in Bonn and will be very happy to spend half a day telling them about how we operate (I might even manage it in German!) But this would be only the beginners course and Julian Bullard clearly wants it to lead on to something more substantial. But perhaps we would at least get a clearer picture of what they want if we were to set up the sort of meeting I have described.

You should know that John Huston is engaged with the Konrad-Adenauer Stiftung in trying to restore an Anglo-German Special Advisers/Private Secretary meeting to follow up that which took place in December last year. But from the No. 10 point of view that turned out to be a bit of a dead duck.

CHARLES POWELL

M. H. Jay, Esq.,
Foreign and Commonwealth Office.

PERSONAL AND CONFIDENTIAL

Sir Julian Bullard KCMG



BRITISH EMBASSY,
BONN.

PERSONAL & CONFIDENTIAL

25 September 1984

C D Powell Esq
10 Downing Street
LONDON
SW1

My dear Charles,

CHANCELLOR KOHL

1. Since arriving here three weeks ago, I have received two or three indications that, as you certainly knew already, the Anglo-German relationship at the highest level is not all that it should be. It is not just that, as I said in a telegram, the missing voice in the chorus of welcome given to me here has been that of the Chancellor's office, though the tone was noticeably cooler there than anywhere else. It is more a matter of positive indications. At my first call on Kohl, I made a lot of the "personal message" from the Prime Minister, unfolding the telegram and making a parade of translating it, and I also took the liberty of adding the Prime Minister's good wishes, how much she was looking forward to her next meeting with Kohl on 2 November etc. Kohl's response was perfunctory and indeed came only as he was showing me out of the room. Again, when your old friend Bergsdorff

/ came to

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PERSONAL & CONFIDENTIAL

- 2 -

came to lunch yesterday, he pressed me on who were the Prime Minister's closest advisers, how she organised her day etc - all this in a way which suggested that the Prime Minister was still largely an unknown quantity to the Chancellor's office, in spite of ^{all} the meetings there had been.

2. I shall be giving some thought to this problem and perhaps you would like to do the same. Obviously there can be no substitute for personal relations between the two heads of Government, and the Foreign Secretary may have been right when he remarked to me the other day that Mrs Thatcher and Herr Kohl might not be particularly close friends even if Kohl spoke English. But there is also the Kitchen Cabinet here, which meets with Kohl for an hour every morning, and of which Bergsdorff is of course a member. In reply to his question about the Prime Minister's advisers, I mentioned the name of John Gummer, pointing out that he would be here with a group of Conservative MPs from 30 September to 2 October for talks with the CDU/CSU under the auspices of the Konrad-Adenauer-Stiftung. Bergsdorff said that the group were in any case going to be received by Kohl, but he took particular note of Mr Gummer's name.

3. From my point of view it would be an excellent thing if John Gummer could be given something warm and special to say to Kohl on the Prime Minister's behalf. If he

/ could go

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PERSONAL & CONFIDENTIAL

- 3 -

/ this could go further and express interest in the idea of intensifying contact between the Prime Minister's closest advisers and those of Herr Kohl, this would be better still. I have an idea that/might lead to something which could be rather useful and could also be not quite within my own reach as Ambassador, though I hope to make my contribution in one way or another.

4. I say all this without knowing how close Mr Gummer really is to the Prime Minister, or whether he would be a suitable emissary for the sort of role I have in mind. But after my remarks to Bergsdorff I think it possible that Mr Gummer may find himself sought out by Kohl during his visit next week, and perhaps made the recipient of some message or other. If you see no objection, perhaps you could be kind enough to have a word with him before he sets off for Bonn, so that he knows as much of the background as you think it right to pass on to him.

Yours ever

Julian

J L Bullard

cc: L V Appleyard Esq
Private Secretary to Sir G Howe

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GRS 545

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FM BONN 190844Z SEP 84

TO PRIORITY FCO

TELEGRAM NUMBER 872 OF 19 SEPTEMBER

INFO ROUTINE BMG BERLIN EAST BERLIN MOSCOW ROME WASHINGTON

UKDEL NATO PARIS UKREP BRUSSELS

INFO SAVING CICC(G) OTHER NATO POSTS OTHER EC POSTS

CALL ON CHANCELLOR KOHL, 18 SEPTEMBER.

1. I PAID MY FIRST CALL ON CHANCELLOR KOHL YESTERDAY. HE LOOKED HEALTHY, VIGOROUS AND PLEASSED TO SEE ME.

2. I SAID THAT I HAD A MESSAGE FOR HIM FROM THE PRIME MINISTER, BUT THAT BEFORE TRANSMITTING IT I WANTED TO GIVE HIM MY FIRST IMPRESSIONS. THESE WERE THAT THE ANGLO-GERMAN RELATIONSHIP WAS EVEN WIDER AND DEEPER THAN I HAD REALISED, BUT UNDERAPPRECIATED AND TOO LITTLE KNOWN. I GAVE EXAMPLES: THE BRITISH MILITARY PRESENCE IN THE FRG, CURRENTLY DOUBLE ITS USUAL STRENGTH OF 66,000 MEN ON ACCOUNT OF EXERCISE LIONHEART, WHICH YOU WOULD BE VISITING TODAY AND MR HESELTINE SHORTLY, EACH WITH YOUR GERMAN COUNTERPART: BERLIN, WHERE I HAD JUST BEEN FOR 3 DAYS, AND WHERE THE BRITISH GARRISON WAS THE STRONGEST AFTER THE AMERICAN, COMPOSED ENTIRELY OF REGULAR TROOPS AND HAVING THE BEST POSSIBLE RELATIONS WITH THE SENAT AND THE POPULATION: THE BRITISH COUNCIL'S 25TH ANNIVERSARY PROGRAMME OF LECTURES, EXHIBITIONS ETC ETC. I WOULD DO MY BEST TO MAKE ALL THIS ACTIVITY MORE WIDELY KNOWN AND VALUED AT ITS TRUE WORTH.

3. KOHL BRIEFLY ECHOED THESE THOUGHTS AND THEN LAUNCHED INTO A LONG EXCURSUS ON THE ANDREOTTI AFFAIR AND ITS IMPLICATIONS. HIS THEME WAS THAT AFTER ALL THAT THE FRG HAD LOST, REBUILT, ABSORBED, RENOUNCED AND CONTRIBUTED, IT WAS PAINFUL TO BE ACCUSED OF PAN-GERMANISM, ESPECIALLY BY A FELLOW CHRISTIAN DEMOCRAT AND AT A TIME WHEN BONN WAS UNDER HEAVY FIRE FROM THE EAST. KOHL WAS GRATEFUL FOR WHAT YOU HAD SAID IN BRUSSELS AND DOUBTED WHETHER THE SPD WOULD GAIN ELECTORALLY FROM DISTANCING THEMSELVES FROM THE GOVERNMENT ON THIS. THE FRG NEEDED FRIENDS MORE THAN ANY OTHER STATE, AND HE WAS GLAD THAT SHE HAD SUCH A GOOD ONE IN BRITAIN.

4. ALL THIS WAS ENVELOPED IN A BROAD BUT TO ME OBSCURE HISTORICAL FRAMEWORK, WITH ALLUSIONS TO AUSTEN CHAMBERLAIN, THE TREATY OF ST GERMAIN ETC.

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5. WHEN KOHL FINALLY FELL SILENT I SPOKE AS INSTRUCTED IN YOUR TELNO 495, ADDING YOUR OWN THOUGHTS FROM UKREP BRUSSELS TELNO 1 TO BONN, EMPHASISING THAT THE BRITISH COMPROMISE WOULD NEITHER PRESCRIBE NOR EXCLUDE THE BRINGING FORWARD OF NEW OWN RESOURCES AND ENDING ON THE NOTE THAT ONLY A FEW OUTSTANDING POINTS, WHICH WITH AN ANGLO-GERMAN JOINT EFFORT COULD BE RESOLVED IN THE NEXT FORTNIGHT, STOOD BETWEEN THE COMMUNITY AND THE KIND OF FUTURE DESCRIBED IN PRESIDENT MITTERRAND'S SPEECH AT STRASBOURG AND IN THE PRIME MINISTER'S PAPER GIVEN TO KOHL IN JUNE.

6. KOHL DID NOT REACT ONE WAY OR ANOTHER: HE HAD EVIDENTLY NOT YET RECEIVED RUHFUS' REPORT ON THE FOREIGN AFFAIRS COUNCIL.

7. KOHL ABRUPTLY CHANGED THE SUBJECT TO RUDOLF HESS: SEE SEPARATE TELEGRAM.

8. BY THIS TIME WE HAD OVERRUN THE HALF HOUR AND HE HAD TO LEAVE TO MEET YOU AT THE AIRPORT. THE MEETING ENDED WITH KOHL SAYING THAT HE SAW FEW AMBASSADORS BUT THAT HE WOULD ALWAYS BE ONE OF THEM. HE SENT HIS GREETINGS TO THE PRIME MINISTER.

9. COMMENT. AS OFTEN WITH KOHL, THIS WAS A ONE-SIDED CONVERSATION WITH NOT MUCH OPERATIONAL CONTENT. THERE WERE SOME NON-BARKING DOGS, EG THE SPAAK COMMITTEE. TELTSCHIK, WHO WAS PRESENT, CLOSED HIS NOTEBOOK EARLY ON IN THE CHANCELLOR'S MONOLOGUE AND DID NOT REOPEN IT UNTIL HE STARTED TO CONVEY THE PRIME MINISTER'S MESSAGE. AS DREGGER SAID TO ME LATER, KOHL HAS A STYLE OF HIS OWN AND IS EASILY UNDERRATED.

BONN WILL PASS TO BMG BERLIN AND CHCC(G)
FCO PLEASE PASS OTHER SAVING ADDRESSEES.

(REPEATED AS REQUESTED)

COPIES SENT TO
No. 10 DOWNING STREET

BULLARD

LIMITED

WED

ECD(I)

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DEF

PS

PS/LADY YOUNG

PS/MR RIFKIND

MR DEREK THOMAS

MR JENKINS
MR RENWICK
MR WESTON

COPIES TO

PS/CHANCELLOR OF
EXCHEQUER

PS/S&S DEFENCE

MR DAVID WILLIAMSON,
CABINET OFFICE

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10 DOWNING STREET

From the Private Secretary

17 September 1984

Dear Len,

SIR JULIAN BULLARD'S MEETING WITH CHANCELLOR KOHL

I see from BMG telegram number 440 that Sir Julian Bullard has an appointment to call on Chancellor Kohl on 18 September and has asked whether he can say that he is speaking with the Prime Minister's authority in making some general remarks on Anglo-German relations.

The Prime Minister is content for Sir Julian to speak with her authority. She would wish him to stress the importance of exercise Lionheart as demonstrating how much the United Kingdom does for the Federal Republic in the field of defence. She would also like him to bring home to Chancellor Kohl the great importance of completing the Stuttgart process as soon as possible, by settling all the outstanding financial issues as a package.

Subject to what happens at the Foreign Affairs Council, Sir Julian might say that the Prime Minister remains very appreciative of Chancellor Kohl's great personal contribution to dealing with the Community's financial problems through the discussions launched at the Stuttgart European Council, and his particular help over solving the problem of our Budget contribution at the Fontainebleau Council. She believes that there is now an opportunity to settle all the outstanding problems. She understands that the Presidency have made a proposal on the introduction of new own resources which she hopes very much the Chancellor can accept. She knows that the Chancellor shares her desire to see arrangements to ensure effective Budgetary discipline. She hopes that agreement can be reached very rapidly on a Council decision to give effect to this.

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I am copying this letter to David Peretz (HM Treasury),
Richard Mottram (Ministry of Defence) and David Williamson
(Cabinet Office).

*Yours sincerely,
Charles Powell*

Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

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00 UKREP BRUSSELS

GRS 210

CONFIDENTIAL

FM BMG BERLIN 151210Z SEP 84

TO IMMEDIATE F C O

TELEGRAM NUMBER 440 OF 15 SEPTEMBER

INFO IMMEDIATE BONN, UKREP BRUSSELS

FROM HM AMBASSADOR



R.C.

HD/wes.

HTO/ECDCI)

Ps

Ps/Mr. Adams

Mr. Delella Thomas

Mr. Sauer

Mr. Kowalski

CDP

Prime Minister

Agree that

Sir J. Bullard

can speak in your name.

(Mr. agreed) ad.

1. I HAVE AN APPOINTMENT TO CALL ON CHANCELLOR KOHL IN BONN *17/9* AT 1700 HOURS LOCAL TIME ON TUESDAY 18 SEPTEMBER. AT THIS FIRST CALL I PLAN TO SPEAK ABOUT THE BREADTH AND DEPTH OF THE ANGLO-GERMAN RELATIONSHIP, QUOTING CURRENT EXAMPLES (EXERCISE LIONHEART WHICH YOU AND GENSCHER WILL BE VISITING ON THE FOLLOWING DAY, THE BRITISH COUNCIL'S QUARTER CENTURY IN THE FRG ETC) AND EMPHASISING MY HOPE TO SEE IT BOTH STRENGTHENED AND MORE WIDELY ACKNOWLEDGED. I WOULD HOPE THAT THIS MIGHT PROMPT KOHL TO SAY SOME WARM THINGS IN REPLY, IN THE HEARING OF HIS OFFICIALS.
2. IT WOULD GREATLY INCREASE THE EFFECT OF MY WORDS IF I COULD SAY THAT I WAS SPEAKING WITH THE PRIME MINISTER'S AUTHORITY AS WELL AS YOUR OWN.
3. THIS WOULD BE AN OPPORTUNITY TO ADD ANY PARTICULAR MESSAGES ON CURRENT BUSINESS. THE OBVIOUS AREA IS THE COMMUNITY, WHERE IT WOULD BE HELPFUL TO ME BOTH TO BE RIGHT UP TO DATE ABOUT THE VARIOUS MEETINGS SCHEDULED FOR THE NEXT FEW DAYS AND ALSO TO KNOW WHAT LINE TO TAKE IF KOHL REVERTS TO THE QUESTION OF EX-PRESIDENT CARSTENS AND THE AD HOC COMMITTEE ON INSTITUTIONS.
4. GRATEFUL FOR INSTRUCTIONS. I LEAVE BERLIN AT NOON LOCAL TIME ON 18 SEPTEMBER TO RETURN TO BONN.
5. FOR COMMUNICATIONS DEPT: PLEASE ADVANCE COPY TO NO. 10.

WYATT

NBPM

c.c. The Private Secretary, 10, Downing St.

~~File~~
6/22

25th August, 1984

WHTF?

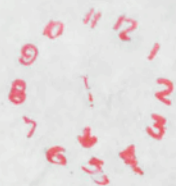
Thank you for your letter of 23rd August about a possible invitation to the President of the Federal Republic of Germany to pay a State Visit, to be delivered by Julian Bullard when he presents his Credentials. I have shown your letter to The Queen, and Her Majesty thinks it unwise to deliver an invitation of this sort so far in advance and before we can be at all precise about the date. She thinks that there is everything to be said for sticking to the normal procedure of issuing an invitation about six months before and when we can suggest a firm bracket of dates.

Like you, I am copying my letter to the Private Secretary to the Prime Minister.

W. HESELTINE

C.R. Budd, Esq.

48 AUG 1984



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NBRM



Foreign and Commonwealth Office

London SW1A 2AH

23 August, 1984

FERR o/v

Dear Sir William,

State Visit by Dr Richard Von Weizsaecker, President of the
Federal Republic of Germany

We were delighted by the conclusion of the Royal Visits Committee at their last meeting on 18 June that Dr von Weizsaecker was one of the preferred candidates for an invitation to visit the UK during 1986. Dr von Weizsaecker was an outstanding Governing Mayor of Berlin, and is likely to prove a distinguished President of the Federal Republic.

I understand that you discussed with our Protocol Department the possibility of Sir Julian Bullard being authorised to mention the proposed visit very informally when he presents his credentials to President von Weizsaecker on 4 September. I recognise that invitations for State Visits are normally issued only six months in advance, and that earlier notice can give rise to difficulties. But I think we can be reasonably confident that such difficulties will not arise in the case of the West German President. And I do not think it would be necessary to mention any dates at this stage.

In the absence of Sir Geoffrey Howe (who is currently on leave) Lady Young hopes that an exception might be made in the case of President von Weizsaecker, and that Sir Julian may be authorised to make informal mention of the proposal for a State Visit on the following lines:

"The Queen very much hopes that some time in his term of office the President will be able to pay a State Visit to Britain. We shall be very pleased to discuss this as soon as it is possible to propose a date".

This would inject a welcome note of warmth into our bilateral relationship and would make a most auspicious beginning to Sir Julian's mission to the FRG.

I am copying this letter to the Private Secretary to the Prime Minister.

Yours Sincerely
Colin Budd

Sir William Heseltine KCVO
Buckingham Palace

(C R Budd)
Private Secretary

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

16 August 1984

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL: TUESDAY 14 AUGUST

I enclose a record of the conversation which took place between the Prime Minister and Chancellor Kohl at Imlau on Tuesday 14 August. The record was prepared by HM Ambassador, Vienna.

Since this was a private meeting, I should be grateful if the record could be shown only to those with an operational need-to-know.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence) with an extract from the record covering East/West Relations; and to David Peretz (HM Treasury) and David Williamson (Cabinet Office), with an extract covering the European Community.

(DAVID BARCLAY)

Stuart Eldon, Esq.,
Foreign and Commonwealth Office.

CDRO

RRR

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND
CHANCELLOR KOHL AT IMLAU ON TUESDAY 14 AUGUST 1984 AT 1700

THE PRIME MINISTER HAD A CONVERSATION WITH CHANCELLOR
KOHL LASTING SOME 90 MINUTES YESTERDAY AFTERNOON. I WAS
PRESENT THROUGHOUT. THE PRIME MINISTER ASKED ME NOT TO TAKE
NOTES AND NOT TO MAKE A FORMAL RECORD. SUBSEQUENTLY HOWEVER
SHE AGREED THAT THERE WERE ONE OR TWO POINTS WHICH SHOULD BE
PUT DOWN ON PAPER.

THE SPAAK COMMITTEE

THE CHANCELLOR ASKED THE PRIME MINISTER TO SUPPORT THE
CANDIDATURE OF FORMER PRESIDENT CARSTENS FOR THE
CHAIRMANSHIP OF THE SPAAK COMMITTEE. THE PRIME MINISTER
SAID THAT SHE THOUGHT PRESIDENT CARSTENS WAS AN EXCELLENT
CANDIDATE AND THAT HE SHOULD HAVE THE JOB.

THE FEDERAL REPUBLIC: THE INTERNAL SITUATION

THE CHANCELLOR SAID THAT THE RECENT STRIKES HAD BEEN
DAMAGING. AND HAD HAD AN APPRECIABLE EFFECT ON THE PERFORMANCE
OF THE GERMAN ECONOMY. HOWEVER IN THE LONGER TERM THE MOST
IMPORTANT RESULT OF THE DISPUTE MIGHT TURN OUT TO BE THE
DEVOLUTION OF POWER IN THE TRADE UNION MOVEMENT DOWNWARDS TO
PLANT LEVEL. THE EXTREMISTS IN THE GERMAN TRADE UNION MOVE-
MENT TENDED TO BE FOUND AT NATIONAL LEVEL, AND THE MODERATES
LOWER IN THE HIERARCHY. FROM THE POINT OF VIEW OF THE UNIONS,
THE DILUTION OF POWER AT THE CENTRE MIGHT TURN OUT TO BE AN
HISTORIC ERROR. FROM THE POINT OF VIEW OF THE COUNTRY AS A
WHOLE IT COULD ONLY BE A GOOD THING.

THE CHANCELLOR THOUGHT THERE MIGHT WELL BE A STRIKE OF
PUBLIC SERVICE WORKERS IN THE AUTUMN. THE PROSPECT CAUSED
HIM NO QUALMS SINCE HE WOULD BE HANDLING THE SITUATION HIMSELF.
HE COMMENTED IN THIS CONNECTION THAT THE RECENT STRIKE HAD BEEN
THE FIRST OCCASION IN MANY YEARS ON WHICH THE EMPLOYERS HAD
STOOD FIRM IN A DISPUTE WITH THE UNIONS.

THE EUROPEAN COMMUNITY

THE PRIME MINISTER TOLD THE CHANCELLOR OF HER CONTINUED ANXIETY ABOUT THE FAILURE OF THE COMMUNITY TO EXERCISE FINANCIAL DISCIPLINE. IF THE PRESENT TREND CONTINUED, THE OUGURIES FOR THE REST OF THIS YEAR AND NEXT YEAR WERE BAD.

THE CHANCELLOR AGREED ABOUT THE NEED FOR FINANCIAL DISCIPLINE. HE PLACED CONSIDERABLE CONFIDENCE IN MONSIEUR DELORS, THE NEW PRESIDENT OF THE COMMISSION. DELORS WAS A FRENCH PROTESTANT WHOSE AUSTERE APPROACH TO FINANCIAL PROBLEMS WAS WELL KNOWN. HIS OUTLOOK WOULD NOT BE CHANGED BY THE MOVE TO BRUSSELS. WHETHER OR NOT DELORS RE-ENTERED FRENCH POLITICS AT A HIGHER LEVEL THAN THAT AT WHICH HE HAD LEFT IT WOULD DEPEND ON WHETHER OR NOT HE MADE A SUCCESS OF THE PRESIDENCY. THE CHANCELLOR EXPECTED MONSIEUR DELORS ARRIVAL IN BRUSSELS TO BE ACCOMPANIED BY CONSIDERABLE STRAINS WITHIN THE COMMISSION.

THE PRIME MINISTER HOPED THIS FORECAST WOULD PROVE ACCURATE. MONSIEUR THORN HAD SIMPLY LET THINGS DRIFT. NONETHELESS, THE RESPONSIBILITY FOR PRESENT DIFFICULTIES LAY PRIMARILY WITH NATIONAL GOVERNMENTS AND MINISTERS - PARTICULARLY WITH THE AGRICULTURAL MINISTERS. THE CHANCELLOR STRESSED THE IMPORTANCE OF THE PRIME MINISTER, THE FRENCH PRESIDENT AND HIMSELF MAINTAINING A COMMON FRONT. THE PRIME MINISTER AGREED. BUT SHE WAS DISMAYED TO NOTE HOW OFTEN SHE HAD SENT SIR GEOFFREY HOWE TO MINISTERIAL MEETINGS ARMED WITH INSTRUCTIONS TO STAND FIRM BASED ON AGREEMENTS REACHED WITH HER COLLEAGUES AT HEAD OF GOVERNMENT LEVEL, ONLY TO BE TOLD THAT SIR GEOFFREY HAD FOUND HIMSELF COMPLETELY ISOLATED. IT WAS IMPORTANT THAT THIS SHOULD NOT CONTINUE TO OCCUR AND THEREFORE THAT THE THREE HEADS OF GOVERNMENT SHOULD BE IN TOUCH WITH EACH OTHER AHEAD OF THE MAIN MINISTERIAL MEETINGS. THE CHANCELLOR AGREED. HE WOULD BE IN FAVOUR OF TRILATERAL MEETINGS FROM TIME TO TIME. THE PRIME MINISTER AGREED THAT SUCH MEETINGS WOULD BE HELPFUL IF THEY COULD BE ARRANGED DISCREETLY.

EAST-WEST RELATIONS

THE CHANCELLOR SPOKE AT LENGTH ABOUT HIS PREOCCUPATION WITH EAST-WEST RELATIONS, AND IN PARTICULAR ABOUT INNER GERMAN RELATIONS. HE WAS CONFIDENT THAT THE SITUATION IN EASTERN EUROPE WAS EVOLVING IN FAVOUR OF THE WEST, AND WOULD CONTINUE TO DO SO PROVIDED WE SHOWED PATIENCE AND SUBTLETY. THE RAPID DEVELOPMENT OF INFORMATION TECHNOLOGY AND THE NUMEROUS ATTRACTIONS OF A FREE SOCIETY (MUCH MORE THAN THE PURELY ECONOMIC FACTOR) WERE VIRTUALLY IMPOSSIBLE FOR THE EAST EUROPEAN REGIMES TO COPE WITH.

THE FEAR WHICH THE WESTERN DEPLOYMENT OF INF LAST AUTUMN HAD INITIALLY STIMULATED AMONG THE PEOPLES OF EASTERN EUROPE (AND WHICH HAD BEEN A DECISIVE FACTOR IN THE CHANCELLOR'S DECISION TO EXTEND CREDITS TO THE GDR) HAD LARGELY DISAPPEARED. THERE WAS A GREATER INTEREST WITHIN THE GDR IN MOVING TO THE WEST THAN FOR MANY YEARS. 100,000 APPLICATIONS FOR EXIT PERMITS HAD BEEN LODGED, WITH ALL THE DISADVANTAGES FOR THE APPLICANTS THAT THIS ENTAILED. THE CHANCELLOR KNEW OF AN INTERNAL PARTY ANALYSIS IN THE GDR WHICH SUGGESTED THAT 800,000 MORE APPLICATIONS WOULD BE LODGED IF THE SITUATION RELAXED FURTHER. GIVEN THAT THE TOTAL POPULATION OF THE GDR WAS ABOUT 17 MILLION, THERE WAS EVIDENTLY A CATASTROPHIC DEGREE OF DISAFFECTION IN EAST GERMANY.

MOSCOW'S HAND AT PRESENT WAS NEITHER STRONG NOR STEADY. CHERNENKO'S HEALTH WAS WORSE THAN WAS GENERALLY REALISED. THE PRESENT LEADERSHIP COULD IN ANY CASE NOT LAST FOR MORE THAN THREE OR FOUR YEARS. THE INCREASING INDEPENDENCE OF THE LEADERS OF THE EAST EUROPEAN REGIMES WAS EVIDENCED BY ZHIVKOV'S DECISION TO VISIT BONN EARLY NEXT MONTH, BY KADAR'S ATTITUDE THROUGHOUT HIS TALKS WITH THE CHANCELLOR EARLIER IN THE YEAR, AND BY HONEKER'S PLANNED VISIT (THE CHANCELLOR DESCRIBED THE CHANCES OF THIS TAKING PLACE AS '9 TO 1'.)

THE PRIME MINISTER SAID THAT SHE WAS WORRIED BY THE PROSPECT OF A SUDDEN MULTIPLE BREAKDOWN IN EASTERN EUROPE WHICH WOULD POSE AN IMMEDIATE RISK OF A WORLD WAR. THE CHANCELLOR AGREED THAT THE POSSIBILITY EXISTED, THOUGH HE DID NOT REGARD IT AS AT ALL LIKELY. HE DID NOT EXPECT TO SEE RADICAL CHANGE IN EASTERN EUROPE IN HIS POLITICAL LIFETIME. NONETHELESS, THE RISK WAS ONE REASON WHY THE WEST HAD TO BE CAUTIOUS. HE DID NOT WANT A REPETITION OF 1953 IN THE GDR.

THE CHANCELLOR AND THE PRIME MINISTER AGREED THAT THE STATEMENTS COMING OUT OF WASHINGTON WERE NOT ALWAYS HELPFUL. PRESIDENT REAGAN'S RECENT SLIP OF THE TONGUE WOULD UNDOUBTEDLY BE EXPLOITED AGAINST HIM. THE CHANCELLOR NOTED THAT HE HAD TO SPEND MUCH OF HIS TIME IN HIS CONTACTS WITH EAST EUROPEAN LEADERS - NOTABLY IN HIS MEETING WITH KADAR - TRYING TO PERSUADE THEM THAT THE PRESIDENT WAS NOT A WAR MONGER.

THE MEETING ENDED AT 1830.

MICHAEL ALEXANDER (HM AMBASSADOR, VIENNA)

15 AUGUST 1984

CONFIDENTIAL

Dr. h. c. Franz Josef Strauß
Bayerischer Ministerpräsident

8000 München 22
Prinzregentenstraße 7
Tel. 089-21650 · FS 05-23 809

August 1984

Dub
2/8

GR
- requested 2/8
attachel
help: translation pse

R17/8

CF: PPS.
'Death of wife
of Strauß'

2/8

Exzellenz,
sehr geehrte Frau Premierminister!

Beim Tod meiner Frau haben Sie mir auf bewegende
Weise Ihre Anteilnahme bekundet.

Daraus spricht eine mitfühlende Verbundenheit,
die meine Familie und mich in den Tagen des
Abschieds und der Trauer gestärkt und aufger-
richtet hat.

Mit herzlichem Dank für diese Mittrauer bin
ich

Ihr

F. J. Strauß

Letter from Dr Franz Josef Strauss
to The Prime Minister

Dr Franz Josef Strauss
Prime Minister of Bavaria

8000 München 22
Prinzregentenstr. 7
Tel 089-21650
FS 05-23809
August 1984

Your Excellency
Dear Prime Minister

You were good enough to send me a most moving expression of your condolences on the death of my wife.

The sympathy and fellow-feeling which your letter conveys have strengthened and upheld me and my family in our days of sadness and of loss.

My sincere gratitude for these words of consolation,

Yours etc

/signed/ F J Strauss

239 2043



Foreign and Commonwealth Office

London SW1A 2AH

PERSONAL COVERING CONFIDENTIAL 29 June 1984

Charles Powell Esq
PS/Prime Minister
10 Downing Street

Dear Sir,

ANGLO-GERMAN SPECIAL ADVISERS/PRIVATE SECRETARY CONTACTS

/ 1. I agreed to send you the relevant papers on the meeting
/ of 9 December last, now attached. I also attach for
reference a list of projects organized by the Konrad
Adenauer Stiftung to give you the flavour of their current
activities (list now out of date).

2. I understand from Roger Bone that the separate Private
Secretary conference with the Germans, which was planned
following the December meeting, in fact had to be cancelled
at the last minute due to pressure of work. Ludger Eling,
of the Konrad Adenauer Foundation, now wants to set up
further contacts post-election, post-Fontainebleau, both
for Anglo-German and CD/Conservative reasons. He seems to
envisage an occasion where there would be both Special
Adviser and Private Secretary involvement, eg one session with
each and lunch with both. But he has not yet been specific
about venue (obviously we prefer London), or timing. I gave
him your name as a contact point for the Private Secretaries,
which I hope is alright. He said he would follow up shortly.

J Houston

cc: Mr Bone
Mr Sherbourne

CONFIDENTIAL

Mr Bone *May* *Huck* *W.*

From: J Houston
Date: 12 January 1984
cc: Mr Fairweather, ECD(I)

INFORMAL ANGLO-GERMAN SPECIAL ADVISERS' MEETING

1. I agreed to let you have a note of the main points arising from our discussions on 9 December.
2. Politics and the Administration: The German participants were interested to discuss the roles of Private Offices, Departmental Officials, Special Advisers and the Prime Minister's staff. They were also interested to explore the relationship between party and government. They seemed to find our system excessively de-centralized, insufficiently political, and not appropriately geared to dealing with the modern world of summitry. In particular the capacity of our system for informal contacts, which they saw as essential, did not appear adequate. They were worried about excessive technical detail at summits.
3. Arms Control: They stressed the need for an early Western initiative to pre-empt one from the USSR which could divide Alliance members, or embarrass us with public opinion. There was concern about tendencies in the Federal Republic.
4. Kohl/Mitterrand Summit: They wanted us to be aware of this and to ensure we stayed in play. They said we should all think seriously about our objectives for the EC, and that the UK still needed to show it was actively committed.
5. US Relations: They shared concern about current US postures and the need to deepen consultations, particularly outside the NATO area.
6. EC/Third World: They thought more attention was needed for the EC role as a potential or actual/power bloc in dealings with the Third World; and in particular in the Middle East where the UK and Germany could play a valuable role in helping King Hussein.
7. EC Economic Policy: Existing co-ordination was inadequate. People went to Brussels, explained their policy, and went away. We needed to move towards a Community economic policy framework, otherwise industry would not have the stable basis from which to exploit the common market. Opening up the market was on its own not enough. With three major governments (FDR, France and the UK) pursuing compatible policies this was a good time to make progress.
8. There was a great deal of detail on other points, but I think these are the key points put forward by Herr Teltschick and his colleagues. If there is any specific point you want me to look at my notes on, please let me know.

/third

JH
J Houston

CONFIDENTIAL

File

+ What exactly is this?
Clearly we need no
committee its important
implications

✓ I've
heard of

From: J F Houston
Date: 9 December 1983
cc: Private Secretary
Mr Bone
Mr Hannay
Mr Fairweather

Secretary of State

MEETING WITH GERMAN VISITORS

1. We had our informal discussions today with the group led by Herr Teltschik (list of participants attached). The only official participation from our side was Robin Butler's presence at lunch. I understand there is a further Private Secretary exchange planned for some time in the new year.

2. Adam Ridley will be producing, with my assistance, a record of the meeting. Only one point of immediate interest arises. At the end of the meeting, Herr Teltschik was signalling quite strongly to us concern about the special Mitterrand-Kohl get-together in January. He was studiously vague but I drew the conclusions that (a) Mitterrand was proposing to put forward a paper for agreement on "European objectives" in the post-Athens situation; (b) that this could produce significant developments; and (c) that the Germans were concerned that the UK should keep an eye on the event and try to be involved.

2. I am not sure what operational conclusions can be drawn but it was clearly something which Teltschik hoped would be passed on.

the Germans
thought

??


J F Houston

British-German Consultation for Special Advisers
London, 8/9 December, 1983

P R O G R A M M E

Thursday, 8th December 1983

Afternoon

Arrival of German participants

20.00 hours

Dinner hosted by Mr. Adam Ridley
at his private residence,
Special Adviser to the Chancellor
of the Exchequer
(departure Hotel 19.45 hours)

Friday, 9th December 1983

8.30 hours

Breakfast German participants

9.30 - 12.30 hours

[National and international economic
policy
[Medium term perspectives as seen
by the British and Germans

13.00 hours

Lunch

14.30 - 16.30 hours

[Medium term perspectives for British
and German foreign policy

- European Community
- NATO / USA - Europe
- East - West

16.40 hours

Departure German participants

18.40

Flight from Heathrow to Cologne

Interpreters: Mrs Karin Band
Ezra Jurmann

P a r t i c i p a n t s

I. Great Britain

- Steven Shearbourne Special Adviser to Mrs. Thatcher
- Adam Ridley Special Adviser to the Chancellor of the Exchequer
- John Houston Special Adviser to the Foreign Secretary
- Dr. Robert ^{RAMSAY} James Secretary-General of the European Democratic Group (EDG) in the European Parliament
- Tim Bainbridge Special Adviser to the Chairman of the EDG
- Peter Cropper Director Research Department, Conservative Central Office

II. Federal Republic of Germany

- MinDir. Horst Teltschik Bundeskanzleramt
- Dr. Walter Neuer Bundeskanzleramt
- Dr. Anton Roßbach Bundeskanzleramt
- Ulrich Weißer Bundeskanzleramt
- Dr. Johannes Ludewig Bundeskanzleramt
- Dr. Michael Jansen Foreign Office
- Peter Radunski Secretary-General CDU Central Office Bonn

III. Konrad-Adenauer-Foundation

- Dr. Ludger Eling Director London Office

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TO ROUTINE BONN
TELEGRAM NUMBER 615 OF 13 DECEMBER
AND TO PARIS
INFO SAVING UKREP BRUSSELS

YOUR TEL NO 1063: FRANCO/GERMAN CONTACTS AFTER ATHENS

1. IN THE COURSE OF PARTY POLITICAL CONTACTS ON 9 DECEMBER TELTSCHIK REFERRED TO THE JANUARY MEETING BETWEEN CHANCELLOR KOHL AND PRESIDENT MITTERRAND. HE WAS STUDIOUSLY VAGUE BUT ALLOWED US TO INFER THAT MITTERRAND WAS PROPOSING TO PUT FORWARD A PAPER ON EUROPEAN OBJECTIVES IN THE POST-ATHENS SITUATION AND THAT THE GERMANS THOUGHT THAT THIS WAS A PROMISING WAY OF PROCEEDING AND ONE WHICH MIGHT BE EXPECTED TO PRODUCE SIGNIFICANT RESULTS. TELTSCHIK HINTED THAT THE GERMANS WERE CONCERNED THAT WE SHOULD BE AWARE OF WHAT WAS GOING ON AND TRY TO AVOID BEING EXCLUDED FROM THE PROCESS.
2. WITHOUT REFERRING TO THE EXCHANGES OR TO TELTSCHIK, GRATEFUL IF YOU AND PARIS COULD THROW ANY FURTHER LIGHT ON TELTSCHIK'S REMARKS. WHEN WILL JANUARY MEETING TAKE PLACE.
3. NOW THAT THE DUST IS SETTLING WE SHALL BE CONSIDERING FOLLOW UP TO ATHENS. AMONG THE POSSIBILITIES ARE A CONTACT BETWEEN THE PRIME MINISTER AND MITTERRAND (TICKELL'S LETTER OF 8 DECEMBER TO FRETWELL). WE SHALL ALSO BE CONSIDERING A PRIME MINISTERIAL MESSAGE TO CHANCELLOR KOHL TIMED TO ARRIVE BEFORE THE FRANCO/GERMAN MEETING AND DESIGNED TO ENSURE THAT OUR INTERESTS IN THE POST-STUTTGART NEGOTIATION ARE NOT OVERLOOKED.

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PS/MR RIFKIND

SIR J BULLARD

SIR C TICKELL

MR HANNAY

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FM PARIS 141400Z DEC 83

TO PRIORITY FCO

TELEGRAM NUMBER 1161 OF 14 DECEMBER

INFO PRIORITY BONN, ROUTINE UKREP BRUSSELS

INFO SAVING OTHER EC POSTS, WASHINGTON

FCO TELNO 615 TO BONN (NOT TO ALL): MEETING BETWEEN KOHL AND MITTERRAND

1. MOREL (ELYSEE) HAS CONFIRMED TO US WITH SOME RELUCTANCE THAT MITTERRAND PLANNED TO HOLD AN INFORMAL BILATERAL MEETING WITH KOHL ON A DATE STILL TO BE FIXED, EARLY IN THE NEW YEAR. ACCORDING TO MOREL THE MEETING WILL BE HELD LARGELY EN TETE-A-TETE WITH THE MINIMUM OF OFFICIALS PRESENT, ON THE SAME BASIS AS THEIR MEETING IN THE VOSGES LAST JULY, AND WILL COVER A WIDE RANGE OF ISSUES OF JOINT INTEREST.

FCO PASS SAVING DUBLIN, LUXEMBOURG, THE HAGUE, BRUSSELS, COPENHAGEN, ROME, ATHENS, WASHINGTON

FRETWELL

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SIR J BULLARD		
SIR C MCRELL		
MR HANNAY		
MR JENKINS		

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FM BONN 161245Z DEC 83
TO PRIORITY FCO
TELEGRAM NUMBER 1143 OF 16 DECEMBER
INFO PRIORITY PARIS, UKREP BRUSSELS

YOUR TELNO 615: FRANCO/GERMAN CONTACTS AFTER ATHENS

1. OFFICIALS IN THE KANZLERAMT AND THE AUSWAERTIGES AMT DO NOT KNOW WHEN IN JANUARY THE MEETING BETWEEN CHANCELLOR KOHL AND PRESIDENT MITTERRAND WILL TAKE PLACE. NOR DO THEY KNOW WHAT TOPICS MAY BE COVERED, BUT IT IS THOUGHT LIKELY THAT MCAS WILL BE RAISED.

2. UNGERER (AUSWAERTIGES AMT) EMPHASISED THAT SUCH MEETINGS ARE REGARDED AS 'PRIVATE'. FEW OFFICIALS ARE INVOLVED AND HE DID NOT EXPECT TO KNOW WHAT WOULD BE DISCUSSED UNTIL SHORTLY BEFORE THE MEETING TOOK PLACE.

3. UNGERER DID NOT CONSIDER THAT THE KOHL/MITTERRAND MEETING COULD PLAY A SPECIAL ROLE IN COMMUNITY DEVELOPMENTS. THE PROBLEMS WERE MUCH TOO SPECIALISED. THE GERMANS AWAIT THE RESULTS OF THE THINKING NOW GOING ON IN PARIS AND THEN EXPECT THE PRESIDENCY TO VISIT MEMBER CAPITALS IN TURN THROUGHOUT JANUARY.

4. THERE IS LITTLE EVIDENCE OF INDEPENDENT GERMAN THINKING ON HOW COMMUNITY PROBLEMS ARE TO BE RESOLVED. FISCHER (AUSWAERTIGES AMT) FOR EXAMPLE IS AWAY IN PEKING. SEVERAL OFFICIALS COMMENT THAT THEY ARE NOT FAR FROM AGREEMENT WITH THE FRENCH ON MCAS, BUT WHEN QUESTIONED ADMIT THAT FAIRLY LARGE SUMS OF MONEY WOULD HAVE TO BE FOUND WITHIN THE GERMAN BUDGET AND STOLTENBERG WILL OPPOSE THIS. WE DO NOT EXPECT THE GERMANS TO ADDRESS THEMSELVES MORE SERIOUSLY TO THE FUTURE, EITHER PROCEDURES OR SUBSTANCE UNTIL AFTER CHRISTMAS.

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CONFERENCE PROGRAMME 1 9 8 4

1. } "Europe's relationship towards Latin-America"
A CDU/Conservative dialogue for parliamentarians and experts
in Wilton Park/Sussex
2. "An Anglo-German approach for a common industrial policy"
A CDU/Conservative dialogue for parliamentarians (MP's
and MEPS in Cadenabbia/Italy (KAS Conference Centre)
3. "Small business - policies and programmes"
Joint seminar with the Small Business Bureau, Conservative
Central Office in Wilton Park/Sussex
4. "Environmental problems in Germany and Great Britain"
Joint seminar with the Research Department, Conservative
Central Office, in London
5. "The future of the European Community"
Joint seminar with the Young Conservatives and the Junge
Union in London
6. An Anglo-German round-table discussion for CDU and Con-
servative Parliamentarians in Bonn (10 MPs from each
side)
7. "A property owning society - seen by the CDU"
Information programme for members of the Bow Group in Bonn
8. Information programme for British journalists in Bonn (in
cooperation with the Press Department, Conservative Central
Office)
9. // A round-table discussion with staff members of the EDG-
secretariat in Bonn 29 Feb.
(European Election Manifesto and Campaign)

../2

10. "East-West Relations"
Information programme for Conservative Council Leaders
in Berlin (1 week)

11. "East-West Relations"
Information programme for Conservative Parliamentarians
in Berlin (1 week)

Dates for these Conferences will be fixed in December 1983.
In addition to these programmes members of the Central Office
and Conservative Parliamentarians will be invited to attend the
European Conferences of the Konrad-Adenauer-Stiftung in Brussels.

GERMANY

Anglo Belts.

PRIME MINISTER

Caroline
Do you want to
refer Sir J.B.?

Jullian Bullard will be leaving
in late July to take up his post in
Bonn. Would you like him to pay a short
call before he goes? There is a slot
on 18 July.

Charles

Yes no

C.D.P.

Heads of Mission
4733.

✓ CR.

28 June 1984

900 - 930
on Wed 18
July

CR

2/7.

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FM BONN 271630Z JUN 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 638 OF 27 JUNE
INFO ROUTINE UKDEL STRASBOURG, UKREP BRUSSELS

MIPT: MARTIN BANGEMANN, NEW FEDERAL ECONOMICS MINISTER

SUMMARY

1. BANGEMANN STARTS AS ECONOMICS MINISTER WITH TWO SERIOUS DISADVANTAGES: LACK OF ECONOMIC EXPERIENCE AND RECENT ABSENCE FROM THE PUBLIC EYE IN GERMANY. BUT HIS VIEWS SEEM COMPATIBLE WITH THOSE OF THE CDU AND HE OBVIOUSLY HAS ENERGY. HE WAS AN EFFECTIVE MEMBER OF THE EUROPEAN PARLIAMENT. BASICALLY ANGLOPHILE, BUT RECENTLY DISAPPOINTED WITH UK'S PERFORMANCE IN THE COMMUNITY.

DETAIL

2. BANGEMANN WAS BORN IN 1934. A LAWYER BY PROFESSION, HE JOINED THE FDP IN 1963 AND ROSE QUICKLY TO BECOME CHAIRMAN OF THE BADEN-WUERTTEMBERG PARTY (THE FDP'S MOST IMPORTANT REGION) IN 1974. HE WAS ELECTED TO THE BUNDESTAG IN 1969 AND BECAME A MEMBER OF THE FOREIGN AFFAIRS COMMITTEE.

3. GENSCHER MADE HIM FDP SECRETARY-GENERAL IN SEPTEMBER 1974. BANGEMANN NEVER SETTLED IN THE JOB. HE STANDS WELL TO THE RIGHT IN THE FDP AND WAS OUT OF TUNE WITH THE PARTY AT A TIME WHEN IT WAS COMMITTED TO A COALITION WITH THE SPD. HE FELT STRONGLY THAT THE FDP SHOULD KEEP OPEN THE OPTION OF FUTURE COALITION WITH THE CDU/CSU. HIS RELUCTANCE TO LEAD HIS PARTY IN TO THE BADEN-WUERTTEMBERG LAND ELECTION IN 1976 WITH A COMMITMENT TO THE SPD CAUSED GENSCHER TO ENGINEER HIS RESIGNATION AS SECRETARY-GENERAL. BANGEMANN WAS SUBSEQUENTLY REJECTED BY THE BADEN-WUERTTEMBERG PARTY AND RESIGNED AS REGIONAL CHAIRMAN IN 1978.

4. HE HAS SPENT THE LAST FOUR YEARS AS LEADER OF THE FDP PARLIAMENTARY GROUP IN THE EUROPEAN PARLIAMENT. AS A RESULT HE HAS BEEN OUT OF TOUCH WITH FEDERAL POLITICS AND OUT OF THE PUBLIC EYE. HE RE-EMERGED WITH HIS ENERGETIC CAMPAIGN AS THE FDP'S LEADING CANDIDATE IN THIS YEAR'S EUROPEAN ELECTION. ALTHOUGH THE FDP FAILED TO CLEAR THE 5 PER CENT HURDLE NECESSARY FOR REPRESENTATION AT STRASBOURG, THE BLAME FOR THIS HAS BEEN LAID ON GENSCHER, AND BANGEMANN HAS MANAGED TO EMERGE RELATIVELY UNSCATHED.

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5. UKREP BRUSSELS TELL US THAT BANGEMANN WAS AN EFFECTIVE MEMBER OF THE EUROPEAN PARLIAMENT AND LEADER OF THE FDP GROUP THERE. HE IS A GENUINELY DEDICATED EUROPEAN, A STRONG CHARACTER AND A MAN BRIMMING WITH BRIGHT IDEAS. HE PLAYED A LEADING ROLE IN FORMING THE FEDERATION OF EUROPEAN LIBERAL PARTIES.

6. BANGEMANN HAS NO EXPERIENCE OF ECONOMIC AFFAIRS. IN SO FAR AS HE HAS TAKEN AN INTEREST IN ECONOMICS, HIS VIEWS ARE LIBERAL. BUT IN A TYPICAL GERMAN WAY HE ALSO HAS A STRONG SOCIAL CONSCIENCE. HE IS A STRONG BELIEVER IN DETENTE AND AN OUTSPOKEN CRITIC OF REAGAN'S EAST/WEST POLICY.

7. BANGEMANN IS STOUT, BESPECTACLED AND FRIENDLY. LIKE GENSCHER, HE IS A COMPULSIVE TRAVELLER. BASICALLY ANGLOPHILE, HE HAS RECENTLY EXPRESSED OPEN DISAPPOINTMENT WITH BRITAIN'S ROLE IN EUROPE. HE EARNED SOME PUBLICITY HERE DURING THE EUROPEAN ELECTION CAMPAIGN WITH A CALL ON BRITAIN TO SETTLE THE BUDGET PROBLEM ON THE BASIS OF THE COMPROMISE OFFERED AT THE BRUSSELS COUNCIL OR ELSE LEAVE THE COMMUNITY. BUT AFTER FONTAINEBLEAU HE MAY GET OVER HIS IRRITATION WITH BRITAIN.

MALLABY

STANDARD (PALACE)

WED

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FM BONN 271630Z JUN 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 639 OF 27 JUNE
INFO ROUTINE UKDEL STRASBOURG UKREP BRUSSELS

MY TWO IPTS: BANGEMANN AND THE BONN COALITION

SUMMARY

1. KOHL'S FAILURE TO UNDERTAKE A WIDER RESHUFFLE WILL NOT HELP THE GOVERNMENT'S INDIFFERENT IMAGE. IT WILL BE HARD FOR BANGEMANN, DESPITE HIS QUALITIES, TO MAKE AN EARLY MARK.

DETAIL

2. BANGEMANN OWES HIS APPOINTMENT TO THE LACK OF ANY OTHER CREDIBLE FDP SUCCESSOR TO LAMBSDORFF. THE ALTERNATIVE - FOR THE FDP TO SURRENDER THE ECONOMICS MINISTRY IN EXCHANGE FOR ONE OR TWO LESS IMPORTANT ONES - HAS ALWAYS BEEN RULED OUT BY THE FDP. THE CHANCELLOR HAS ALSO RULED IT OUT, BECAUSE HE HAS WISHED TO AVOID REOPENING THE QUESTION OF STRAUSS'S RETURN TO THE FEDERAL CABINET. (ALTHOUGH THE ECONOMICS MINISTRY IS ONE THAT STRAUSS HAS BEEN REPUTED TO WANT, HIS IMMEDIATE INTEREST IN CABINET MEMBERSHIP MUST BE QUESTIONABLE BECAUSE OF HIS WIFE'S DEATH IN A MOTOR ACCIDENT AT THE WEEKEND.)

3. MANY PEOPLE THINK THAT THE CHANCELLOR SHOULD HAVE UNDERTAKEN A WIDER CABINET RESHUFFLE, TO GET RID OF SEVERAL OTHER MINISTERS, PERHAPS INCLUDING WOERNER, WHOSE PERFORMANCES HAVE BEEN DISAPPOINTING (MY TELNO 625). THEIR RETENTION WILL NOT IMPROVE THE RATHER TATTERED IMAGE OF THE GOVERNMENT.

4. BANGEMANN WILL NOW BE A KEY FIGURE. LAMBSDORFF WILL BE A HARD ACT TO FOLLOW AND IT WILL BE VERY DIFFICULT FOR BANGEMANN, WITH HIS ABSENCE OF ECONOMIC EXPERIENCE, TO MAKE AN EARLY AND SUCCESSFUL MARK. IN THE PAST FEW WEEKS, ECONOMIC POLICY AND PERFORMANCE HAVE LOOKED UNTIDY. THE IMPACT OF THE METAL INDUSTRY STRIKE, NOT YET OVER, REMAINS TO BE ASSESSED. THE GOVERNMENT HAVE SHOWN INDECISION AND LACK OF PROGRESS ON VARIOUS ELEMENTS IN THEIR ECONOMIC PROGRAMME.

5. BANGEMANN HAS SO FAR SAID LITTLE ABOUT HIS INTENTIONS AS MINISTER. HE HAS SUPPORTED LAMBSDORFF'S GENERAL LINE. AS A CHAMPION OF THE FREE MARKET ECONOMY, HE HAS SAID HE IS AGAINST STATE SUBSIDIES TO SUNSET INDUSTRIES BUT THAT CLOSURES SHOULD BE AS PAINLESS AS POSSIBLE. HE CLAIMS THAT LAMBSDORFF PAID TOO LITTLE ATTENTION TO THE PROBLEMS OF MEDIUM AND SMALL FIRMS AND THAT HE WILL DO MORE. HIS CENTRAL INTEREST HAS BEEN PROGRESS IN EUROPEAN INTEGRATION AND THAT MAY REMAIN HIS TOP PRIORITY AS ECONOMICS MINISTER.

MALLABY
STANDARD (PALACE)
WED

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020

ECPC



Foreign and Commonwealth Office

London SW1A 2AH

25 June 1984

Caroline
Robin et agreed that
we should try to fit in
20 minutes. Can you
please offer a date
CDD

Dear Charles,

Sir Julian Bullard

Sir Julian Bullard will shortly be starting his briefing programme before taking up his post in Bonn. I should be grateful to know whether the Prime Minister would like him to pay a short call on her. He is available in London until 27 July, and it would obviously be extremely useful for him if he were able to see the Prime Minister before he leaves for Bonn.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

←
N. Powell

C D Powell Esq
10 Downing Street

9.30-10.00
Wed 18 July
OK.
27/6

R2876 (2)

Richard von Weizsäcker

Bonn, den 18. Juni 1984

Ihrer Exzellenz
Frau Margret Thatcher, MP
Premierminister des Vereinigten
Königreichs Großbritannien
und Nordirland
L o n d o n

Prime Minister

A thank-you
letter from Herr von
Weizsäcker for your
message of congratulations
on his election as
President of the FRG

mf

CD P 29/6

Dear Prime Minister,

Über Ihre Glückwünsche zu meiner Wahl in das Amt des
Präsidenten der Bundesrepublik Deutschland habe ich
mich sehr gefreut. Ich sehe darin ein Zeichen der
freundschaftlichen Verbundenheit, für das ich Ihnen
herzlich danke.

Warm regards

Yours sincerely,

Richard von Weizsäcker

Germany relations Pt 2

B. R.

Mr. Powell, ^{on}

Message sent from the Prime Minister
to Franz Josef Strauss, leader of
CSU in Germany:

"I was saddened to hear of the
tragic bereavement you have
suffered. Please accept my
heartfelt condolences."

Sir G. Howe also sent a message.

Duty Clerk

23 June 1984

CB BONN/FCO

02/24

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RR FCO

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GRS 20

UNCLASSIFIED

FM BONN 240830Z JUN 84

TO ROUTINE FCO

TELEGRAM NUMBER 628 OF 24 JUNE

YOUR TELNO 339: DEATH OF FRAU STRAUSS

1. MESSAGES DELIVERED AT 1915Z ON 23 JUNE.

MALLABY

NNNN

SENT AT 240835Z

MK

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28042 - 1

DD 231730Z BONN
GRS 89
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DESKBY 231730Z
FM F C O 231615Z JUN 84
TO IMMEDIATE BONN
TELEGRAM NUMBER 339 OF 23 JUNE

DEATH OF FRAU STRAUSS

1. PLEASE PASS FOLLOWING MESSAGES FROM PRIME MINISTER AND FROM ME
TO STRAUSS.

A) FROM PRIME MINISTER:
BEGINS.

I WAS SADDENED TO HEAR OF THE TRAGIC BEREAVEMENT YOU HAVE SUFFERED.
PLEASE ACCEPT MY HEARTFELT CONDOLENCES.
ENDS.

B) FROM ME
BEGINGS.

MY WIFE AND I WERE VERY SORRY INDEED TO HEAR THE SAD NEWS OF THE
ACCIDENT LAST NIGHT. WE SHOULD TAKE TO OFFER OUR DEEPEST SYMPATHY
TO YOU AND YOUR FAMILY IN YOUR TRAGIC LOSS.
ENDS.

HOWE.

NNNN
DIST
LIMITED
WED
PROTOCOL D
NEWS D
PS
PS/LADY YOUNG
PS/PUS

COPIES SENT TO
No. 10 DOWNING STREET

SIR J BULLARD
MR JENKINS

59

8 June 1984

I am writing on behalf of the Prime Minister to thank you for your letter of 7 June with which you enclosed a telegram from His Excellency Dr. Richard von Weizsacker, President of the Federal Republic of Germany.

I shall, of course, bring this to the Prime Minister's attention at the earliest opportunity.

(DAVID BARCLAY)

His Excellency Rudiger von Wechmar

VC

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND
Baron Rüdiger von Wechmar

GTR

Ack please
"place before PM"

London, 7th June, 1984

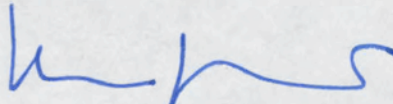
Dear Prime Minister,

It gives me great pleasure to transmit to you
the enclosed telegramme by Dr. Richard von Weizsäcker,
successor of Prof. Karl Carstens as President of the
Federal Republic of Germany.

A courtesy translation is attached.

I am, Dear Prime Minister,

Yours sincerely



The Rt. Hon. Margaret Thatcher, MP
Prime Minister and First Lord of the Treasury
10 Downing Street
London SW1

T e l e g r a m m

von Herrn Richard von Weizsäcker

an The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Sehr geehrte Frau Premierminister,

Ihre Glückwünsche zu meiner Wahl in das Amt des
Präsidenten der Bundesrepublik Deutschland haben
mich sehr gefreut. Meinen aufrichtigen Dank verbinde
ich mit der Überzeugung, dass unsere Länder auch in
Zukunft zu ihrem beiderseitigen Wohl und im Interesse
einer friedlichen Entwicklung der Welt zusammenwirken
werden.

Mit dem Ausdruck meiner ausgezeichneten Hochachtung

Richard von Weizsäcker

Prime Minister (4)

Courtesy translation

T e l e g r a m m e

MS

from Herr Richard von Weizsäcker

to The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Dear Prime Minister,

Your good wishes on my election to the office of President of the Federal Republic of Germany have given me great pleasure. Together with my sincere gratitude I should like to express my belief that also in the future our two countries will continue their co-operation to their mutual benefit as well as in the interest of a peaceful development of the world as a whole.

Please accept the assurances of my highest consideration.

Richard von Weizsäcker

BF Mr. Coles on 29/5



bo

10 DOWNING STREET

From the Private Secretary

25 May, 1984.

Thank you for your letter of 24 May with which you enclosed the draft message of congratulation to the newly elected President of the Federal Republic of Germany. I enclose the signed original. Arrangements were made by telephone on 25 May with the Resident Clerk to send the text.

Timothy Flesher

R.B. Bone, Esq.,
Foreign and Commonwealth Office.

6



JD.

10 DOWNING STREET

afw

THE PRIME MINISTER

25 May 1984

Dear Mr. von Weizsaecker

I should like to offer you my warmest congratulations on your election as President of the Federal Republic of Germany. I know that you will be a most distinguished holder of this high office.

Warm regards.

Yours sincerely
Margaret Thatcher

Dr. Richard von Weizsaecker

6

cc DC
COVERING CONFIDENTIAL

①



Foreign and Commonwealth Office

Prime Minister

London SW1A 2AH

Agree message at

Fly C ?

24 May 1984

John Johnson

ASL 24/5

Ms. - mt

Message of Congratulations to Dr von Weizsaecker,
Newly-Elected President of the Federal Republic of
Germany

/ Dr Richard von Weizsaecker, until recently Governing
Mayor of Berlin, was elected to the office of Federal
President on 23 May. I enclose a personality note.

/ It would be appropriate for The Queen to send a message
of congratulations when he takes up office on 1 July. The
Prime Minister may wish to send a message now on his election,
/ as she did to his predecessor President Carstens (copy
enclosed). We understand that Presidents Reagan and Mitterrand
/ are also sending messages now. I enclose a draft.

If the Prime Minister agrees, we will send the text to
Bonn by telegram. The signed original can follow by bag.

Handwritten signature of R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

COVERING CONFIDENTIAL



VON WEIZSAECKER, DR RICHARD

Elected President of the Federal Republic of Germany on 23 May in succession to Professor Carstens. He takes up office on 1 July.

Born 1920 in Stuttgart, the son of a career diplomat, Ernst von Weizsaecker (who though not a Nazi was State Secretary at the Foreign Office from 1938-43 and was sentenced by a US tribunal in 1949 for complicity in war crimes).

After a period at Oxford in the family of a Balliol don, Richard von Weizsaecker was called up in 1938 and later served with the infantry on the Eastern front. Came within sight of Moscow in 1941. In 1945 he was with the troops cut off in East Prussia and evacuated to Schleswig-Holstein. When the surrender came he demobilised and went home.

Studied law at Grenoble and Gottingen and helped to defend his father. Entered industry. President of the German Evangelical Church Conference 1964-70 and 1979-81. Member of the Bundestag from 1969-81. Opposed Scheel in the Presidential election of 1974 and did far better than expected. Author of the CDU's 1978 programme of basic principles. A Vice President of the Bundestag 1979-81. Governing Mayor of Berlin 1981-84.

Imported by the Berlin CDU, somewhat at the last moment, to lead the party into the 1979 Berlin elections, he failed to defeat the SPD/FPD coalition, but achieved a record vote for the CDU. Weizsaecker owed his election as Governing Mayor in June 1981 to support from members of the FDP Parliamentary Party, with which his CDU is now in coalition. Elected Deputy Chairman of the Federal CDU in May 1983.



Weizsaecker is respected for his good sense, upright character and charm. An excellent speaker. An effective Governing Mayor. An intellectual and philosopher with a conversational style to match. Liberal views on both domestic policy and Ostpolitik. An old friend of Britain who has given much time to the Koenigswinter Conferences.

Married with four children. Speaks excellent English. Although born a Freiherr (Baron) he prefers not to use his title.



10 DOWNING STREET

THE PRIME MINISTER

1 June 1979

REC 204/1
JUN 13
ser.

Dear Professor Carstens,

I was most grateful for your very kind message and good wishes after my appointment as Prime Minister.

May I, in return, offer you my sincere congratulations on your recent election as President of the Federal Republic of Germany, an office which I know you will fill with distinction.

*Yours sincerely
Margaret Thatcher*

His Excellency The Federal President Professor Karl Carstens.

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

THE PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Dr Richard von Weizsaecker
BONN

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I should like to offer you my warmest
 congratulations on your election as President of
 the Federal Republic of Germany. I know that you
 will be a most distinguished holder of this high office.

mb

Enclosures—flag(s).....

GRS 500

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4/5

FM BONN 031430Z MAY 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 436 OF 03 MAY

INFO ROUTINE PARIS, UKREP BRUSSELS

INFO SAVING WASHINGTON, MOSCOW, ATHENS, EMBASSY BRUSSELS,
COPENHAGEN, DUBLIN, LUXEMBOURG, ROME, THE HAGUE

ANGLO-GERMAN CONSULTATIONS: 2 MAY: GERMAN PRESS COVERAGE

SUMMARY

1. THE GERMAN PRESS REPORTS BILATERAL RELATIONS AS EXCELLENT, BUT CONCENTRATES ON THE CONTINUING ABSENCE OF AGREEMENT ON BRITAIN'S EC BUDGET CONTRIBUTION, WHICH IT FINDS DISHEARTENING.

DETAIL

2. PRINTERS STRIKES HAVE PREVENTED THE PUBLICATION OF HALF OF TODAY'S GERMAN PRESS. DETAILED COVERAGE OF THE CONSULTATIONS IS GIVEN IN THE BONN GENERAL ANZEIGER, THE STUTTGARTER ZEITUNG AND DIE WELT, AND IN SHORTER PIECES IN SOME REGIONAL PAPERS. THEY REFER TO 'EXCELLENT BILATERAL RELATIONS' AND 'FRIENDLY AND USEFUL TALKS'. THE GERMAN AMBASSADOR IN LONDON IS QUOTED IN THE NEUE RUHR ZEITUNG AS SAYING THAT ANY BILATERAL PROBLEMS CAUSED BY THE BRITISH PRESS CAMPAIGN TO CAST KOHL IN THE ROLE OF SCAPEGOAT FOR BRITAIN'S ISOLATION AT THE BRUSSELS SUMMIT HAD BEEN SORTED OUT IN 'EXPLANATORY TALKS'. THE PRESS CONCENTRATES HOWEVER ON THE LACK OF AGREEMENT OVER BRITAIN'S EC BUDGET CONTRIBUTION, SAID TO HAVE DISHEARTENED IF NOT SURPRISED THE GERMAN SIDE. (THIS EMPHASIS WAS NOT SO APPARENT IN THE MORE BALANCED REPORTS ON TELEVISION LAST NIGHT).

3. GENSCHER IS SAID TO HAVE MADE IT CLEAR THAT BRITAIN PASSED UP AN 'HOUR OF DESTINY' IN FAILING TO ACCEPT THE OFFER OF THE NINE AT THE BRUSSELS SUMMIT OF 1000 MECU FOR 5 YEARS. THIS WAS THE LAST WORD, AND THE GERMANS EXPECTED BRITAIN NOW TO MAKE A MOVE. BRITISH MINISTERS ARE REPORTED AS HAVING HELD RIGIDLY TO THEIR POSITION, AND HAVING INSISTED THAT THE FIRST MOVE COME FROM THE OTHER NINE. THE PRIME MINISTER IS SAID TO HAVE EMPHASISED THAT HER ROOM FOR MANOEUVRE WAS VERY SMALL, AND TO HAVE DRAWN ATTENTION TO BRITAIN'S CONTRIBUTION TO EUROPE, INCLUDING THE RHINE ARMY, BRITISH FISHING WATERS, AND THE OPENING OF THE BRITISH MARKET TO THE EC. THE GENERAL ANZEIGER ALSO QUOTES THE PRIME MINISTER AT THE PRESS CONFERENCE: 'WE HAVE DONE MORE FOR EUROPE THAN ANY OTHER EUROPEAN COUNTRY. WE HAVE ALWAYS BEHAVED CORRECTLY AND WE ALWAYS KEEP OUR WORD. WE ARE PREPARED TO GO ON BEING NET CONTRIBUTORS, BUT WITHIN FAIR LIMITS.' OTHER PAPERS IMPLICITLY CONTRAST ALLEGED BRITISH INFLEXIBILITY WITH CHANCELLOR KOHL'S APPEAL FOR EUROPEAN UNION IN HIS SPEECH IN OXFORD. THE SPEECH IS QUOTED EXTENSIVELY IN DIE WELT.

1. 1A.

4. COVERAGE IS ALSO GIVEN TO THE BROAD MEASURE OF AGREEMENT ON BOTH SIDES ON THE NEED TO GIVE NEW LIFE TO THE WEU, WHILE ENSURING THAT RELATIONS WITH THE AMERICANS IN THE ALLIANCE DID NOT SUFFER. SOME PAPERS SUGGEST THAT BRITISH MINISTERS WERE LESS ENTHUSIASTIC ABOUT THE IDEA THAN THEIR GERMAN COUNTERPARTS. THE GENERAL ANZEIGER ALSO REFERS TO DISCUSSION OF EAST-WEST RELATIONS AND OF THE LIBYAN PEOPLE'S BUREAU SIEGE. THE STUTTGARTER ZEITUNG CLAIMS THAT BRITAIN WILL PRESENT IDEAS FOR REVISING THE VIENNA CONVENTION AT THE JUNE ECONOMIC SUMMIT.

5. THE JOINT DECLARATION ON BILATERAL RELATIONS IS MENTIONED IN TWO PAPERS. THE GENERAL ANZEIGER NOTES THE CONVICTION OF THE TWO HEADS OF GOVERNMENT THAT DEVELOPMENT OF THE PARTNERSHIP BETWEEN THE COUNTRIES WILL FURTHER THEIR COMMON INTERESTS AND MAKE AN IMPORTANT CONTRIBUTION TO THE CREATION OF A EUROPE WHICH CAN FACE THE CHALLENGES OF THE LAST YEARS OF THE 20TH CENTURY.

FCO PLEASE PASS TO ABOVE SAVING ADDRESSEES

MALLABY

FCO/WH

WED

E.R.
5/4/82
DINNER FOR DR VON WEIZSAECKER : SPEAKING NOTES

DELIGHTED TO WELCOME.

A TRULY DISTINGUISHED REPRESENTATIVE OF HIS COUNTRY AND A GREAT

FRIEND OF OURS.

OUR REGRET THAT HE HAS RECENTLY RELINQUISHED HIS
POST AS GOVERNING MAYOR OF BERLIN, IS COMPENSATED
BY THE THOUGHT THAT WE MAY SEE HIM LENDING
DISTINCTION TO ANOTHER GREAT OFFICE.

TWO YEARS AGO DR VON WEIZSAECKER WAS DUE TO CALL ON ME. THE

DAY CHOSEN WAS 2 APRIL 1982.

FOR REASONS HE WELL UNDERSTOOD - AND YOU ALL WELL

/ UNDERSTAND

UNDERSTAND - THE CALL HAD TO BE CANCELLED.

IN OCTOBER OF THAT YEAR I WENT TO BERLIN AND HAD THE GREAT
PLEASURE OF TALKING TO, AND BEING ENTERTAINED BY,
DR VON WEIZSAECKER. MANY BERLINERS TOLD ME THEN
THAT THE ACTION WE HAD TAKEN IN THE SOUTH ATLANTIC
HAD STRENGTHENED THEIR CONFIDENCE IN THE DETERMINATION
OF THE WEST TO UPHOLD FREEDOM IN EUROPE.
FOR THAT, AND FOR MANY OTHER REASONS, MY VISIT
TO BERLIN WAS UNFORGETTABLE.

/ OUR GUEST

OUR GUEST HAS LONG BEEN A FRIEND OF BRITAIN.

BEFORE THE WAR HE STAYED WITH THE FAMILY OF A
BALLIOL DON.

HE HAS ALWAYS BEEN KEEN TO STRENGTHEN THE
FRIENDSHIP BETWEEN BRITIAN AND GERMANY AND HAS
GIVEN MUCH TIME AND EFFORT TO THE KOENIGSWINTER
CONFERENCES.

HE, LIKE MANY OTHER GUESTS HERE TONIGHT, WILL
BE ATTENDING THIS YEAR'S CONFERENCE IN CAMBRIDGE
TOMORROW.

/ A STRONG

E. R.

- 4 -

BRITAIN

A STRONG RELATIONSHIP BETWEEN ~~BERLIN~~ AND GERMANY IS

FUNDAMENTAL TO BRITISH FOREIGN POLICY.

WE ARE ESSENTIAL PARTNERS IN THE DEFENCE OF

EUROPE AND IN THE EUROPEAN COMMUNITY.

WE SHARE A VISION OF A STRONG WESTERN EUROPE,

CO-OPERATING EFFECTIVELY IN FOREIGN AND DEFENCE

POLICY, AND USING ITS INFLUENCE IN THE WORLD TO

UPHOLD THE MOST PRECIOUS VALUES OF WESTERN

CIVILISATION.

/ WE WISH

WE WISH OUR DISTINGUISHED VISITOR ALL SUCCESS IN THE
FUTURE.

Germany Relates H2



Fue

157

10 DOWNING STREET

From the Private Secretary

4 April, 1984

KOENIGSWINTER CONFERENCE

Thank you for your letter of 30 March suggesting that the Prime Minister should send a message to the Conference.

I enclose a text approved by the Prime Minister and should be grateful if you would arrange for its delivery.

* BF //

A. J. COLES

R. Bone, Esq.,
Foreign and Commonwealth Office.

* Message was read out at the Conference. No final copy available.

MESSAGE TO THE 1984 KOENIGSWINTER CONFERENCE

I warmly welcome all the participants to the 34th Koenigswinter Conference.

Your agenda is extremely interesting. It is particularly valuable that you are devoting so much attention to Europe's role in the world. Both our countries are anxious to consolidate what has already been achieved in Europe and to develop the Community further. Despite recent setbacks we must continue to try to solve current problems so that both the Community and Europe more widely are better able to contribute to the solution of the world's political and economic difficulties.

Koenigswinter's contribution both to Anglo-German understanding and to a better comprehension of world problems has always been distinctive and welcome. I look forward to hearing of your conclusions this year on the great issues which face us both in constructing Europe from within and in defining its future role in the world outside.

4 April, 1984

①

PRIME MINISTER

Koenigswinter Conference

You usually send a message. The Conference this year opens on 5 April at St Catharine's College, Cambridge.

Would you be prepared to send the attached message?

A.J.C.

Yes

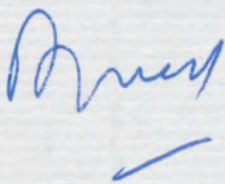
2 April 1984

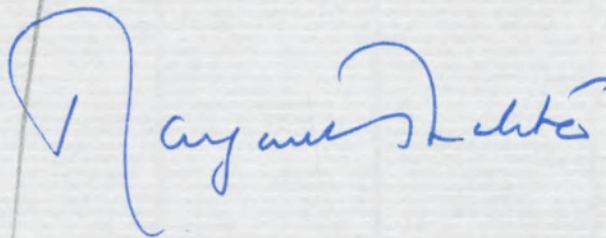
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2 April 1984

Gellmann: Eng - German Relations.

R. B.





Foreign and Commonwealth Office

London SW1A 2AH

30 March 1984

John [unclear]

The 1984 Koenigswinter Conference at St Catharine's College.
Cambridge: 5/8 April

It has been the tradition that the Prime Minister and the Foreign and Commonwealth Secretary send short messages of goodwill to the annual Koenigswinter Conferences. These are read out at the opening Session; that is on the evening of 5 April or first thing on 6 April at this year's Conference at St Catharine's College, Cambridge. On the German side, the Federal President, the Chancellor and the Foreign Minister all send messages.

/ I attach a draft message for the Prime Minister's consideration. We will transmit the text, in the form approved by the Prime Minister, to Sir Frank Roberts (Chairman of the British Koenigswinter Steering Committee).
/ I enclose a short note and a copy of the programme and list of participants in the 1984 Conference.

The Prime Minister will be entertaining Dr Richard von Weizsaecker to dinner on 5 April before he travels to Cambridge for this year's Conference.

The Foreign and Commonwealth Secretary will be giving lunch for Dr von Weizsaecker the following day and will later host the Government dinner for the Conference at Cambridge.

John [unclear]
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



DRAFT MESSAGE

FROM THE PRIME MINISTER TO THE 1984 KOENIGSWINTER CONFERENCE

I am delighted

~~It was my pleasure to join you at Cambridge in 1980 on the occasion of Koenigswinter's 30th anniversary.~~ I warmly welcome all the participants to this, the 34th ^{Koenigswinter} Conference.

Your theme for 1984 'Consensus under Pressure' is well chosen. I have looked at the subjects for discussion under this heading and have no doubt that they are the right ones. The large issues of Europe's place in the world preoccupy us all. Both our countries are anxious to consolidate what has already been achieved in Europe and to develop the Community further. I firmly believe that there is in Europe an undiminished conviction that, despite setbacks, we must make progress together.

Over the years Koenigswinter has contributed greatly to our knowledge of international problems, as well as to our understanding of each other's countries. I am confident that your Conference this year will make an important contribution to our understanding of the great issues which face us both in constructing Europe from within and ⁱⁿ defining its relations with the world outside.



THE KOENIGSWINTER CONFERENCES

1. The annual Anglo-German Koenigswinter Conferences, called after their original site across the Rhine from Bonn, are the result of the initiative in 1950 of a group of anti-Nazi Germans who, in an effort to restore Anglo-German relations after the Second World War, arranged a meeting of leading politicians and prominent personalities from the world of commerce and the arts in Germany and the UK for a frank exchange of views on important questions of the day. The original meeting was so successful that it became an annual event.

2. The Conferences are strictly non-official although both German and British Governments patronise and subsidise them. They are now held alternately in the UK and the FRG. The FCO provides financial support for the Conferences held in the UK, amounting to $\frac{2}{5}$ of the total budget for each Conference subject to a cash limited ceiling. The German Government provides the same level of financial support for the Conferences held at Koenigswinter. The balance of the cost of the Conferences is made up from contributions from the Anglo-German Foundation and from private sources, eg German and British industry, the media, banks etc.

3. The Conferences have always attracted a high level of participation on both sides and are usually attended by at least one British and one German minister as well as representatives of political parties, the Armed Services, the Civil Service, journalism, commerce and industry.

4. Although the Conferences vary in quality from year to year, Koenigswinter as such is established as a major event in the Anglo-German calendar. There is no doubt that it has, over the years, made a considerable contribution to better Anglo-German understanding and has helped to create more informed reporting on each country in the media of the other.

THE 34th KÖNIGSWINTER CONFERENCE 1984

APRIL 5-8

CONSENSUS UNDER PRESSURE
DER GEFÄHRDETE KONSENS

ST. CATHARINE'S COLLEGE
CAMBRIDGE

Consensus Under Pressure Der Gefährdete Konsens

I Europe in East-West relations

- The state of East-West negotiations: START, INF, MBFR, CSCE; the role of Europe in super-power talks on nuclear arms and disarmament.
- Differing assessments within the Atlantic Alliance of the Soviet Union. Shifting perceptions of US policies.
- The domestic challenge to security policy, e.g. peace movements, anti-nuclear protest.

Europa im Ost-West-Verhältnis

- Der Stand der Verhandlungen zwischen Ost und West; START, INF, MBFR, KSZE; die Rolle Europas bei den Gesprächen der Supermächte über nukleare Rüstung und Abrüstung.
- Unterschiedliche Einschätzungen der Sowjetunion im Atlantischen Bündnis. Amerika-Bild im Wandel.
- Die Herausforderung an die Sicherheitspolitik: Friedensbewegung und Protest gegen die Kernwaffen.

Chairman: Werner Holzer
Referent/Introducer: Volker Rühle, MdB
Berichterstatter/Rapporteur: Richard Davy

II Europe pulling together or falling apart?

- Has Europe a distinct political role in the world?
- A defence dimension to European co-operation.
- The economic challenge: concerted European monetary, industrial and trade action.

Europa – Zusammenschluß oder Zerfall?

- Hat Europa eine besondere weltpolitische Aufgabe?
- Stärkere europäische Zusammenarbeit im Verteidigungsbereich.
- Die wirtschaftliche Herausforderung: abgestimmtes Handeln der Europäer in Währungs-, Industrie- und Handelspolitik.

Chairman: Rt. Hon. Shirley Williams
Referent/Introducer: Professor Karl Kaiser
Berichterstatter/Rapporteur: Professor Hedley Bull

III The Third World in the international economy

- Economic interdependence versus the lure of protectionism; the challenge of the newly industrialised countries (NICs).
- The world debt problems and the international monetary system.
- Trade, aid and arms in the Third World.

Die Dritte Welt in der Weltwirtschaft

- Gegenseitige Abhängigkeit oder die Versuchung zum Protektionismus; Konkurrenz aus den jungen Industriestaaten.
- Das weltweite Schuldenproblem und das Internationale Finanzsystem.
- Handel, Entwicklungshilfe und Rüstungsgeschäfte mit der Dritten Welt.

Chairman: Walther Leisler Kiep
Referent/Introducer: Rupert Pennant Rea
Berichterstatter/Rapporteur: Dr. Konrad von Moltke

IV Economic strategies for the third industrial revolution

- The role of government in a period of limited growth: conflicting claims of social welfare, infrastructural investment and taxation: the function of the private and the public sectors.
- The burdens of obsolete industries: common structural problems.
- New technologies: new jobs or further unemployment? The long-term unemployed.

Wirtschaftsstrategien für die dritte industrielle Revolution

- Die Rolle der Regierungen in einer Phase begrenzten Wachstums: Sozialausgaben, Infrastrukturinvestitionen und Steuerpolitik im Widerstreit; die Funktion der Privatwirtschaft und des Staates.
- Die Erblast der alten Industrien: gemeinsame Strukturprobleme.
- Neue Techniken: neue Arbeitsplätze oder mehr Arbeitslosigkeit? Die Dauerarbeitslosen.

Chairman: H. D. Stevenson
Referent/Introducer: Edzard Reuter
Berichterstatter/Rapporteur: Sarah Hogg

Winding up Address: Theo Loch

Chairman of the Sunday Plenary Session: Dr. Kurt Biedenkopf

Three groups will be provided with simultaneous translation, one group will discuss in English.

Drei Arbeitsgruppen sind mit einer Simultan-Übersetzungsanlage versehen, eine Arbeitsgruppe wird in Englisch diskutieren.

Bitte beachten Sie dass die Plenarsitzungen im St. Chad Building stattfinden; die Arbeitsgruppen finden im St. Catharine's College statt.

TAGUNGSFOLGE

DONNERSTAG 5. APRIL

- 16.00 Abfahrt Flughafen Köln/Bonn
- 16.20 Ankunft Chartermaschine aus Köln/Bonn am Flughafen Cambridge
- 17.15 Ankunft der deutschen Teilnehmer im St. Catharine's College, Cambridge
- 19.15 Abendessen im St. Catharine's College
- 21.00 Empfang im Old Schools durch den Rektor der Universität Cambridge, Sir John Butterfield, OBE, MD, DM, FRCP

FREITAG 6. APRIL

- 08.00-08.45 Frühstück
- 09.30 Eröffnung
- Kurze Einführungsreferate über die Themen der Arbeitsgruppen
- 12.00 Einschreibung in die Listen der Arbeitsgruppen
- 13.00 Mittagessen
- 15.00 Beginn der Aussprache in den Arbeitsgruppen
- 16.00 Pause für Tee
- 16.30-18.30 Fortgang der Aussprachen in den Arbeitsgruppen
- 19.15 Empfang durch Master und Fellows von St. Catharine's College
- 20.00 Abendessen im St. Catharine's College - Gastgeber: der britische Aussenminister, The Rt. Hon. Sir Geoffrey Howe, QC, MP

SONNABEND 7. APRIL

- 08.15-09.00 Frühstück
- 09.30-12.30 Fortgang der Aussprache in den Arbeitsgruppen (Kurze Pause für Kaffee)
- 13.00 Mittagessen
- 15.15 Tee im St. Catharine's College
- 15.30-18.00 Fortgang der Aussprache in den Arbeitsgruppen
- 19.30 Abendessen im St. Catharine's College
- 21.00 Empfang durch den deutschen Botschafter, S.E. Baron Rüdiger von Wechmar, im St. John's College

SONNTAG 8. APRIL

- 07.45-08.15 Frühstück
- 09.00-12.30 Kurzberichte über die Aussprachen in den Arbeitsgruppen
- Kurze Pause, anschliessend allgemeine Diskussion im Plenum und 'winding-up address'
- 13.00 Mittagessen
- 14.30 Abfahrt St. Catharine's College zum Flughafen Cambridge
- 15.30 Rückflug nach Köln/Bonn
- 17.50 Ankunft Flughafen Köln/Bonn

Please note that the plenary sessions will take place in the St. Chad's Building; the groups will meet at St. Catharine's College.

TIME-TABLE

THURSDAY, APRIL 5

- Appx. 18.00 Arrival of British participants
- 19.15 Dinner in Hall
- 21.00 Reception at the Old Schools given by the Vice-Chancellor of Cambridge University, Sir John Butterfield, OBE, MD, DM, FRCP

FRIDAY, APRIL 6

- 08.00-08.45 Breakfast
- 09.30 Opening Session
The themes of the study groups outlined briefly by the introducers
- 12.00 Enrolment in the Study Groups
- 13.00 Luncheon
- 15.00 Group discussions begin
- 16.00 Break for tea
- 16.30-18.30 Continuation of group discussions
- 19.15 Reception given by the Master and Fellows of St. Catharine's College
- 20.00 Dinner in Hall hosted by The Secretary of State for Foreign and Commonwealth Affairs, The Rt. Hon. Sir Geoffrey Howe, QC, MP

SATURDAY, APRIL 7

- 08.15-09.00 Breakfast
- 09.30-12.30 Continuation of the group discussions (break for coffee)
- 13.00 Luncheon
- 15.15 Tea
- 15.30-18.00 Continuation of group discussions
- 19.30 Dinner in Hall
- 21.00 Reception given by the German Ambassador, H.E. Baron Rüdiger von Wechmar at St. John's College

SUNDAY, APRIL 8

- 07.45-08.15 Breakfast
- 09.00-12.30 Condensed reports on the works of the study groups
Short break, followed by plenary discussion and winding-up address
- 13.00 Luncheon
Conference ends

CONFERENCE OFFICE:

The Hansard Society for Parliamentary Government
16 Gower Street
London WC1E 6DP

Telephone: 01-580-9234
01-323-1131

"
KONIGSWINTER IN CAMBRIDGE 1984

Draft List of British Participants.

<u>ACLAND</u> , Sir Antony, KCMG, KCVO	Permanent Under-Secretary of State Foreign & Commonwealth Office
<u>ALFORD</u> , Col. Jonathan	Deputy Director, International Institute of Strategic Studies.
<u>ASHDOWN</u> , Paddy, MP	Liberal MP for Yeovil.
<u>BANKS</u> , The Lord, CBE	Deputy Liberal Whip, House of Lords; Vice-Chairman Liberal Party Foreign Affairs Panel.
<u>BECK</u> , Barbara	Secretary-General, Anglo-German Foundation for the Study of Industrial Society.
<u>BRAINE</u> , Sir Bernard MP Grand Cross, German Order of Merit	Conservative MP for Castle Point, Chairman, British-German Parliamentary Group.
<u>BRETT</u> , T.	University of Sussex III world Research Centre
<u>BULL</u> , Professor Hedley	Balliol College, Oxford, Montagu Burton Prof. of International Relations.
<u>BULLARD</u> , Sir Julian	Deputy to Permanent Under-Secretary, and Political Director, Foreign & Commonwealth Office.
<u>BURNS</u> , Sir Terence	Head of Government Economic Service & Chief Economic Adviser to the Treasury.
<u>CARTWRIGHT</u> , John, MP	SDP MP for Woolwich.
<u>CHALKER</u> , Rt. Hon. Lynda, MP	Minister of State, Dept of Transport
<u>CALLAGHAN</u> , Bill	TUC.
<u>CHANCELLOR</u> , Alexander	Former Editor, THE SPECTATOR
<u>CHARLTON</u> , Michael	Television commentator and presenter
<u>CLARK</u> , William	President, International Institute for Environment and Development.
<u>COKER</u> , Dr. Christopher	Lecturer in International Relations, London School of Economics.
<u>CORBETT</u> , Hugh	Director, Trade Policy Research Centre
<u>CROHAM</u> , Rt. Hon. The Lord, GCB	Chairman, Anglo-German Foundation for the Study of Industrial Society; Chairman, British National Oil Corporation
<u>DAVY</u> , Richard	Leader writer THE TIMES

DENTON, Geoffrey
Director, Wilton Park Conference Centre

EBERLE, Admiral Sir James
Director, Royal Institute of International Affairs.

EDWARDS, Geoffrey
David Davies Memorial Institute.

FORMAN, Nigel, MP
Conservative MP for Carshalton

FREEDMAN, Professor Lawrence
Professor of War Studies, King's College, London.

GILES, Frank
Former Editor, THE SUNDAY TIMES

GOULD, Bryan, MP
Labour MP for Dagenham; Opposition Spokesman for Trade and Industry.

GRAHAM, Alastair
General Secretary, Civil and Public Services Association.

HAGUE, Sir Douglas
Chairman, Economic and Social Research Council.

HARRIS, Anthony
leader
Chief Economic/writer, THE FINANCIAL TIMES.

HAYHOE, Barney, MP
Conservative MP for Brentwood and Isleworth. Minister of State, Treasury.

HENDERSON, Sir Nicholas, GCMG
Former Ambassador to USA, France, Federal Republic of Germany and Poland. Adviser to Hambros Bank.

HOGG, Hon. Sarah
Economics writer, THE TIMES

HOLLAND, Stuart, MP
Labour MP for Vauxhall
Opposition Spokesman for Overseas Development and Co-operation.

HOLME, Richard, CBE
Past President of the Liberal Party; co-author of FREEZE, AN ALLIANCE FOR PEACE.

JENKINS, Peter
Policy Editor, THE GUARDIAN

KASER, Michael
Professorial Fellow of St. Antony's College, Oxford.

KERSHAW, Sir Anthony, MP
Conservative MP for Stroud.
Chairman of the All-Party Foreign Affairs Select Committee.

<u>NIGHT</u> , Andrew	Editor, THE ECONOMIST.
<u>LAIDLAW</u> , Sir Christopher	Former Chairman, I.C.L.
<u>LAIRD</u> , Gavin	General Secretary, Amalgamated Union of Engineering Workers.
<u>LAMB</u> , Sir Archie	Britoil PLC
<u>LIPSEY</u> , David	Economics Writer, THE SUNDAY TIMES
<u>MacLENNAN</u> , Robert, MP	SDP MP for Caithness and Sutherland. SDP spokesman for Foreign Affairs
<u>McGREGOR</u> , Peter	Industrial Director, National Economic Development Office.
<u>MARTIN</u> , Air Cdr. L.G.W.	Vice-Chairman, Anglo-German Association.
<u>MAY</u> , Simon	Member of Christopher Tugendhat's Cabinet, Commission of the European Community.
<u>MINFORD</u> , Prof. Patrick	Edward Conner Professor of Applied Economics, University of Liverpool.
<u>MORGAN</u> , Dr. Janet	Writer, consultant, Special Adviser to the Director-General, BBC.
<u>MORGAN</u> , Dr. Roger	Head, European Centre for Political Studies, Policy Studies Institute.
<u>NICHOLSON</u> , Bryan	Rank Xerox.
<u>PALMER</u> , John	Divisional Director-Information, Greater London Development Board. Former European Correspondent of THE GUARDIAN.
<u>PEARCE</u> , Edward	Leader writer, DAILY TELEGRAPH
<u>PENNANT-REA</u> , Rupert	Economics Editor THE ECONOMIST
<u>RADICE</u> , Giles, MP	Labour MP for Durham East. Opposition spokesman on Education
<u>RENTON</u> , Tim, MP	Conservative MP for Sussex Mid. PPS to the Secretary of State for Foreign and Commonwealth Affairs, Rt.Hon.Sir Geoffrey Howe, QC, MP.
<u>ROBINSON</u> , Geoffrey, MP	Labour MP for Coventry N.W.
<u>RAISON</u> , Rt.Hon. Tim, MP	Conservative MP for Aylesbury; Minister of State, Overseas Development Aid, FCO.

GBY, Bryan

Former Deputy Director-General,
Confederation of British Industry.
Director, BASF.

ROBERTS, Sir Frank, GCMG, GCVO
German Order of Merit

Chairman of British Königswinter Steering
Committee; President, Anglo-German Association
Vice-Chairman, German Chamber of Commerce
in the U.K.; Non-Executive Director of Hoachst
(UK), Mercedes Benz UK, Amalgamated Metal Corp.

ROBERTSON, George, MP

Labour MP for Hamilton.
Opposition spokesman on Foreign and Common-
wealth affairs

~~ROBINSON, Mark, MP~~

~~Conservative MP for Newport West.~~

RODGERS, Rt. Hon. William

Co-founder of the Social Democratic
Party.

RUDDOCK, Mrs. Jean

Chairman, Campaign for Nuclear Disarmament

SEDCOLE, Frazer

Vice-Chairman, Unilever PLC

SCOTT, Sir Bernard

Deputy
Chairman, Lloyds Bank PLC

SHORE, Rt. Hon. Peter, MP

Labour MP for Bethnal Green & Stepney, Chief
Opposition spokesman for Trade.

STEEL, Rt. Hon. David, MP

Leader of the Liberal Party

STEPHENSON, Hugh

Editor, NEW STATESMAN

STEVENSON, H.D. C.B.E.

Director, British Technology Group and
London Docklands Development Corporation;
Partner, Specialist Research Unit.
Labour Editor, THE OBSERVER
British Ambassador to Bonn.

TAYLOR, Robert

TAYLOR, H.E. Sir Jock, KCMG

TENNANT, Sir Peter, CMG, OBE

Director, Prudential Corporation; International
Energy Bank.

THOMAS, The Lord.

Chairman, Centre for Policy Studies

TUGENDHAT, Christopher

Vice-President of the EEC

WALLACE, Dr. William

Deputy Director, and Director of Studies,
Royal Institute of International Affairs

WALTON, David

General Manager, Government and Public Affairs,
BP International Ltd.

WATT, David

Former Director, Royal Institute for
International Affairs

WEDDERBURN, Doreen

Head of International Affairs Department,
Unilever PLC

WILKINSON, John MP

WILLIAMS Rt. Hon. Shirley

Conservative MP for Ruislip Northwood.
President, S.D.P.

"KONIGSWINTER IN CAMBRIDGE 1984"

Draft list of German participants April 5 - 8

<u>Adam-Schwaetzer</u> , Irmgard	MdB/FDP
<u>Bahr</u> , Egon, MdB	Vorsitzender des Unterausschuss Abrüstung und Rüstungskontrolle.
<u>Becker</u> , Prof. Hellmut	Max-Planck-Institut für Bildungsforschung, Berlin.
<u>Bertram</u> , Christoph	DIE ZEIT
<u>Biedenkopf</u> , Prof. Kurt <u>CONRAD</u> , Beut <u>Diehl</u> , Günter Botschafter a.D.	MdL <u>DIE WELT</u> Präsident der Deutschen Gesellschaft für Auswärtige Politik, Bonn.
<u>v. Dohnanyi</u> , Dr. Klaus	Bürgermeister, Hamburg
<u>Duve</u> , Freimut, MdB	Bundeshaus, Bonn. (SPD)
<u>Fischer</u> , Fritz	Ministerialdirigent, Bundesministerium für Wirtschaftl. Zusammenarbeit.
<u>Fetscher</u> , Prof. Iing	Institut f. Politikwissenschaft, Universität Frankfurt.
<u>Franke</u> , Klaus, MdB <u>GANSEL</u> , Norbert <u>Hamm-Brücher</u> , Frau Dr. Hildegard	CDU. MdB SPD MdB, FDP
<u>v. Herwarth</u> , Hans	Staatssekretar a.D.
<u>v. Hase</u> , Karl-Günther	Botschafter a.D. Vorsitzender des Vorstandes der Deutsch-Englischen Gesellschaft.
<u>Haussmann</u> , Dr. Helmut	MdB/FDP
<u>Held</u> , Robert	FRANKFURTER ALLGEMEINE ZEITUNG
<u>Henselder-Barzel</u> , Frau Dr. Helga	Geschäftsführerin beim Bundesverband des Deutschen Gross-u. Aussenhandels für Entwicklungshilfe, Bonn.
<u>v.d. Heydt</u> , Peter	Bankier, <u>former MdB CDU</u>
<u>Höborn</u> , Dr. Lieselotte	Leitende Verwaltungsdirektorin der ZAV, Frankfurt
<u>Holzer</u> , Werner	Chefredakteur, FRANKFURTER RUNDSCHAU
<u>Goldschmitt</u> , Franz-Josef	Political Counsellor, Embassy of the Federal Republic of Germany, London.

<u>Kiep</u> , Walter Leisler	Präsidiumsmitglied der CDU
<u>Kaiser</u> , Prof. Karl	Direktor, Forschungsinstitut d. Deutschen Gesellschaft für Auswärtige Politik, Bonn.
<u>Klein</u> , Hans , MdB	CDU/CSU
<u>Kristoffersen</u> , Erwin	Leiter, Internationale Abteilung beim DGB-Bundesvorstand.
<u>Krug</u> , Doris	Geschäftsführende Vorsitzende Deutsch-Britischer Jugendaustausch; ehrenamtliche Geschäftsführende Vorsitzende Landesgruppe Berlin der Deutsch-Englischen Gesellschaft.
<u>Lammert</u> , Norbert	MdB, CDU/CSU; Mitglied im Ausschuss für Wirtschaft.
<u>Lanz</u> , Kurt, Dr.phil h.c.	Mitglied des Aufsichtsrates, Hoechst AG.
<u>Leicht</u> , Robert	SÜDDEUTSCHE ZEITUNG
<u>Lindner</u> , Manfred	Vors. des Arbeitskreises Essen der Deutschen-Englischen Gesellschaft.
<u>Loch</u> , Theo	WESTDEUTSCHER RUNDFUNK
<u>Markmann</u> , Dr. Heinz	Geschäftsführer Wirtschafts- und Sozialwissenschaftliches Institut der Deutschen Gewerkschaftsbundes.
<u>Milchsack</u> , Lilo DCMG, CBE	Ehrenvorsitzende der Vorstandes der Deutschen-Englischen Gesellschaft
<u>von Moltke</u> , Dr. Konrad	Direktor des Instituts für Europäische Umweltpolitik.
<u>Müller-Michaelis</u> , Dr. Wolfgang	Generalbevollmächtigter, Deutsche BP
<u>zu Münster</u> , Dr. H.-S.Graf	Mitinhhaber des Bankhauses Trinkaus & Burkhardt; Schatzmeister der Deutsch-Englischen Gesellschaft.
<u>Noelle</u> , Gotfried	Mitglied der Vorstandes der Mannesman Handel A.G.
<u>Nölling</u> , Wilhelm	Bankier
<u>Detker</u> , Dr. Arend	Schwartauer Werke GmbH & Co.
<u>Reuter</u> , Edzard	Vorstandsmitglied, Daimler-Benz AG.

<u>Rohwedder</u> , Dr. Detlev	Vorsitzender des Vorstandes, Hoesch Werke AG
<u>Roth</u> , Wolfgang	MdB/SPD
<u>Röhe</u> , Volker	MdB/CDU,
<u>Schauer</u> , Dr. Hans	Ministerialdirigent, Unterabteilungsleiter f. Westeuropa, NATO, Nordamerika - Auswärtiges Amt.
<u>Scharpf</u> , ^{Prof} Dr. Fritz	International Institute of Management, Berlin.
<u>Schulte</u> , Heinz	Mitglied der Redaktion des EUROPA-ARCHIV, Deutsche Gesellschaft f. Auswärtige Politik.
<u>Schütz-Sevin</u> , Dr. Barbara	Editor: AUSSENPOLITISCHE KOMMENTARE; Chairman Deutsch=Englische Gesellschaft Bonn group.
<u>Schwabe</u> , Johannes	Verwaltungsdirektor a.d. Beiratsmitglied der Deutsch-Englischen Gesellschaft.
<u>Schily</u> , Otto	MdB/Grünen
<u>Schrader</u> , Jürgen	Vors. d. Geschäftsf. Deutsche Unilever.
<u>v. Schröder</u> , Manfred frhr	Mitglied d. Beirats, Schröder, Münchmeyer, Hengst & Co. Hamburg.
<u>Sauter</u> , Gudrun	Vorsitzende des Arbeitskreises Rhein-Neckar der Deutsch-Englischen Gesellschaft.
<u>Seilmann-Eggebert</u> , Rolf	Programmdirektor NORDEUTSCHER RUNDFUNK
<u>Steger</u> , Ulrich	MdB/SPD Vorsitzender Ausschuss Science and Technology
<u>Stein</u> , Thomas	Vorsitzender des Arbeitskreises Düsseldorf der Deutsch-Englischen Gesellschaft
<u>Steves</u> , Kurt	Leiter der Hauptabteilung Aussenwirtschaft, Bundesverband der Deutschen Industrie.
<u>Stobbe</u> , Dietrich	MdB/SPD
<u>Stratmann</u> , Dr.K-Peter	Stiftung Wissenschaft und Politik,
<u>Stürmer</u> , Prof. Michael	Institut f. Geschichte, Friedrich-Alexander-Universität Erlangen.

<u>Stützle</u> , Walther	STUTTGARTER ZEITUNG
<u>Sommer</u> , Theo	DE ZEIT
<u>Taake</u> , Dr. Hans-Helmut	Direktor, German Development Institute, Berlin
<u>Teltschik</u> , Horst	Ministerialdirektor, Bundeskanzleramt.
<u>Thomas</u> , Stephan	Journalist; Geschäfts. Vorsitzender, Deutsch-Englische Gesellschaft.
<u>Voigt</u> , Karsten	MdB/SPD
<u>Volle</u> , Dr. Angelika	Wissenschaftliche Mitarbeiterin und Jahrbuch-Redakteurin, Forschungsinstitut der Deutschen Gesellschaft f. Auswärtige Politik.
<u>Waigel</u> , Dr. Theo	MdB CDU/CSU Vorsitzender der CSU-Landesgruppe.
<u>v. Weizsäcker</u> , Richard	
<u>Wördehoff</u> , Bernhard	DEUTSCHLANDFUNK
<u>Tetzlaff</u> , Prof. Rainer	Inst. f. Politische Wissenschaft, Universität Hamburg.



PRIME MINISTER

Sir Walter Salomon rang recently to suggest that if you wanted to meet Dr. Pohl, President of the Bundesbank, he would be happy to arrange a dinner.

I have taken soundings about this from the Bank of England. The Governor would not object to such an arrangement though he would regard it as somewhat odd for his German counterpart to be invited to London to meet the Prime Minister through a private dinner rather than through the Bank. He would, however, be put out if he were not invited to the dinner. The Bank would advise against inviting Dr. Pohl to come to 10 Downing Street to meet you officially. This could create a misleading impression about UK policy. For example it could set unnecessary hares running over our intentions on EMS.

My advice would be against following up this suggestion. If Dr. Pohl comes to London I believe it should be as the guest of the Governor. Sir Walter could be told that, while you are grateful for his proposal, you do not believe it would be appropriate for Dr. Pohl to be invited to London to meet you at a private dinner. It would, in any case, be difficult to maintain the entirely private character of the occasion.

Andrew Turnbull
28 March 1984

CONFIDENTIAL



FILE
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bc PC

10 DOWNING STREET

From the Private Secretary

15 March 1984

WEU: NATO

Thank you for your letter of 12 March concerning the remarks of the German Ambassador about the alleged French view that a revitalised WEU would be a stepping stone to the full integration of France with NATO. The Prime Minister has noted that your enquiries suggest that it is highly unlikely that the French are contemplating re-integration into NATO's military structure.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence).

A. J. COLES

Brian Fall, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CST



Foreign and Commonwealth Office

London SW1A 2AH

12 March 1984

Prime Minister.

As expected.

A.S.C. 13/3.

Dear John,

In your letter of 28 February you wrote that the new German Ambassador, during his call on the Prime Minister that morning, said that the Germans had received private indications that France regarded a revitalised WEU as a stepping stone to full integration with NATO.

We were surprised by this, and consulted our Embassies in Paris and Bonn. Their replies confirm our view that it is highly unlikely that the French are contemplating reintegration into the military structure of NATO. Indeed, in his statement to the Dutch Parliament on 7 February, Mitterrand stated categorically that there was no question of this. At the same time he reaffirmed France's wholehearted commitment to the North Atlantic Alliance.

Sir John Fretwell has commented that it cannot be completely excluded that in the longer term President Mitterrand envisages edging France closer to the integrated structure of NATO via bilateral cooperation, in particular with the FRG; but the President's style is such that even his Ministers probably do not know all that he really thinks.

A rather similar remark to that of von Wechmar has been reported by Washington as having been made by the German Ambassador on a recent occasion, when he said that discussions in WEU could have the beneficial effect of bringing France closer to NATO, and that was a valuable plus. The response of the French Ambassador, who was present, was to say that the reactivation of WEU would serve the objective of improving European coordination on defence, particularly in maintaining a defence industry and producing joint weapons systems while ensuring that there was no decoupling from the United States.

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We are looking more widely at the implications of these ideas, and Sir Geoffrey Howe has asked for papers to be put to him in April. (The next Ministerial meeting of the WEU is on 24 May).

I am sending a copy of this letter to Richard Mottram.

A handwritten signature in blue ink, appearing to read 'B J P Fall', with a stylized flourish at the end.

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

Germany Relations Pt 2



SUBJECT

cc MASTER

CONFIDENTIAL

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file

10 DOWNING STREET

From the Private Secretary

28 February, 1984

The new German Ambassador called on the Prime Minister this morning.

In the course of an exchange about European Community issues, the Prime Minister made it plain that she was not prepared to entertain patched up compromises, even if this meant that the March Council did not end in success.

The Ambassador raised the question of the Western European Union. His most interesting point was to the effect that the Germans had received private indications that France regarded a revitalised WEU as a stepping stone to full integration into NATO. (I think that the Prime Minister would be grateful for any information that we may have on this point). The Prime Minister said that it would be wrong to allow any initiative to revitalise the WEU to have the effect of weakening NATO. She was sure that Chancellor Kohl agreed with her that it was essential to keep Trans-Atlantic links strong.

I am copying this letter to Richard Mottram (Ministry of Defence).

A. J. COLES

R.B. Bone, Esq.,
Foreign and Commonwealth Office

CST.

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Foreign and Commonwealth Office

London SW1A 2AH

24 February 1984

Dear John,

FRG Ambassador's Call on the Prime Minister:
1030 on 28 February

/ Thank you for your letter of 20 February. I enclose
/ a short brief with a personality note and a note on the
German internal scene. I enclose also one spare set of
these papers.

I understand that it has been decided that neither
the German Ambassador in London nor Sir Jock Taylor
should be present when Chancellor Kohl calls on the Prime
Minister.

Yours ever,

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL



Handwritten mark

CALL ON THE PRIME MINISTER BY RUEDIGER BARON VON WECHMAR, AMBASSADOR OF THE FEDERAL REPUBLIC OF GERMANY AT 1030 ON 28 FEBRUARY

1. Baron von Wechmar has asked for this call before Chancellor Kohl's talks with the Prime Minister at 1545 on 28 February, on which separate briefing is being submitted. It has been agreed (no doubt to Baron von Wechmar's regret) that Ambassadors should not attend these talks. This will be his introductory call. He has not indicated any specific subjects. He may be expected to ask how the Prime Minister approaches her talks with the Chancellor. A personality note and background political brief are attached.

2. Baron von Wechmar succeeded Dr Juergen Ruhfus on 20 December 1983. He presented his credentials to The Queen on 7 February and has paid his introductory calls on the Foreign and Commonwealth Secretary, FCO Ministers and senior officials.

3. The most important bilateral event before the Anglo-German Summit at Chequers on 2 May is the annual Koenigswinter Conference to be held at St Catharine's College Cambridge from 5-8 April. Baron von Wechmar will attend the Koenigswinter dinner hosted by Sir Geoffrey Howe on 6 April, and is to give his own reception on 7 April. The most important German participant will be Dr Richard von Weizsaecker, ex-Governing Mayor of Berlin and CDU/CSU candidate for the Federal Presidency. The Prime Minister has offered him dinner on 5 April, and he will have talks and lunch with Sir Geoffrey Howe before going to Cambridge. The Prime Minister attended the 30th anniversary Koenigswinter Conference at Cambridge in 1980.

Foreign and Commonwealth Office

23 February 1984

*i.e. the usual
Cite à Cite +
notations.
for 27.
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RUEDIGER, FREIHERR VON WECHMAR

Born 15 November 1923 in Berlin. After secondary school, military service, reaching the rank of Lieutenant in the 'Afrikakorps'. Taken prisoner by the Americans in 1943. 1943-46 studied law and journalism (as a POW) at the University of Minnesota. Graduated MA in 1946. 1946-47 an editor and correspondent of United Press Association based at Frankfurt am Main. 1958-62 Press Counsellor at the Consulate General in New York of the Federal Republic of Germany (FRG). 1963-68 foreign correspondent for Second German Television (ZDF). 1968-70 Head of FRG Information Centre in New York (a dependency of the Washington Embassy). 1970-72 deputy Head of the Press and Information Office of the Federal Government in Bonn. 1972 promoted to the rank of State Secretary and appointed Chief Government Spokesman. 1974-81 Ambassador and FRG Permanent Representative to the United Nations in New York. President of the 35th UN General Assembly. 1981-83 FRG Ambassador in Rome.

Protestant, Baron von Wechmar's second marriage was to Dina Susanne (Susi) Woldenga in 1961. They have three children (two from his first marriage). A member of the liberal Free Democratic Party (FDP), the junior partner (Chairman Herr Hans-Dietrich Genscher who is also Vice Chancellor and Foreign Minister) in the governing coalition in Bonn.

Speaks excellent English.

THE FEDERAL GERMAN POLITICAL SCENE


BACKGROUND

1. Chancellor Kohl's CDU/CSU/FDP coalition came to power in October 1982 after Schmidt's SPD/FDP coalition broke up, primarily over economic policy. Kohl then led the CDU/CSU to their second best ever election result on 6 March 1983. But he needed the liberal FDP as a coalition partner (the Greens deprived the CDU/CSU of an absolute majority) and he was able to follow his personal preference in re-appointing Genscher (FDP) as Vice Chancellor and Foreign Minister, leaving Strauss (CSU) as Minister President in Bavaria. The SPD result was their worst for twenty years.

2. The Hesse and Bremen Land (regional) elections on 25 September 1983 constituted the first electoral test of the coalition's popularity. The results were a boost for the SPD at the expense of the CDU. The FDP cleared the 5% hurdle needed for parliamentary representation in the more important election in Hesse, but failed in Bremen.

3. During the latter part of 1983 the dominant issue was INF deployment. But the focus has now shifted to prospects for the coalition in the light of corruption charges against one of its main architects, Count Lambsdorff (the FDP Economics Minister) and Kohl's decision not to dismiss his (CDU) Defence Minister, Woerner. Lambsdorff is clinging to office but may resign if, as seems increasingly likely, his case comes to trial in June.

4. The essence of the case against Woerner is that he retired and humiliated a four star General (Kiessling) because his alleged homosexuality made him a security risk on the basis of flimsy evidence. Kiessling has been rehabilitated, but Woerner will have the greatest difficulty in regaining the confidence of the armed forces.



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5. Kohl has kept Woerner and, for the time being, Lambsdorff because replacing them would have involved restructuring his delicately balanced coalition under pressure from Strauss. Kohl has kept Strauss in baulk, but at the price of stimulating speculation about his own future. The Finance Minister, Stoltenberg, who gets on well with Strauss, is the obvious successor.

6. Kohl's recent performance in foreign affairs has also been patchy. Most observers consider he mishandled his visit to Israel and doubts have surfaced about his relations with Mitterrand.

7. Kohl's own view is that the public are less interested in the Kiessling affair than in the improving economy. The election in Land Baden Wuerttemberg (Woerner's home state) on 25 March will be the voters' first opportunity (and only one in 1984) to pass judgement.

Foreign and Commonwealth Office

23 February 1984

CONFIDENTIAL



FILE
da

10 DOWNING STREET

From the Private Secretary

20 February 1984

German Ambassador

The German Embassy asked me the other day whether the new Ambassador of the Federal German Republic might call on the Prime Minister before Chancellor Kohl visits this country on 28 February.

The Prime Minister has agreed to see Baron von Wechmar at 1030 on 28 February. I should be grateful if you could let me have a short brief.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

MR. BUTLER ✓
MR. COLES ✓
MR. TURNBULL
MR. FLESHER
MR. BARCLAY
MR. ALISON
MR. SHERBOURNE

I have arranged the following meeting with the Prime Minister:-

Subject ?
Date 28.2.84
Time 10.30
Venue No ho
Person/people invited German amb
.....
Added Ministerial attendance

Briefing

- a) I have commissioned briefing from
- ✓ b) Could you arrange briefing if necessary

CR

Caroline Ryder

PRIME MINISTER

The new German Ambassador has asked if he might call on you. Naturally, he is keen to do so before Chancellor Kohl comes here on 28 February.

May we arrange a short call?

Yes

A.S.C.

No. bylar.

Wd. you pl. arrange?

17 February, 1984.

A.S.C. 20.
2

070



With the Compliments
of

ADAM RIDLEY

Special Adviser

W. Butler.

What a muddle.

Treasury Chambers,
Parliament Street,
S.W.1.

I very much hope there
will be no such contact
with Elysis which would
not possibly be helpful A.T.C.

CONFIDENTIAL

B 7

FROM: ADAM RIDLEY
25 January 1984

CHANCELLOR

cc Economic Secretary
Sir P Middleton
Mr Littler

Mr Houston
(Special Adviser,
FCO)
→ Mr R Butler, No 10

VISIT TO FEDERAL GERMAN CHANCELLERY: JANUARY 12 1984

Here are some notes on the points covered in the informal trip I made on January 12 following the discussion with the Germans just before Christmas on which I reported on December 12. This account is inevitably a bit late and dated, as I fell ill almost immediately after, before I could commit my notes to paper. The account is a little fuller in places than it probably need be, partly because I wished to convey the flavour and partly because I did not wish to cut out marginal points which might be of interest to others. I should add the following comments about the exercise:

- (1) The Germans in the Chancellery clearly want to talk to us about Budget imbalances and remain concerned our formula is'nt negotiable.
- (2) They earnestly hope we will develop a comparable bilateral with the Elysée soon, on the same family of issues.
- (3) They could be hinting, by the rather independent way they are putting out their tentacles to us, at the idea that it is the Chancellery rather than the Auswärtiges Amt which we ought to be courting at this time. Perhaps both because Kohl will be "calling in" these issues so much in the coming weeks, and because their Foreign Office is more hostile to us and too Franco-phile.
- (4) They clearly feel that satisfactory resolution of the issues which are central to the current crisis calls not only for Heads of State to get on top of things, but for their personal staffs to play a greater role than hitherto in "preparing the way".

M

A N RIDLEY

CONFIDENTIAL

B.7

NOTE FOR THE RECORD

DISCUSSIONS WITH THE FEDERAL GERMAN CHANCELLOR'S OFFICE:
JANUARY 12, 1984, WITH DR GRIMM, DR LUDEWIG AND DR KÖHLER
(FINANCE MINISTRY)

My visit to Bonn was an informal, quickly arranged personal trip at the invitation of the Germans, to follow up the day of informal discussions held in London on December 9 at the end of 1983. Its basic purpose was simply to further the process of "getting to know you", as the Germans described it, the new faces being Dr Grimm and Dr Köhler, Herr Stoltenberg's closest political confidant in the Finance Ministry. There was no formal agenda, and the discussions were held in relaxed circumstances.

2. The first topic, which led to a prolonged interrogation on the part of Dr Köhler, was privatisation. It appeared that the CDU Government are beginning to get to grips with this subject; are very keen to learn how we have approached it and what difficulties we have encountered, what lessons we have learnt; and worried that they may have neither a coherent policy framework nor effective consistent strategy pursued unless they get a grip on things. I discussed at considerable length the goals, coordination procedures, political problems, presentational considerations, and much else involved in British policy. Dr Köhler expressed keen interest to pursue all this further, and I expect he will seek to come to London within a month or two to try and pick our brains more closely.

3. Towards the end of lunch, Dr Köhler had to leave and Dr Grimm turned to the EC negotiations. A number of points were made:

- It was agreed by all that the French objectives for the Presidency and their intended modus operandi was still curiously obscure. The Germans observed tartly that they would have got off to a far quicker and more coherent start if they had been in the chair. Though there was a pretty firm plan for a private Mitterrand/Kohl working summit, there was not yet a firm date, though it was expected to be early in February. They would hope to try and clear up the MCA issue as far as possible, since it otherwise represented a dangerous source of bilateral difficulty. Beyond that they would necessarily be entering the discussions in a somewhat probing frame

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of mind, though not, Dr Grimm hastened to add, with any intention of departing from the broad position which they had followed for some time.

- Turning to the UK's particular difficulties, Dr Grimm underlined very meaningfully how crucial it was to make further progress in the discussion of the problem of budgetary imbalances. It was clear that a formula was needed for a lasting solution. It would be intolerable to go ^{on} much longer with annual haggles. But, he appeared to imply, the UK's position would surely have to be modified in some respect. He fished hard to see whether I gave any hints or intimations of any change in the UK position. I inevitably stonewalled in reply, stressing that Ministers were in no position so soon after the breakdown of Athens and after the resumption of business in the New Year to have a fully worked out new position on the matter of budgetary imbalances before the French had given even the most tentative indication as to how they wanted to handle the Presidency! Dr Grimm understood; but went on to stress how much he would welcome sensible working discussions on this issue particularly over the weeks leading up to the Brussels Summit. He greatly hoped that we in the Treasury would recognise the need to have a good informal exchange of views, if need be on the phone, as events unfolded. The Federal Chancellery would certainly be hoping that they would be able to sustain the same kind of intimate contacts with Mitterrand's staff in the Elysee, building on the bilateral discussions they had recently had with their opposite numbers there.

Wrong reply. He should not have implied that there was any prospect of a new initial point.
A.S.C. 28.
1

4. We then moved on to exchange views on what further and longer term objectives for EC development after the solution of the current crisis German and British Ministers might be most concerned about. I think this may well have been in part, on the German side, an indirect way of getting at the question as to whether we would have any new initiatives or procedures which we would wish to pursue during the course of the current negotiations. I recalled the increasing importance of Parliamentary opinion at home; and underlined the significance of the Government's position.

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as recently re-stated by the Prime Minister in her ITN interview with Alastair Burnett. I stressed, as usual, the desperate psychological difficulty of launching in the UK 'new ideas' about the Community at a time when there were so many obstacles to getting the machinery that we already had working properly.

5. The discussion then turned to the French Presidency's possible ideas for "relance economique". The Germans felt, as one might have expected, that it was very unlikely to include anything new or desirable. They did not anticipate any great embarrassment for Governments of the centre or centre-right in Community fora; but could see clearly enough the use that such rhetoric and proposals would be put ^{to} in a more political context, and in the EC Parliamentary campaign itself. Like us, the Germans had found it difficult to identify even the shadow of concrete proposals, so far at any rate, lying behind the endless French references to variable geometry, the need to promote the high technology industries, and so on. This led to a discussion about German attitudes to limited and prudent industrial policy of the kind both our Governments might either be willing to consider, or at least have to be willing to contemplate as part of a wider EC deal. Both Dr Grimm and Dr Ludewig took an extremely sceptical attitude to any kind of industrial policy or intervention going much beyond projects such as Esprit or the kind of research and development support which both our countries are currently involved in. Indeed their views represented as pure a statement of "Treasury doctrine" as anything I have heard for a considerable time! This strongly suggested that their advice, at least, would be pretty negative if Mitterrand ultimately put flesh on such proposals as part of the French Presidency.

6. We then turned to EMS, on which I pressed Dr Grimm and Dr Ludewig fairly hard, in order to determine not only their attitudes in the short term, but what kind of use they or their masters might have for it in the longer term. It was difficult to arouse much enthusiasm in either of them. Their intellectual position emerged increasingly under questioning, and could be summarised in the following way. To go significantly further with the EMS one had to recognise the institutional logic of an effectively unified system of exchange rates. That demanded as a minimum a truly independent and reasonably dominant

CONFIDENTIAL

Central Bank for Europe, operating with the same kind of autonomy as the Bundesbank. How soon could one see something like that evolving in the foreseeable future, they asked? They made no effort, interestingly, to turn my questioning back to probe the UK's future attitudes to the system.

7. At this point Dr Grimm had to leave to attend a meeting, and Dr Ludewig and I returned to the issue of what policy priorities would really matter in the Community once the present crisis was solved. Speaking rather personally, Ludewig said that it was clear that the key issue after such a solution would not so much be policies as decision-making procedures and institutions. Would the Community's members not have to look rather carefully at the Luxembourg compromise? Could one really carry on with an ill-defined right of veto dependent on it, at least in some areas? Might it not be necessary to invert the philosophy inherent in the present situation, in essence so that majority voting would ultimately have to triumph everywhere except in certain stipulated areas (or Councils of Ministers) where certain matters would still be reserved for unanimity? At this stage substantive discussion ended, and I was unable to discover how far this little speculation reflected private enterprise or deeper, if rather informal, discussions within the Federal Chancellor's Office. Judging from what Dr Ludewig and Dr Teltschik had been saying before Christmas, it is quite likely that at least the Chancellor's personal advisers have been spending a fair amount of time at odd moments discussing ways in which the Community's decision-making procedures can be speeded up, in which case Dr Ludewig's speculation was certainly not frivolous.

8. Dr Ludewig also reminded me that in industrial policy areas the Federal Government had little or no "competence", for basic constitutional reasons. So he and Dr Grimm were less worried by any wild ideas the French might come up with than other Governments might be.

AR

A N RIDLEY

28 JAN 1994

12-20-93
1000



Caroline *done*
ck 131

A.F.C. 13/1

f.a.

Foreign and Commonwealth Office

London SW1A 2AH

*If you can manage
it let us put this in the
diag. He can come changed.*

12 January, 1984

A.F.C. 12/1

Jon S...

Visit of Dr Von Weizsaecker

Thank you for your letter of 9 January.

We agree that a call at No 10 on 6 April can be dispensed with. But in view of Dr von Weizsaecker's standing and prospects of becoming President of the Federal Republic, we wonder whether the Prime Minister might think it appropriate to receive Dr von Weizsaecker for a private talk, of, say half an hour, before the other guests arrive for dinner.

Yes

(R B Bone)
Private Secretary

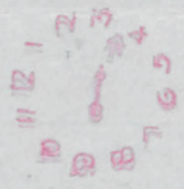
A J Coles Esq
Private Secretary
10 Downing Street

GERMANY : Relations A 2

Foreign and Commonwealth Office
London SW1A 1AA



12 JAN 1964



John : Bonn visit

We are unable to meet
your deadline of ~~rather~~ 10/11
as requested in your letter
of 19/12 but hope to let
us have an answer
tomorrow.

Petis

10/11

A.-J.-C. " /
11.

This meeting has ~~has~~
been cancelled

NR 11/11



10 DOWNING STREET

From the Private Secretary

9 January 1984

VISIT OF DR. VON WEIZSAECKER

Thank you for your letter of 4 January.

The Prime Minister feels that, given Dr. von Weizsaecker's candidature for the Presidency of the Federal Republic, she ought to offer him dinner on 5 April. We envisage a dinner for a total of 48 and I should be grateful for a draft guest list in due course.

I wonder whether, in view of this arrangement, it is necessary for the Prime Minister to offer talks as well. She will have plenty of opportunity to talk to her guest at dinner and, as usual, the Prime Minister's diary at the time of his visit is very crowded. Do you think we can therefore dispense with a call at No. 10?

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

bc CR/SG JD

Anglo-German
files

BT



10 DOWNING STREET

Mr. Lydell.

I think I should give you
the opportunity to contact them
with the Prime Minister if you so
will.

A.S.C. 6/1.

Failed.

Entered in diary

9/1.

PRIME MINISTER

DR. VON WEIZSAECKER

The attached FCO letter says that the above (who in February will take up the CDU/CSU candidacy for the Presidency of the Federal Republic) will be in London on 6 April and possibly 5 April. The question arises of whether you should have talks with him and/or entertain him.

We are trying to keep 6 April free for your speech to the Federation of Conservative Students in Loughborough that afternoon.

You would normally spend the evening of 5 April also preparing for that speech.

Do you want to give Dr. von Weizsaecker dinner on 5 April?

I shall have to ask

Or should we simply offer an hour's meeting with him on that day?

A.S.C.

5 January 1984



Foreign and Commonwealth Office

London SW1A 2AH

4 January 1984

for John

Visit of Dr von Weizsaecker: 5 - 8 April

Dr von Weizsaecker, who will resign in February as Governing Mayor of Berlin to take up the CDU/CSU candidacy for the FRG Presidency, will be in London on 6 April (and possibly 5 April) for the 1984 Koenigswinter Conference, to be held at Cambridge from 5 - 8 April). The Foreign and Commonwealth Secretary plans to entertain him to lunch on 6 April, preceded by talks at 1200.

Dr von Weizsaecker last visited the UK as Governing Mayor of Berlin on 1 - 2 April 1982. The programme arranged for his visit then included a call on the Prime Minister on 2 April, but this (along with all other Ministerial appointments) had to be cancelled as a result of the Argentine invasion of the Falkland Islands. I enclose the Prime Minister's letter of 11 June 1982. The Prime Minister met Dr von Weizsaecker during her visit to Berlin on 29 October 1982, and he called on her at No 10 on 27 April 1983 when he came to speak to the Oxford Union.

Dr von Weizsaecker, whose international standing as Governing Mayor of Berlin is second only in the FRG and Berlin to that of the Chancellor and Foreign Minister, will have held office in Berlin from May 1982 - February 1984. He will take up the CDU/CSU candidacy for the Presidency of the Federal Republic in succession to Professor Carstens when the latter's term of office expires on 30 June 1984. Although the Federal Assembly will not meet to elect the new President until May, the election of Dr von Weizsaecker is virtually certain. Indeed, he may well be unopposed. He is likely to be succeeded in Berlin by Herr Diepgen, the CDU candidate. Elections in the Berlin House of Representatives take place in February.

/It would be



It would be appropriate for Dr von Weizsaecker to be received at a very high level. I understand that the Prime Minister's diary would permit her to see him on the morning of 6 April, and Sir Geoffrey Howe hopes that she will be able to receive him then. If the Prime Minister's diary permits, she may also wish to consider offering Dr von Weizsaecker dinner on 5 April. He will, however, be attending the British Government dinner for the 1984 Koenigswinter Conference, to be given by Sir Geoffrey at Cambridge, on 6 April.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



Enter + p. a.
KH
14.6

10 DOWNING STREET

THE PRIME MINISTER

11 June 1982

we4026/1

Dear Dr. von Weizsaecker,

Many thanks for the album of photographs, 'Berlin's Protection Powers', which you were kind enough to send me.

I was very sorry that, because of the Argentine invasion of the Falkland Islands, we were unable to meet on 2 April during your visit to London. I hope that it will be possible for you to come to London again in the not too distant future and I look forward to seeing you then.

Yours sincerely
Margaret Thatcher

Dr Richard von Weizsaecker

4 JAN 1984



[Faint, illegible handwritten text, possibly a name or address]

[Faint, illegible handwritten text, possibly a name or address]



CONFIDENTIAL



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10 DOWNING STREET

from the Private Secretary

28 December 1983

Anglo/German Foundation

The Prime Minister has seen a copy of your Secretary of State's minute of 23 December to the Chancellor about the Government's contribution to the Anglo/German Foundation.

Since the sum involved is so modest, the Prime Minister agrees with your Secretary of State that it would be right to continue to match the FRG Government's commitment to support AGF financially at the current level over the next five years.

I am sending a copy of this letter to John Kerr (HM Treasury) and Callum McCarthy (Department of Trade and Industry).

MR. D. BARCLAY

NR

Roger Bone, Esq.,
Foreign and Commonwealth Office.



*There is no point
in arguing about
£125,000
per annum
Agreed Prime Minister*

FCS/83/277

*Perhaps await
Chancellor's response?*

CHANCELLOR OF THE EXCHEQUER

*DMS
23/12*

Anglo-German Foundation for the Study of Industrial
Society (AGF)

1. At the Prime Minister's briefing meeting during the Anglo-German Summit, I reported that Herr Genscher had proposed that the Prime Minister and Chancellor Kohl should congratulate the Anglo-German Foundation (AGF) on its 10th anniversary at their joint press conference. Aware of your officials' doubts about maintaining our commitment (£125,000 per annum carried on the DTI vote) to the AGF, I discouraged the idea; neither Herr Genscher nor Chancellor Kohl pursued it.

2. I am now seeking your support for maintaining the British Government's modest contribution over the next five years to this valuable instrument of Anglo-German cooperation in the industrial and social fields. The relevant facts are as follows:

- (i) The Germans endowed the AGF with a capital sum of £2 million;
- (ii) in 1982 British and German officials agreed in principle to continue cash grants of £250,000 per annum (German contribution) and £125,000 per annum (British contribution) in the period 1984-89 (we have resisted the German attempt to have funding shared equally) subject to a review of AGF activities in 1984;
- (iii) virtually all the AGF's annual expenditure of about £1/2 million is in the UK;

/(iv)



- (iv) officials are agreed that the AGF operates efficiently and economically. The Prime Minister wrote to Lord Croham on 1 October 1982 confirming her support;
- (v) the Germans regard the 1984 review as a formality; there is no doubt about their commitment to continue financial support;
- (vi) if Government support were withdrawn the AGF would eventually be wound up. It is totally unrealistic to expect the AGF to live on the proceeds of seminars, and publications;
- (vii) the AGF operates in Germany from the offices of the Humboldt Foundation, but in London from offices in Bloomsbury Square, acquired and renovated by the Volkswagen Foundation at a cost of some £4 million.

3. There is inevitably room for more than one view about the intrinsic worth and utility of aspects of the AGF's work. But there can be no doubt at all about the importance which the Germans attach to it. They would regard a decision on our part to withdraw financial support as a policy decision to remove a viable element in our cooperation, in contradiction to the importance we profess to attach, and indeed do attach, to the bilateral relationship. The adverse German reactions, and likely effect on German attitudes to cooperation with us, would far outweigh the annual savings of £125,000

4. If the AGF is considered in any terms other than that of Government expenditure, Britain has already gained far more than the cost of the subsidy. The main base of operations is here, was paid for by the Germans, and the initial endowment was also entirely German. £125,000 per annum seems to me a minimum token

/of official



of official British interest and support for an organisation which benefits Britain more than it does Germany.

5. I hope, therefore, that your officials will approach the 1984 review in a positive spirit and that we can agree in principle to continue to match the FRG government's commitment to support the AGF financially at the current level over the next five years.

6. I am copying this minute to the Prime Minister and to the Secretary of State for Trade and Industry.

A handwritten signature in black ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

Foreign and Commonwealth Office
23 December 1983

23 DEC 1988





10 DOWNING STREET

From the Private Secretary

19 December, 1983

Visit by Private Secretaries to Bonn

20 January, 1984

As you know, the Germans are expecting Robin Butler, me and a FCO Private Secretary to visit Bonn on 20 January.

I have told Herr Neuer of the Federal German Chancellery that I will ring him when he gets back from leave on 11 January about the arrangements and the subjects which we may wish to discuss.

I suggest that it will be worth taking some trouble with preparations for this meeting partly in order to clear up such confusion as there may be in German minds about lines of communication with London following the meeting the other day between their team and special advisers in Whitehall and partly to dispel the impression under which Herr Teltschik seems to be labouring that foreign policy is not given sufficient attention in London.

BF // To that end, it would be helpful if I could have by 10 January your ideas on an agenda. I believe that most of the subjects select themselves. But I should like to put on the agenda an item which will allow us to discuss with the Germans whether there is any scope for making more effective use of the time which Heads of Government are now obliged to spend on international meetings (see my letter to you of today's date about the Prime Minister's international commitments). In particular, and subject to any views which you may have, I should like to secure their agreement that all our bilateral summits in future will be confined to inside of a working day.

Although I would not normally wish to ask for any briefs for a visit of this kind, I think that on this occasion it would be helpful if the FCO, in conjunction with other Departments as

/necessary

NR

CONFIDENTIAL

-2-

necessary, could let us have a short brief containing the main points which it might be useful for us to put across on the issues of substance - and also warning us off subjects which Departments would prefer not to be dealt with at Private Secretary level.

When I last spoke to him Herr Neuer seemed to be thinking in terms of a full day visit with talks throughout the morning and lunch, possibly followed by a trip outside Bonn in in the afternoon. But I shall discuss all this with him again when I speak to him on 11 January.

A. J. COLES

B. Fall, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

SUBJECT

de MASTEN

CONFIDENTIAL



file 10

10 DOWNING STREET

From the Private Secretary

13 December 1983

Dear Roger,

The Ambassador of the Federal German Republic paid a farewell call on the Prime Minister this morning. I should record some of the points which arose.

Commenting on the European Council in Athens, the Prime Minister said that the Community must sort out its problems. The atmosphere would be healthier if those who were opposed to certain ideas said so clearly. Herr Ruhfus said that the Germans believed that Athens could have healthy repercussions. The feeling in Bonn was that the Council participants were now much more familiar with the problems. The French would have to put up a better performance when they were in the Presidency. Some progress had been made at Athens viz. Franco/German agreement on MCAs. The Prime Minister said that the question of MCAs had to be agreed among the ten Member States for any agreement could be highly inflationary and have its effect on others.

Herr Ruhfus said that one explanation for President Mitterrand's behaviour was that M. Delors, in putting forward his proposals on Community financing, was believed to have exceeded the authority given to him by the French Cabinet in November. The Prime Minister said that she doubted this explanation; at her working breakfast with President Mitterrand, the latter appeared to be completely ignorant of M. Delors proposals.

Herr Ruhfus said that the various issues ought to be settled within the scope of the Stuttgart package. It would be best to return to the normal procedures of the Community and not carry on with the device of special councils.

Reverting to the question of President Mitterrand's behaviour, Herr Ruhfus said that the Germans found him much more forthcoming on security issues than the previous French President. It was Mitterrand who had encouraged the talks

/between

CONFIDENTIAL

between Chiefs of Staff provided for in the Elysee Treaty. Germany would continue its bilateral contacts with France about the Athens issues; presumably others would too.

Herr Ruhfus then made some remarks about the dangers of neutralism in the Federal Republic. The problem of the peace movements would not disappear following initial INF deployment. The unrest in the younger generation would continue. They had had no direct experience of the 1940s and 1950s. The problems of the younger generation would be solved only if Europe became more united. The Prime Minister commented that the situation in Germany did not worry her greatly but attitudes in Belgium, Holland and Denmark, did worry her. Chancellor Kohl had never faltered in his determination on the INF question.

Herr Ruhfus said that he believed it necessary that the West should continue to make clear its willingness to conduct dialogue with the East. The recent NATO communique had been useful and Sir Geoffrey Howe had given the German ideas helpful support. In a speech in Berlin yesterday Chancellor Kohl had advocated a US/Soviet summit, even in 1984. The Prime Minister commented that it was not for us to advocate a particular time for the summit. She believed that any summit would have to be prepared from the bottom up - and that President Reagan should only meet Andropov when he was in a strong position and fully ready to deal with the issues. Herr Ruhfus said that there seemed to be some in-fighting in Moscow - it would be useful to build up a dialogue to try to ensure that the internal Soviet debate produced the right results. The Prime Minister said that, although Chancellor Kohl's visit to Moscow had been useful, she did not wish to see Western leaders going to Moscow in procession. In her view President Reagan should work for a summit in about mid-1985.

Herr Ruhfus said that the Prime Minister's message to the new Argentinian President was very welcome. The Prime Minister commented that no-one should be misled into thinking that she was prepared to negotiate about sovereignty, though we were of course ready to work for normal diplomatic relations.

for use

for use.

Roger Bone, Esq.,
Foreign and Commonwealth Office.

~~John~~

M.A.

AR $\frac{15}{12}$

● Ematically copied.

Presumably John Houston
will distribute in the FCO
but I will ask Adam Ridley
to send a copy to the Cabinet
Office

FFCS

18.12.



H M Treasury

Parliament Street London SW1P 3AG

B.7

Switchboard 01-233 3000
Direct Dialling 01-233 5618

12 December 1983

A N Ridley
Special Adviser

Robin Butler Esq
10 Downing Street
London S W 1

RECS
Dear Robin,

Here are some minutes of the discussions to which the Special Advisers were invited with Herr Teltschik and his German colleagues last Friday. They are not yet complete, as John Houston has not yet had an opportunity to let me have his record of the "economic" part of the morning. But they do cover the key session on foreign policy, and records all the key points as accurately as possible, even at the cost of length and repetition; and the preliminaries, in which both sides spoke about their central administration framework and modus operandi - whose key aspects I touch on immediately below. It may be helpful if I attempt to summarise the most interesting points to emerge from the whole affair.

First, there were a number of significant hints and concerns which we were made aware of at the buffet dinner to which I invited all participants on Thursday night:

- concern that Prime Ministers/Heads of State were being forced to go into so much detail to make Summits work;
- a sense of relief that the ^{Germans} /now had a good line on the Elysée staff, even if they at times behaved like a bunch of socialist ideologues;
- a great desire to get closer to the UK.

Second, in the discussion of the organisation of both sides at the centre (referred to above), with which Friday's more formal exchanges began, the following became clear. On the one hand the Germans found it difficult to imagine a way of running things in which the PM/President and his/her staff were noth both the solitary power-house and sole agents for coordination - as are the Elysée /and....

PERSONAL AND CONFIDENTIAL

and Bundeskanzleramt. We had to underline to them repeatedly the fact that in our system, with Chancellor, Foreign Secretary and PM sharing the same priorities and liaison well established between No 10, Cabinet Office, Treasury and Foreign Office, we did not have need for a comparable staff. On the other hand they were implying that given an inexorable pressure pushing more and more detailed issues onto Summit agendas and all this entailed, we should find some way of joining in the kind of contacts made possible by large central staffs such as the Elysée and Bundeskanzleramt. Our arrangements might be ideal from a normal point of view, but would they enable us to help our masters play the increasingly vital and complex game of summitry in the way our partners found necessary?

Third, in the foreign policy discussion on Friday afternoon, they (in practice mainly Teltschik himself) touched pretty deliberately on a number of important points (paragraph references are to my fuller minutes, which are attached):

- the need for an early Western initiative to resume dialogue with the USSR, to pre-empt an embarrassing Soviet effort with the same purpose (§3-6);
- Mitterrand's proposal for another Franco-German Summit, and the suggestion we should join the game (§8-10);
- concern that we should sustain, widen and deepen consultations with the Americans on key issues (§4);
- the need to respond to third-world expectations of the EC as in effect potential third power bloc (§12-14), and the suggestion we should in particular respond to Hussein's desire for an Anglo-German role in the Middle-East (§13);
- a warning that we should all consider now how to respond to a new Soviet disarmament initiative involving French and British nuclear weapons, and extending also to countries such as China;
- a general message that the German door was very emphatically open to deep and early discussions about the future of the Community; coupled with the hidden but clearly implicit thought that Franco-German contacts would pursue such goals even if we stayed out;
- a warning about US assumptions of allied support if the USA had to intervene to protect the Straits of Hormuz.
/Fourth....

PERSONAL AND CONFIDENTIAL

Fourth, there was a point or two worth recording in relation to the economic discussion, even if we do not yet have a proper record of it. Much of what both sides said dealt with the relatively satisfactory pattern of domestic economic development in both countries. But at the end of his presentation the main German speaker, Herr Ludewig, turned to the development of the EC's economic policies in the longer term. It was striking that within Germany success and restoration of confidence in recovery hinged on confidence that they had a stable Government committed clearly to cutting the structural public deficit (to zero in '85), lowering taxes, strengthening the market and curbing inflation. Looking at the EC there were in fact at least three major Governments on broadly the same, right lines - one had to grant that to the French now.

Looking ahead, did we not need to

- run our domestic policies with more awareness of their impact on each other, as we were urging the US to do?
- make it really clear to the business community that we were really committed to further effective progress towards united markets in the longer term?

What, therefore, were the elements in our vision of what the EC should be or become over the next ten years?

[In my reply I stressed needlessly to say that we had all sorts of ideas about the EC's long term future, but until the Athens agenda had been dealt with, there were limits to the objectives to which we could be expected to give high priority. That said, we would probably be absolutely committed, with Germany, to more united markets].

I had the impression the Germans are not yet quite clear what economic ^{aims} they are after, but convinced of the need for committed discussion with us and the French as to where the Community should go.

If there are any points on which you or others would like clarification, Peter Cropper, John Houston or I can probably dig up more detail from our notes. I am sending copies of this letter and attachments to both of them, as well as to the Chancellor and Economic Secretary's offices here, and to Geoff Littler; also to Stephen Sherbourne.

James
Adam
A N RIDLEY

INFORMAL ANGLO-GERMAN DISCUSSIONS

DECEMBER 9 1983

PRESENT:

From the German Side

Federal Chancellor's Office

Min Dir Horst Teltschik: (Foreign, Security and related matters)

Dr Walter Neuer: (Political matters Europe, Near East, EC)

Dr Anton Rossbach: (US, E. Europe, E-W Relations, Disarmament)

Capt. Ulrich Weisser: (Alliance and Military)

Dr Johannes Ludewig (EC Economic)

From the Foreign Office

Dr Michael Jansen (Personal Adviser to Herr Genscher)

From the CDU

Herr Peter Radunski, Secretary-General CDU Central Office.

From the British Side

Peter Cropper, CRD

John Houston, FCO

Robert Ramsey, EDG

Adam Ridley, Treasury

Stephen Sherbourne, No 10

Robin Butler, No 10 (for lunch only).

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FOREIGN POLICY, NATO AND SECURITY ISSUES

Teltschik opened the discussion with a relatively long and carefully prepared presentation, which gave every sign of containing many of the key points which the discussions were intended to convey to us.

2. He began with an aside, expressing surprise that consideration of Foreign policy in the UK seemed to attract relatively low priority and that it was to some extent a field for non-experts at that.

He hoped that it would be getting more serious attention soon.

[In so doing he was demonstrating misunderstanding of points made earlier, when John Houston had explained that till recently foreign policy issues here had, as a rule, had a relatively small party political content because of a broad consensus embracing the main issues and most public opinion; and misinterpreting (perhaps) the significance of the very light staffing of No 10 in Foreign Policy matters]. He then developed four major themes.

1. INTERMEDIATE MISSILES, AND THE FUTURE INTERESTS OF W. GERMANY AND THE UK

3. The key issue was and is not so much how many Cruise missiles would be deployed and how quickly, as the fact that we had held to our decisions to do so. Had we not, the repercussions would have been very serious in the wider international arena. Those many countries which were anxious about the USSR, and in many cases (over-) dependent on the USA had long been anxiously wondering whether Germany and the UK would resist Soviet pressure, stick to the two-track decision and deploy. In essence it constituted a test of whether we could be relied on at all.

4. That issue of principle and our countries' credibility both now having been restored, there was now an opportunity for a better dialogue with the USSR than in the immediate past. It would in any case be wrong to think the Russians would stay out of contact indefinitely and in a huff. They would take an initiative, perhaps quite soon.

5. There were plenty of examples of such moves by them. Only four months after their invasion of Czechoslovakia in 1968 they had made a major démarche at the European Security Conference - to which Willy Brandt had, significantly and importantly, been the first to react. Unless they have suddenly changed and if we

do nothing, they will blame the West for the failures at Geneva, with some success, and then come up with a new initiative. If they do, the West could be put in disarray, with some Western countries seeking ways of reacting constructively while others denounced the whole exercise as Soviet propaganda.

6. Therefore we should both be considering taking some kind of pre-emptive initiative; keeping doors open; and continuing to talk. For that reason Germany was naturally pleased with the conclusions of the NATO Council, and was delighted Mrs Thatcher planned to visit Hungary. It transpired that Herr Kohl has the same idea in mind⁷.

7. Teltschik added, almost en parenthèse, that he and others were hoping for a Reagan-Andropov Summit in due course. This could be a basis for a breakthrough, particularly on disarmament.

2. GERMANY AND EUROPE

8. The two-track decision had produced strains inside Germany which we might well be aware of - a peace movement and an SPD in turmoil were two major ones. It was absolutely vital that outsiders should appreciate their nature. It was important that we should note to what extent Adenauer's 1964 decision to "integrate with the West" was far from self-evident; and certainly a unique event in Germany's history. The peace movement was in a sense challenging that historic move. It was, of course, true that the "Hot Autumn" the Peace Movement had promised had not occurred. In truth the activists do not now know quite what to do. But it was quite possible that those seeking to "disintegrate" would in due course grow in number, and even prevail at some point.

9. This risk the French were very aware of. There had recently been a big change not only in the French Government but also on the part of the Gaullists. This was already leading to much more intensive relations, and greater interest in the "European idea", perhaps particularly in security matters.

10. Thus Mitterrand had just proposed a "working summit" with Kohl in January, and the preparation of a "common paper on European Perspectives". Neither Teltschik nor any others had yet much idea what agreements on policies or objectives were thus being pursued. But it was absolutely certain that the proposal was both an expression of France's security interests and a reflection of the importance of the double track decision. It was also, come to

that, another aspect of a growing Continental tendency [Teltschik very deliberately said "continental" in the English sense] towards greater cooperation, "particularly amongst the EC's founders". Such progress would, of course, demand a solution of the Athens problem. But

"the Conservative Party and British Government should pay very close attention to these developments. Should the UK not be part of the debate? Or should Britain keep its head pointed elsewhere? "

3. A MAJOR PREOCCUPATION OF GERMANY'S FOREIGN POLICY

11. A further issue, or rather conviction, arising from the double-track/^{decision}concerned relations with the US Government. There had been no other matter over which liaison and discussion with the USA had been so close and continuous. Our country's success in holding to our purpose was directly attributable to the effective maintenance of such excellent contacts, as well as to the fact that not only did the key NATO states have a common position from the outset, but so did France and, even, Spain. It therefore followed that we should seek equally effective and constant coordination and consultation in other areas. This effort should extend to consultation with the Alliance generally, and not just a few narrow security issues.

4. THIRD WORLD EXPECTATIONS OF THE COMMUNITY

12. When travelling abroad, Kohl and his staff were constantly being impressed by the fact that countries like Saudi-Arabia, Japan, China, Indonesia and many others were seeking a more influential EC and to escape from the "either/or" embrace of the USSR and USA. This was, most importantly, particularly true of the Arabs and the Middle East. The Arabs did not think we could solve all their problems, but they did think and hope we (the EC) could make a major impact on some areas.

13. Thus with the PLO now knocked out, Hussein was considering a new initiative. He knows its success would require the support not only of the US, but also of Kohl and the Prime Minister, given his particularly good relations with them. Hussein had recently written to Kohl about the idea. Kohl had discussed it with Mitterrand, who was dismissive because "Hussein is too weak".

14. This was a matter on which the UK and Germany should work very closely, and concert vis-à-vis the USA.

15. Rossbach then enlarged on Teltschik's first theme of re-developing relations with the USSR. The Russians' main strategic purposes would remain to prevent the USA from continuing the modernisation of their weapons, and to encourage them to withdraw from Europe. But the Russians' immediate priority was saving face (Gesichtswahrung), and extracting themselves from a mess of their own making. The decision to station medium-range weapons was now being implemented, and they would wish to limit it as far as possible. They would have no interest in seeing the Iron Curtain become a curtain of rockets (Raketenvorhang). They were well aware that they had made advances with public opinion in the West by being willing to take positive and apparently constructive initiatives, and would not wish to jeopardise these gains.

16. It was striking that in those classes of Russo-German contacts where Germany was still maintaining "business as usual", the USSR remained very open and responsive. They were all set to do so at the forthcoming Stockholm Conference, too.

17. This suggested that the western nations should follow a two-fold strategy:

- (1) some kind of secret contacts, part of whose purpose would be to explore suitable face-saving devices;
- (2) some kind of positive public Western posture, which would prevent public suspicions that we were simply crude spectators, who were awaiting the USSR's return to its senses and dialogue.

18. Such a positive posture did not need to be founded on specific proposals. What mattered was a stress on willingness to resume talks, and procedural moves to restart them; and that the West should not insist on the Russians paying a substantial price for resuming the dialogue.

19. John Houston then underlined some aspects of British policies for arms control, etc. Amongst the points he made were the following.

20. The position was indeed depressing. It was important that the deployment of Cruise was now taking place. Four years of Soviet pressure had not prevented it. There must be doubts both

PERSONAL AND CONFIDENTIAL

about the Soviet leaders and what they would now wish to do. It was quite possible that they might choose to wait for a while to make our flesh creep in the West, and build up new pressures. If that was a defensible assessment, we would need to be careful about how we responded. As far as public attitudes went, it appeared that opposition was for the moment diminishing, perhaps because people have a tendency to fall in with the status quo, which is now deployment. This pattern could, however, change if tension were to increase. All this calls for unity in the Alliance; and being wary of possible initiatives which might curry public favour, but raise false hopes on the Soviet side. We shared the German judgement that the Russians needed a way of saving face, and we needed to get back in conversation with them.

21. Teltschik then offered further observations about disarmament problems. The INF talks had ended because of Soviet insistence on including French and British weapons. Germany had agreed with us and the French in our refusal to see them brought in. But we (all of us - i.e. UK, France and Germany) should now consider how we would react to a proposal which embraced third country systems. For example a Soviet proposal of altogether broader scope than hitherto, involving all major weapons systems, and bringing into the discussion the Chinese as well as Britain and France. Such an initiative could well constitute a very embarrassing offer we could not refuse.

22. In sum, the UK and France needed to consider very soon if, when, where and how we should involve our weapons in such negotiation.

? | 23. John Houston recalled that "we've never said 'never'". We had open minds, and were always prepared to consider new proposals seriously.

24. Rossbach observed that the long time required for full deployment gave the USSR big opportunities for changing public attitudes. The pre-emptive initiative commended earlier needed to involve the whole Alliance and the US, with whom contacts would have to be as close as over the INF.

25. Viewed from a German perspective, the faltering consensus over defence matters which the SPD's state was aggravating called for "a political impulse in Europe, and more action and effort in the framework of political cooperation".

26. Jansen (Auswärtiges Amt) intervened to make two points. He had been much struck on the margins of the Athens Summit by peoples' fear of being dragged into US concerns when Europe could not even deal with its own.

27. He also recalled his Department's statement after the INF collapse, stressing the case for a broader approach to East-West problems. There was something to be said for paying more attention to the 2-pillar approach of the original Harmel report.

28. After some minor interventions from Neuer and Weisser, Ridley asked Teltschik if he could shed any further light on Mitterrand's objectives in proposing the working summit and joint paper on Common European Perspectives. At least three different, non-exclusive, private goals were conceivable, however the proposal might be presented and worded:

- closer agreement and cooperation on fairly specific defence matters;
- a more effective independent European voice in foreign affairs matters generally; which could mean an attempt to mobilise the largest EC members as an inner group. echoing ideas current a while back;
- a more effective decision-making framework in the EC, in view of the difficulty of making any progress at all at them, the threat of even greater centrifugal tendencies after enlargement, and the implications of such insights for the French Presidency. All of which might lead one back by a rather different route to the idea of an "inner-group" of dominant large countries.

29. Teltschik repeated that the French had only made a very vague proposal. It was quite certain that closer cooperation in security matters was one goal; and almost certain that greater cooperation over high technology industries was another. But the political aims Mitterrand had in mind were still quite obscure. The Germans would be both studying the proposal carefully and seeking to find out the answers to these questions directly after the weekend.

30. He went on to underline that Kohl and the German Government were interested in using any opportunity to develop the Community. They would look at any sensible ideas, if humanly possible in partnership with the UK. There was a deep desire in his country

to do so, and the pressures to do so were growing.

31. He then turned briefly to non-EC problems. George Schulz had just visited Bonn and discussed the Middle East and the Iran/Iraq war. It seemed likely that, if there was the obvious crisis there, culminating in the closure of the straits of Hormuz, we would all be likely to wait for the USA to intervene militarily. Schulz had made it clear that, if they had to do so, they would "expect the Europeans to respect their interests too", i.e. act conjointly or support.

British-German Consultation for Special Advisers

London 8/9 December 1983

Notes on First Session concerning role of political advisers
in Government.

1. Adam Ridley introduced the UK team and described the structure of government at the political centre.
2. Stephen Sherbourne described the organisation of government as seen from the Political Office at No 10.
3. Mr Horst Teltschik welcomed the opportunity to meet opposite numbers face to face. He also underlined the increasingly close links between European governmental machines.
4. Mr Teltschik described his own experience in local and central government as Head of Section 2 of Bundeskanzleramt, concerned with foreign affairs.
5. Mr Radunski - party manager of the CDU at headquarters. Was for some years deputy head of Konrad Adenauer Foundation. He stated that Dr Kohl was both head of government and leader of party - but the two posts do not have to be held by the same person.

6. Mr Ludewig - in department 4 of Bundeskanzleramt, dealing with questions of economic and financial policy. Formerly served in Department of Energy. Work includes relations with EEC on economic matters.

7. Mr Neuer - works in Teltschik's department, on relations with West European states - including political relations with EEC. Started in Foreign Service.

8. Mr Rossbach, also in section 2, working on North American Affairs, East West Relations, Disarmament. Also formerly in Foreign Service.

Mr Weisser - Naval Officer, reporting to Mr Teltschik on defence and security matters.

Mr Jansen - Personal Adviser to Mr Genscher, Foreign Minister. In the Ministerial office we have four secretaries, all career officials. In Mr Genscher's ten years in office there has only been one political adviser.

Mr Teltschik described Bundeskanzleramt. 400 people.

Six sections. The political leadership consists of:

1. Secretary of State responsible for administration.

Three MPs concerned i) with relating with parliamentary party; ii) with the Upper House; iii) with Berlin matters.

- Dept 1. Administration/Legal
2. Foreign Policy
 3. Internal and Social Policies
 4. Economic and Financial Policies
 5. Public Relations and Communications
 6. Security Departments

The officers of these six Departments were all political appointments and can be replaced on a change of Government.

Within the Bundeskanzleramt the rest of the staff are on attachment from government departments.

Work of the Bundeskanzleramt: prepares all issues for decision by the Bundeskanzler.

Members of the BKA are primarily concerned with political success of the government - not only party political success.

Mr Radunski - how the Party works:

Secretary General of the Party is also a Minister in Cabinet.

In the last ten years the CDU has become a highly organised members party.

The Party also has many more multilateral and bilateral contacts.

The Party is responsible for the electoral campaign.

The most important link government/party is the executive committee of 11, under chairmanship of the Federal Chancellor.

Policy planning. Research System. Departments, Party, Konrad Adenauer Foundation have to be coordinated. Also Government.

Mr Houston - In our system, the idea that foreign affairs are political is a new one.

Important to realise that all officials are expected to be concerned with the success of the Government.

Mr Teltschik - the Bundeskanzler must have around him team committed to the political success of the Government.

Mr Sherbourne described how officials were expected to be impartial. Referred to Sir John Hoskyns' thesis, that the Civil Service had impeded the progress of the Government since the last war.

Mr Ridley introduced another debate, particularly on foreign affairs, describing how Community matters had gone back to departments. No central entity yet.

Mr Teltschik said he was the first head of Foreign Policy Department who was not a career official. It is vital that members of the Bundeskanzleramt must be both loyal and creative.

Mr Ludewig pointed out that foreign affairs had been the controversial side of German post war affairs - whereas on home affairs there was a broad concensus.

Mr Teltschik pointed out that the Federal Chancellor spends very much time on foreign affairs and is not pinned down in the same way as the British Prime Minister at Question Time.

Mr Jensen asked what could be done to save the matters of key detail having to be dealt with by Heads of Government.

Mr Ridley emphasised the fact that in the British system the Head of Government has to deal with detail.

Mr Neuer pointed out how the European Council had degenerated - it was now almost a council of experts.

Mr Teltschik asked how the different organisations at the centre are weighted when it comes to preparing policies for EEC negotiation.

Mr Sherbourne - First Mr Coles, the Foreign Office
man at No 10. Then key officials.

Mr Ridley - The private secretaries probably carry
30 per cent of weight.

The cabinet office will concentrate on matters
of procedure.

The Policy Unit is growing gradually in status
and power.

Otherwise power tends to be concentrated in
Ministers.

J. K. OPM.
10 Dec 83.

PERSONAL AND CONFIDENTIAL

MR. COLES

By. Fulton.

You proposed to speak to

Mr. Ridley again. A.S.C. 9/12

cc: Mr. Turnbull

Mr. B. Fall, FCO

Mr. Coles A.S.C. 7/10

It is agreed with Mr. Ridley that there will be no session with Private Secretaries on this occasion and that I will attend the lunch.

Seminar of British and FRG Private Secretaries

FERR

7.12.

I have spoken to Adam Ridley and have agreed with him that Private Secretaries should have a session by themselves with the German team from 1215-1315 on Friday, 9 December and that the Special Advisers should then rejoin us for lunch and a general discussion.

John Kerr is not available at that time, so I have asked Andrew Turnbull to join us since the German team contains some economic specialists (see below). So our Private Secretaries will be Andrew Turnbull, Roger Bone, you and I. We should turn up at the Royal Horseguards Hotel at 1215 on Friday, 9 December and should be free by about 1430.

I gather that the German team will be Teltschik, Grimm (Teltschik's opposite number in the Chancellery) Jansen (Foreign Affairs Department) and two others to be nominated concerned with economics and finance. The Special Advisers' team will be Adam Ridley, John Houston (Foreign and Commonwealth Office), Robert Ramsay (Secretary (EDG), Stephen Sherbourne and Peter Cropper. The Special Advisers propose to have two sessions - one on economics and one on defence, security and Alliance matters. Mr. Ridley's plan is that each session will be supported by a brief opening statement on each side.

I suggest that our session should be concerned with matters of current interest and activity between our respective offices.

Adam Ridley is proposing to give a buffet supper at his house on Thursday, 8 December, to which the Private Secretaries attending on the next day will be invited. I have told Adam Ridley that, unfortunately, I cannot go to this.

FERR.B.

2 December, 1983

PERSONAL AND CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

29 November 1983

Mr. Butler.

You agreed to suggest to Adam Liddle that the lunch should be confined to private secretaries - you, me, Mr. Bone (F/CO) and Mr. Kew.

A.J.C. ³⁰/₁₁.

Dear John,

Possible Seminar of British and FRG Private Secretaries

I wrote to you on 7 November about the German plans as I understood them and now enclose a copy of a minute from John Houston which suggests that the whole affair has been moved across to the Special Adviser channel. Perhaps we could have a word when you get back?

Yours ever,

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

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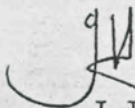
CONFIDENTIAL

From: J F Houston
Date: 23 November 1983
cc: Private Secretary
Mr Bone
Mr Hannay
Mr Fairweather

Secretary of State

VISIT BY CDU POLITICAL ADVISERS

1. Adam Ridley is, as a result of long-standing CDU and Adenauer Stiftung connections, organizing an informal get-together between senior Special Advisers from Bonn and some Special Advisers in Whitehall. This is proposed for 9 December in the Horseguards Hotel. The visitors include Herr Teltschik, the senior member of Chancellor Kohl's office, and four/five others from Foreign Affairs and Finance.
2. Mr Ridley proposes that our side should, in addition to himself, consist of Stephen Sherbourne, John Redwood or Ferdinand Mount, Robert Ramsay and myself. Additionally John Coles and Robin Butler might join the party for lunch if they were available.
3. If you agree, I propose to accept the invitation.


J F Houston

CONFIDENTIAL



RECORD OF A DISCUSSION BETWEEN THE CHANCELLOR AND THE
FEDERAL GERMAN FINANCE MINISTER IN BONN
AT 7.00 P.M. ON 8 NOVEMBER 1983

Present:-	Chancellor Mr Unwin Miss Pestell Mr Kerr	Herr Stoltenberg Dr Pieske Dr Heck
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A.J.C. 11/11
n-a -

International Issues

a. Brazil

Herr Stoltenberg said that the Germans were still being pressed by the Americans to help bridge the "financing gap". There was however no question of a move from the position which he had reported in Washington in September. The FRG would not, and indeed could not, commit itself to a specific quantum of new commercial credit, but was prepared to allow some very limited and very short term cover to continue, and to take part in a Paris Club rescheduling, which should take place quickly.

2. The Chancellor said that the British banks were signing up for a contribution of nearly \$1 billion for the new commercial loan. HMG would be contributing a very substantial figure on top of that because, like the Germans, we were prepared to agree to a rescheduling of official debt. There was no case for an additional contribution from HMG in the form of new commercial credit: if the "financing gap" proved real, the US would ensure that it was filled. Herr Stoltenberg agreed.



b. IMF Quota Increase

3. Herr Stoltenberg said that he was concerned that the IMF Bill had still not gone through the US Congress. Mr Unwin reported that the US Treasury seemed fairly optimistic that it would go through before 17 November. The Chancellor thought it crucial that it should do so, and Herr Stoltenberg agreed.

c. International Debt

4. The Chancellor said that a number of grandiose overall solutions to the problem of mounting international debt were on offer. None however seemed feasible or attractive. It would be important to go on handling the issues case by case. They would become less critical if dollar interest rates fell, reducing debt service burdens, and if the recovery in the industrialised world gained strength, creating new export opportunities for debtor developing countries. Herr Stoltenberg agreed that this was the real issue. He was however pessimistic about the likely future course of US interest rates. There seemed no hope of any action to reduce the US deficit before the Presidential election.

d. International Monetary Reform

5. Herr Stoltenberg said that the Germans had now submitted an answer to the questionnaire circulated by Dini to G10 Deputies. Like the UK, the FRG wished to discourage a sweeping G10 exercise, and to try to channel the work into studies of a limited number of practical issues. The various grander ideas, raised in the past by the Americans and the French, lacked substance; even US and French officials were not clear about their import.

FRG and UK Economies

6. Herr Stoltenberg said that the prospects for the FRG economy were improving. New industrial orders in September were up by some 8 per cent on an annual basis. Exports too were up, also by about 8 per cent. Real output growth of some 2½ to 3 per cent was expected for 1984, after about 1 per cent in 1983. (The official forecasts for 1984 were for 2½ per cent, but Herr Stoltenberg thought that 3 per cent would probably be achieved.) The Chancellor said that the UK too expected growth of 2½ to 3 per cent next year, as in this



year. And employment had started to rise, for the first time since 1979, while unemployment was showing signs of having peaked. Both economies could benefit from lower interest rates, and it would be easier for both to de-couple their domestic interest rates from US rates if both did so in parallel. Herr Stoltenberg said that German interest rates had dropped satisfactorily until May, when the rate on Government bonds was down to 7.4 per cent. It had since gone up to 8.4 per cent, but was now back at 8 per cent. Real interest rates were already $3\frac{1}{2}$ per cent below US levels, and, while it would be good if the gap could be further widened, it was not certain that this would be possible. The Federal deficit in 1984 would be some 2 per cent of GNP: the overall Government deficit a little over 4 per cent. This was much too high, by the strict standards formerly applied in Germany. But the deficit would have risen to at least 6 per cent if the policies of the previous Government had been followed. Further downward pressure would be required, though it would take some 3 years to get back to a satisfactory position.

EMS

7. In response to a question from Herr Stoltenberg, the Chancellor confirmed that there was no change in the UK attitude to membership of the exchange rate mechanism of the EMS. The position was regularly reviewed in London, but the problem of sterling's petrocurrency status remained. Herr Stoltenberg said that the FRG would in principle welcome the adherence to the exchange rate mechanism of another strong currency, and another country following prudent fiscal and monetary policies. Whether the EMS would survive would depend on whether the French were to maintain, and succeed with, their anti-inflationary strategy. The crisis at the time of the March re-alignment had taken the EMS to the brink. Its long-term future was a subject of very serious internal debate in Bonn. It was difficult satisfactorily to control domestic monetary supply while so much short term money swilled about in the system. The FRG would make all reasonable efforts to keep the EMS going, but the French were very demanding. The Commission's ideas on expanding the role of the EMS attracted little support in Bonn.

8. The Chancellor said that the real value of the EMS in current circumstances was the discipline which it imposed on French economic policy. Delors was undoubtedly helped, in his internal debates in Paris, by the existence of the system. It also put a brake on French protectionism. The discipline which the system imposed was not, in present circumstances, needed in London; and the UK had historically been much less protectionist than France. It



followed that the benefits for Europe which would accrue from UK membership of the ERM were much less than those accruing from continued French membership. But the question was in any case rather academic, for the UK Parliament and public opinion would simply not understand or accept UK accession to the ERM unless and until the problem of our excessive contribution to the European Budget was solved.

9. Mr Unwin suggested that the Commission and the Greeks should be discouraged from suggesting that the Athens European Council should contemplate a great leap forward to the EMS, and a wider role for the ecu. These ideas were premature. Herr Stoltenberg and the Chancellor agreed.

J O KERR

11 November 1983

Distribution

PS/Chief Secretary
 PS/Economic Secretary
 Mr Middleton
 Sir T Burns
 Mr Littler
 Mr Unwin
 Mr Lavelle
 Mr Mountfield
 Mr Bottrill
 Mrs Case
 Mr Peretz
 Mr Ridley

Mr Coles - No.10

Mr Fall - FCO

PS/Governor - Bank of England

Sir J Taylor - Bonn

Miss Pestell - Bonn

Mr Wicks - Washington

Mr Butt - UKREP EC

FROM: S W F MARTIN
Protocol Department
DATE: 10 November 1983

Mr Young (WED)

c.c. PS
PS/PUS
Sir J Bullard
Marshal of the Diplomatic
Corps
✓ Mr ~~Coles~~ (10 Downing Street)

A.S.C. $\frac{14}{u}$

n.a.

My minute of 3 November: CHANGE OF FEDERAL GERMAN AMBASSADOR

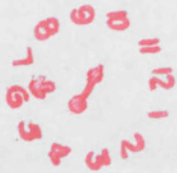
1. The Germans have thought again about the handover arrangements and the result is that Ambassador Ruhfus, having had his farewell audience of The Queen at 12.20 pm on Tuesday 20 December, will probably leave that evening for Bonn. (As you probably know, his next appointment is as the 'DUS' in the Foreign Ministry dealing with the Third World.)

2. The plan is then for Ambassador von Wechmar to arrive in London from Rome on Wednesday 21 December, merely in order to lodge the working copies of his credentials and so establish his precedence. He would leave again within a day or two and return early in the New Year to pay his initial courtesy calls and begin business as Ambassador. His presentation of credentials to The Queen would still be in February.

S W F Martin

S W F Martin

Germany: Anglo/German Relations
Pt 2



14 NOV 1983



10 DOWNING STREET

From the Principal Private Secretary

9 November 1983

Possible Seminar of British and FRG Private Secretaries

Thank you for your letter of 7 November about a possible initiative by the Konrad Adenauer Foundation. This letter is to let you know that this matter was not raised with me either by the Foundation or by Herr Teltschik during our visit to Bonn.

I was somewhat surprised that Herr Teltschik did not mention it since I sat next to him at dinner and he did revive the idea that I should pay a visit to the Chancellery.

If we receive an approach from the Adenauer Foundation we will of course look at it. But I have to say that John Coles and I are a little sceptical whether either of us would be able to take two days away from the office for this purpose.

F. E. R. BUTLER

Brian Fall Esq
Foreign and Commonwealth Office,

PERSONAL AND CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

7 November 1983

Dear Sir,

Possible Seminar of British and FRG Private Secretaries

You should be aware before the Anglo-German Summit of a possible initiative by the Konrad Adenauer Foundation.

Teltschik, Chancellor Kohl's diplomatic adviser, told Christopher Mallaby in Bonn last month that he had recently participated in a seminar in which Private Secretaries of the French President, Prime Minister, Foreign Minister and Finance Minister and some German opposite numbers, spent two days getting to know each other, exchanging information about their working methods and roles and holding brainstorming discussions about certain current matters. This had apparently been very informative and of course had created far closer relationships among the participants. Teltschik said that he thought the Konrad Adenauer Foundation was about to propose something similar between the Germans and the British, and that the Foundation's London office would probably be writing to Robin Butler.

Of course, the German and British Private Office systems are very different. A German Private Secretary may well be an official of Assistant Secretary or Principal rank, but unlike his British counterpart he would not normally keep his job following a change of Minister. To that extent, the German Private Secretary is more 'political' than his British counterpart. In addition, most Ministers in the FRG have larger Private Offices than their British counterparts with specifically 'political' officials drafted in, usually on a temporary basis. They keep an eye on relations with the Party and coalition problems. Kohl's office contains a mixture of officials similar to those at No 10 and in the Cabinet Office together with political chums such as Teltschik.

The interests and outlook of Private Secretaries on the German side would not therefore coincide entirely with those in London. But although a UK/FRG seminar might not be quite as straightforward as a France/FRG seminar, I see no reason

/to adopt



to adopt a negative attitude towards this proposal if it materialises: rather the contrary. Benefits would almost certainly flow both from the process of mutual education and also from the closer relationships which would be built up. I should, however, like to make two further points at this stage. First, you and Robin Butler may wish to discuss the idea with David Goodall, whose responsibilities are rather similar to Teltschik's. And there would be obvious advantage from the FCO's point of view if I could be included. We do not know whether the Konrad Adenauer Foundation, with its close links to the CDU, will propose the participation of the Private Secretary to Genscher, who is of course FDP. But the fact that the Private Secretary to Cheysson participated in the France/FRG seminar would seem to point in the right direction.

I do not think we need take up a firm position now. The purpose of this letter is to suggest that you give the idea a fair wind if it is raised in the margins of the Summit. You may wish to have a word in Bonn with Christopher Mallaby, who himself strongly supports the idea of a seminar.

Gansler
J.

(B J P Fall)
Private Secretary

A J Coles Esq
10 Downing Street

020

4.
u

FROM: S W F MARTIN
Protocol Department
DATE: 3 November 1983

Mr Young (WED)

c.c. PS
PS/PUS
Sir J Bullard
Marshal of the Diplomatic
Corps (St James's Palace)
Mr Coles (10 Downing Street)

CHANGE OF FEDERAL GERMAN AMBASSADOR

1. Following a conversation I had at a reception yesterday with Ambassador Ruhfus, his Minister (Herr von Alten) telephoned me to discuss the arrangements for the changover between him and Ambassador von Wechmar (the request for agrément for whom your department is now processing).
2. Herr von Alten said that for a reason he thought connected with accounting, the German Foreign Ministry wanted Ambassador ^{von}Wechmar to take up duty in London on or around 19 December, although Ambassador Ruhfus would probably not leave the country until the end of the year. He was relieved when I told him that under the Vienna Convention procedure as we operated it, it would be possible to achieve this. For example, Ambassador Ruhfus could tell us formally that he would terminate his mission on 18 December and nominate Herr von Alten as Chargé d'Affaires. Ambassador von Wechmar could then arrive on 19 December and, provided he was able to hand the working copies of his credentials to me on his arrival, he would assume functions fully and immediately. He might then pay one or two calls at the FCO before returning to Germany for Christmas and the New Year. He could complete his calls in January and present his credentials to The Queen in February, after Her Majesty's return from Sandringham.
3. As regards Ambassador Ruhfus, he is planning to be on holiday from 10 November until the end of the month, returning in time for The Queen's Evening Reception for the Diplomatic Corps on 1 December. I explained that the Ministerial lunch which would be offered constituted the formal farewell of the British Government and no separate farewell calls were necessary from a protocol point of view. If, however, in the light of the range of his own contacts, the Ambassador wished to pay such calls (either on individuals in the FCO or other Ministries - the Treasury and MOD were mentioned), it would be for the Embassy to arrange these direct. Herr von Alten asked about a call on the Prime Minister; I said this was not customary but I suspect the Embassy may be contacting Mr Butler or Mr Coles (10 Downing Street) to enquire.

4. Incidentally, Ambassador von Wechmar will be visiting London privately in mid-November, mainly to look at the residence. I said I would be very happy to brief him informally on the arrangements for his reception in December.

Sw Martin

S W F Martin

Germany

B1 & c/c
cc/gdm GStes
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AK 5/9

REPORT

FROM THE FEDERAL REPUBLIC OF GERMANY

August 30, 1983.

CHANCELLOR WELCOMES BRITISH POLL RESULT

The Federal Republic of Germany "holds an overwhelming lead in British public opinion as Britain's best friend in Europe," the Sunday Telegraph said in its issue of August 28.

It published the findings of a nationwide Gallup poll that 27 per cent of those asked the question "Which country is Britain's best friend on the Continent of Europe?" named the Federal Republic of Germany.

No other country reached double figures. When second choices were added to the replies, the Federal Republic of Germany was still clearly in the lead with 40 per cent. The poll was commissioned by the Sunday Telegraph.

In Bonn, Government spokesman Peter Boenisch issued the following statement on August 29:

"The Federal Chancellor has noted with happiness and satisfaction the findings of two opinion polls published in Great Britain and France." (In France, the Federal Republic of Germany is regarded as the best friend by 48 per cent of people polled).

"Since 1945 a consistent European policy of creating understanding and peace has contributed to this gratifying outcome. It is not just a matter of close political relations between governments; of particular importance are the relations between nations, the citizens of the various countries. They are proof of the successful reconciliation between former enemies in Europe.

"We have to agree with the British newspaper which published the findings on Sunday when it commented:

"'No international development since the war creates greater grounds for comfort and inspiration than these European reconciliations which go much deeper than mere alliances based on ephemeral diplomatic convenience. The peoples of Western Europe have grown together and this process, which would have been regarded as miraculous a generation ago, may yet spread to Eastern Europe in God's good time, in spite of such a development seeming at present wholly beyond the bounds of practical politics.'"

Copies of the Gallup poll report may be obtained free of charge from the Press Department, Embassy of the Federal Republic of Germany, 23 Belgrave Square, London SW1 (Tel: 01-235 5033).



10 DOWNING STREET

From the Private Secretary

26 July 1983

European Community

I enclose a copy of a message, together with a translation, from Chancellor Kohl which is apparently in response both to the Prime Minister's letter of congratulations at the end of the German Presidency and her further letter about the outcome of the European Council in Stuttgart.

I am copying this letter and enclosure to John Kerr (HM Treasury), Robert Lawson (MAFF), and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

From the Private Secretary

26 July 1983

The Prime Minister has asked me to thank you for your letter of 26 July enclosing a message from the Chancellor of the Federal Republic of Germany.

A. J. COLES

His Excellency Dr. Jürgen Ruhfus, K.B.E.

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

Handwritten mark

London, 26 July 1983

Prime Minister

Handwritten initials 26.
7

Dear Prime Minister

I have been instructed to convey to you a message from Dr. Helmut Kohl, Chancellor of the Federal Republic of Germany, in reply to two messages you had sent him after the European Council meeting in Stuttgart.

I enclose the text of the message and a translation. The original of Chancellor Kohl's letter is to follow in a few days.

*I am, dear Prime Minister,
Yours sincerely
Jürgen Rumpf*
Jürgen Rumpf

The Rt.Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury
L o n d o n

REFLEX SPECIAL REFLEX SPECIAL

PRIME MINISTER'S
Translation

SUBJECT T 108A/83

PERSONAL MESSAGE

Bonn, 21 July 1983

SERIAL No. T 108A/83

Dear Prime Minister,

*Germany -
Anglo-German
Relations, p 2*

thank you for the kind words of appreciation and the personal congratulations you conveyed to me on the completion of the German presidency and the outcome of the European Council in Stuttgart. The fact that we achieved positive results at a difficult juncture is attributable to the readiness of all member states to reach compromises and reconcile their national interests with the interests of the Community.

I share your view that we must now concentrate our efforts on implementing the Stuttgart mandate in the time remaining until the European Council in Athens. In this respect it is important, I feel, that all member states maintain the readiness for compromise that they showed in Stuttgart so as to work out the requisite solutions and thus lay a sound foundation for the Community's long-term development.

It will be of particular importance to limit agricultural expenditure more effectively by means of specific substantive adjustments to the Common Agricultural Policy. Furthermore, we shall have to examine whether these adjustments need to be supplemented by general financial rules. In keeping with the mandate of the European Council we must ensure that these issues are given equal weight and dealt with in parallel to the other subjects named in the Stuttgart declaration so that the overall context is maintained.

I, too, consider it useful and suitable if officials from our countries discuss these questions. I therefore welcome the fact that such a meeting is already scheduled to be held in Bonn on 21 July 1983.

*Euro Pol,
Budget, Pt 21*

As far as your message of 8 July 1983 regarding budgetary compensation for 1983 is concerned, I hold the view that the agreements reached in Stuttgart and the verbal declarations made by several delegations in this context speak for themselves. I have spelt out my own views on the individual points, with which you are familiar, in - inter alia - my report on the European Council in Stuttgart, which I presented to the European Parliament in Strasbourg on 30 June.

Yours sincerely,
(sgd.) Helmut Kohl

Bonn, 21. Juli 1983

Dear Prime Minister,

für Ihre freundlichen Worte der Anerkennung und Ihre persönlichen Glückwünsche, die Sie mir zum Abschluss der deutschen Präsidentschaft und zum Ausgang des Europäischen Rates in Stuttgart übermittelt haben, danke ich Ihnen. Wenn wir in einer schwierigen Zeit zu positiven Ergebnissen gekommen sind, so verdanken wir dies der Bereitschaft aller Mitgliedstaaten, Kompromisse einzugehen und dabei nationale Interessen mit dem Gemeinschaftsinteresse in Einklang zu bringen.

Es ist auch meine Auffassung, dass wir jetzt alle Anstrengungen darauf konzentrieren müssen, den Auftrag von Stuttgart bis zum Europäischen Rat in Athen zu erfüllen. Hierfür scheint es mir wichtig, dass alle Mitgliedstaaten ihre in Stuttgart gezeigte Kompromissbereitschaft aufrecht erhalten, um die erforderlichen Lösungen zu erarbeiten, damit eine solche Grundlage für die langfristige Entwicklung der Gemeinschaft geschaffen wird.

Besonders wichtig wird es sein, zu einer besseren Begrenzung der Agrarausgaben durch materielle und konkrete Anpassung der Gemeinsamen Agrarpolitik zu kommen. Darüber hinaus wird zu prüfen sein, ob diese durch allgemeine finanzielle Regeln zu ergänzen sind. Entsprechend dem Auftrag des Europäischen Rates werden wir darauf zu achten haben, dass über diese Fragen gleichgewichtig und parallel mit den anderen Themen, die in der Erklärung von Stuttgart genannt sind, verhandelt wird und der Gesamtzusammenhang gewahrt bleibt.

Auch ich halte es für nützlich und sinnvoll, wenn Beamte unserer Länder diese Fragen erörtern. Ich begrüße es daher, dass bereits am 21.07.1983 ein solches Treffen in Bonn vorgesehen ist.

Was Ihre Botschaft vom 8.Juli 1983 zum Haushaltsausgleich für 1983 angeht, so bin ich der Meinung, dass die in Stuttgart getroffenen Vereinbarungen und die von einigen Delegationen mündlich dazu abgegebenen Erklärungen für sich selbst sprechen. Meine eigene, Ihnen bekannte Auffassung zu den einzelnen Punkten habe ich unter anderem in meinem Bericht über den Europäischen Rat in Stuttgart dargelegt, den ich am 30.Juni vor dem Europäischen Parlament in Strassburg abgegeben habe.

Mit freundlichen Grüßen

Ihr

gez. Helmut Kohl

MASTER

cc ~~SECRET~~ OPS

TOP COPY

Germany: Relations: Pg 2.

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**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 98 B/83**

GERMAN PRESIDENCY

1. FOLLOWING IS THE TEXT OF A MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR KOHL. PLEASE ARRANGE DELIVERY. THERE IS NO SIGNED ORIGINAL.

BEGINS

DEAR CHANCELLOR KOHL,

AS THE GERMAN PRESIDENCY OF THE COMMUNITY DRAWS TO A CLOSE, I WOULD LIKE TO OFFER MY PERSONAL CONGRATULATIONS ON A HIGHLY SUCCESSFUL SIX MONTHS. AS I SAID IN AN EARLIER MESSAGE, NOT ONLY WAS STUTTGART A WELL-DESERVED TRIUMPH FOR YOU PERSONALLY AS CHAIRMAN IN REACHING A HARMONIOUS OUTCOME AGAINST WHAT LOOKED AT TIMES LIKE PRETTY HEAVY ODDS, BUT IT ALSO TOOK A MAJOR STEP IN THE EVOLUTION OF THE COMMUNITY BY LAUNCHING, ON AN AGREED BASIS, THE MAJOR NEGOTIATIONS ON THE REFORM OF THE COMMUNITY'S FINANCES.

IT WILL CLEARLY BE IN THE INTERESTS OF THE COMMUNITY THAT THESE NEGOTIATIONS SHOULD BE BROUGHT TO A SUCCESSFUL CONCLUSION BY DECEMBER. THERE WILL BE MUCH WORK TO DO OVER THE NEXT SIX MONTHS AND I BELIEVE THAT THE VIEWS OF OUR TWO COUNTRIES ON THE LONGER TERM DEVELOPMENT OF THE COMMUNITY HAVE COME CLOSER TOGETHER. I HAVE GREATLY VALUED THE BILATERAL DISCUSSIONS WHICH WE HAVE HAD ON THESE MATTERS AND I VERY MUCH HOPE THAT WE CAN CONTINUE TO COOPERATE CLOSELY. AS I SEE IT, THERE ARE TWO PARTICULARLY URGENT TASKS. THE FIRST IS TO INTRODUCE BETTER CONTROL OF CAP AND OTHER EXPENDITURE, INCLUDING IN PARTICULAR THE SETTING OF STRICT FINANCIAL GUIDELINES. THE SECOND TASK IS TO

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ESTABLISH SOME KIND OF SAFETY NET, WHICH WOULD PREVENT ANY MEMBER STATE FROM BEING PLACED IN AN UNACCEPTABLE SITUATION, AND WOULD THUS SOLVE THE PROBLEM OF BUDGETARY INEQUITIES WHICH HAS SO BEDEVILLED THE COMMUNITY IN RECENT YEARS. I HAVE INSTRUCTED MY OFFICIALS TO COOPERATE VERY CLOSELY WITH YOURS ON THESE MATTERS. I KNOW THAT WE HAVE A SIMILAR APPROACH AND HOPE THAT WE CAN ESTABLISH TOGETHER AS MUCH COMMON GROUND AS POSSIBLE IN OUR HANDLING OF THESE PROBLEMS.

MY BEST WISHES FOR YOUR IMPORTANT VISIT TO MOSCOW NEXT WEEK. I SHALL BE VERY INTERESTED TO HEAR YOUR IMPRESSIONS.

YOURS SINCERELY
MARGARET THATCHER
ENDS

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10 DOWNING STREET

From the Private Secretary

1 July, 1983

Dear Sir,

German Presidency of the EC

Thank you for your letter of 29 June recommending that the Prime Minister should send a message to Chancellor Kohl, commenting on the German presidency.

The Prime Minister agrees with this recommendation and has approved the enclosed text. I should be grateful if you would arrange for its delivery.

I am copying this letter and enclosure to John Kerr (H.M. Treasury), Robert Lawson (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

Yours ever

John Lawson

R. B. Bone, Esq.,
Foreign and Commonwealth Office

[Signature] 574

MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR KOHL

Dear Chancellor Kohl,

As the German Presidency of the Community draws to a close, I would like to offer my personal congratulations on a highly successful six months. As I said in an earlier message, not only was Stuttgart a well-deserved triumph for you personally as Chairman in reaching a harmonious outcome against what looked at times like pretty heavy odds, but it also took a major step in the evolution of the Community by launching, on an agreed basis, the major negotiations on the reform of the Community's finances.

It will clearly be in the interests of the Community that these negotiations should be brought to a successful conclusion by December. There will be much work to do over the next six months and I believe that the views of our two countries on the longer term development of the Community have come closer together. I have greatly valued the bilateral discussions which we have had on these matters and I very much hope that we can continue to cooperate closely. As I see it, there are two particularly urgent tasks. The first is to introduce better control of CAP and other expenditure, including in particular the setting of strict financial guidelines. The second task is to establish some kind of safety net, which would prevent any Member State from being placed in an unacceptable situation, and would thus solve the problem of budgetary inequities which has so bedevilled the Community in recent years. I have instructed my officials to cooperate very closely with yours on these ^{matters} ~~problems~~. I know that we have a similar approach and hope that we can establish together

/as

as much common ground as possible in our handling of these problems.

My best wishes for your important visit to Moscow next week. I shall be very interested to hear your impressions.

Yours sincerely,

MARGARET THATCHER



Foreign and Commonwealth Office

London SW1A 2AH

29 June 1983

Prime Minister

I think it would be worth sending
this message to Herr Kohl. If
you agree we will telegraph it.

John Kerr

German Presidency of the EC

Yes Mr Agree
A.J.C. 29/6

The German Presidency of the Community comes to its end on Thursday 30 June. It has been a relatively successful six months, principally because of the outcome of the Stuttgart European Council. Chancellor Kohl in particular has been very helpful to us. The Foreign and Commonwealth Secretary hopes therefore that the Prime Minister will agree to send a message on the lines of the enclosed draft to Chancellor Kohl. This would have the aim not just of congratulating Kohl, but also of calling for very close Anglo-German cooperation during the next six months of negotiation about the future financing of the Community. We have important interests in common with the Germans both on budget reform and agriculture, but German cooperation is by no means assured. We have been told by a senior official in Chancellor Kohl's own office that the German Foreign and Agriculture Ministries have serious reservations about our calls for a financial limit on agricultural spending and for a safety net to prevent unacceptable budgetary situations. This is why it is important that Herr Kohl personally understands our views, if they are to be properly taken into account in Bonn.

I am copying this letter to John Kerr (Treasury), Robert Lawson (MAFF) and Richard Hatfield (Cabinet Office).

(R B Bone)
Private Secretary

A J Coles Esq
Number 10 Downing Street

~~DRAFT~~ MESSAGE FROM THE PRIME MINISTER
TO CHANCELLOR KOHL

Dear Chancellor Kohl,

As the German Presidency of the Community draws to a close, I would like to offer my personal congratulations on a highly successful six months. As I said in an earlier message, not only was Stuttgart a well-deserved triumph for you personally as Chairman in reaching a harmonious outcome against what looked at times like pretty heavy odds, but it also took a major step in the evolution of the Community by launching, on an agreed basis, the major negotiations on the reform of the Community's finances.

It will clearly be in the interests of the Community ~~as a whole as well as of our two countries~~ that these negotiations should be brought to a successful conclusion by December. There will be much work to do over the next six months. I have greatly valued the bilateral discussions which we have had on these matters and I very much hope that we can continue to cooperate closely. As I see it, there are two particularly urgent tasks. The first is to introduce better control of CAP and other expenditure, including in particular the setting of a strict financial guidelines ~~for agricultural expenditure~~. The second task is to establish some kind of safety net, which would prevent any Member State from being placed in an unacceptable situation, and would thus solve the problem of

/budgetary

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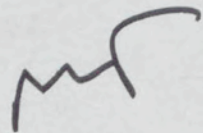
and I believe that the views of our two countries on the longer-term development of the Community have come closer together.

budgetary ^{inequities} ~~imbalances~~ which has so bedevilled the Community in recent years. I have instructed my officials to cooperate very closely with yours on those problems. I know that we have a similar approach and hope that we can establish together as much common ground as possible in our handling of these problems.

My best wishes for your important visit to Moscow next week. I shall be very interested to hear your impressions.

Yours sincerely

Raymond Hall



CONFIDENTIAL

cc MASTER

DSG



10 DOWNING STREET

10 June 1983

From the Private Secretary

CHANCELLOR KOHL

The Chancellor of the Federal Republic of Germany telephoned the Prime Minister this afternoon to congratulate her on the outcome of the General Election. Herr Kohl said that the result conformed exactly with his prediction, though that had not been very difficult to make. The result was largely the personal achievement of the Prime Minister and a consequence of the courage she had shown in pursuing clear policies. He sent his warmest and heartfelt congratulations to all concerned.

The Prime Minister said that she was very pleased with the result. She agreed that it confirmed the policies which the Government had been pursuing. She believed that it augured well for the future strength for the Western alliance and for Europe. She was most grateful to the Chancellor for telephoning.

The Prime Minister has also received a written message from the Chancellor, a copy of which I enclose - she will be replying to this shortly.

AJC

Roger B. Bone, Esq.,
Foreign and Commonwealth Office.

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IMMEDIATE

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TO IMMEDIATE BONN [sic]

TELEGRAM NUMBER 62 OF 5 MAY

INFO IMMEDIATE F C O, PRIORITY PARIS, WASHINGTON

INFO SAVING MOSCOW, EAST BERLIN

Lennox

MIPT: MAY VISIT TO HESS

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1. WOLF-RUEDIGER'S ROUTINE REQUEST TO VISIT HESS LATER THIS MONTH WAS VETOED BY THE SOVIET GOVERNOR TODAY ON THE GROUNDS THAT WOLF-RUEDIGER HAD BROKEN THE PROMISE HE MADE ON EACH VISIT TO THE PRISON NOT TO DIVULGE THE CONTENT AND CIRCUMSTANCES OF THE VISIT TO THE MEDIA. SAVIN CLAIMED THAT WOLF-RUEDIGER CONSTANTLY DIVULGED SUCH INFORMATION AND IT WAS TIME HE WAS TAUGHT A LESSON. THE WESTERN GOVERNORS EXPRESSED CONCERN BUT, GIVEN THE REQUIREMENT FOR UNANIMITY, HAD NO OPTION BUT TO ACCEPT THE SOVIET VETO. (OUR IMPRESSION WAS THAT SAVIN REJECTED THE APPLICATION ON HIS OWN AUTHORITY.)

2. THE AGREED SPANDAU PROCEDURE PROVIDES THAT THE CHAIRMAN (UK) GOVERNOR SHOULD NOW WRITE TO WOLF-RUEDIGER STATING THAT THE GOVERNORS ARE UNABLE TO ACCEDE TO HIS REQUEST FOR A VISIT IN MAY BUT SUGGESTING THAT HE MAKE A FURTHER APPLICATION FOR A JUNE VISIT. (THE PRISON SECRETARIAT, HOWEVER, WILL INFORM WOLF-RUEDIGER BY TELEPHONE THAT ANY OTHER ELIGIBLE FAMILY MEMBER MAY STILL APPLY TO MAKE THIS MONTH'S VISIT.)

~~WE SEE NO WAY ROUND THE SOVIET VETO. THE MATTER COULD BE RAISED~~

3. WE SEE NO WAY ROUND THE SOVIET VETO. THE MATTER COULD BE RAISED AGAIN AT THE NEXT GOVERNORS' MEETING BUT IT SEEMS UNLIKELY THAT SAVIN WOULD CHANGE HIS MIND OR, INDEED, THAT WE COULD COUNT ON AMERICAN AND FRENCH SUPPORT TO PERSUADE HIM TO DO SO.

4. OUR GOVERNOR PROPOSES TO WRITE TO WOLF-RUEDIGER ON 6 MAY. THE REJECTION OF HIS APPLICATION WILL THEREFORE PROBABLY NOT BECOME PUBLIC UNTIL NEXT WEEK. IN RESPONSE TO ANY PRESS ENQUIRIES WE WOULD PROPOSE TO SAY THAT A LETTER HAS BEEN SENT TO WOLF-RUEDIGER INFORMING HIM THAT THE GOVERNORS CANNOT ACCEDE TO HIS REQUEST THIS MONTH. IF PRESSED WE WOULD SAY THAT WE CANNOT COMMENT ON QUADRIPARTITE DECISIONS. BUT WE WOULD NOT DISABUSE ENQUIRIES OF ANY SUGGESTION THAT THE REJECTION OF THE REQUEST HAD IN FACT RESULTED FROM A SOVIET VETO.

FCO PSE PASS SAVING TO MOSCOW.

MOSTYN

NNNN

SENT AT 051716 Z L C D

IMMEDIATE



A-J.C. 26/4

h.a.

RECORD OF A DISCUSSION BETWEEN THE CHANCELLOR AND THE
FEDERAL GERMAN FINANCE AND ECONOMY MINISTERS AT NO.11

AT 11.15 A.M. ON 22 APRIL 1983

Those present: Chancellor of the Exchequer
Mr Unwin
Mr Kerr

Dr Gerhard Stoltenberg
Dr Otto Lambsdorff
Dr Muller-Thuns
Herr Schmitt
Dr Kudlich
Dr Bunger
Herr Alwes

FREE MARKET

The Chancellor raised the issue of the insurance services directive, and Count Lambsdorff confirmed that the Germans hoped to secure an agreement before the end of their presidency. More generally, they favoured the removal of restrictions on services. The GATT study would be important. The Chancellor thought that air travel would be an appropriate area in which to see a free market. There was no reason why the costs of air travel within the Community should be so very much higher than those of air travel within the United States; and to reduce them would be good for the Community. Count Lambsdorff agreed, and noted that the anti-trust cases starting in the United States might force some reductions.

Export Credit Consensus

2. The Chancellor expressed appreciation of Dr Stoltenberg's skillful handling of the 21 April ECOFIN discussion on the Consensus: he had given the Commission a basis for further negotiation, but it had entailed papering over some major disagreements. It would be necessary now, perhaps using US leverage, to bring the French further into line. Count Lambsdorff rejected the US call for increases in rates. Germany would settle for small decreases, in order to accommodate the French. Dr Muller-Thuns thought that the French would in the end settle for decreases ranging from $\frac{1}{4}$ -1 per cent.



3. It was noted that the existing Consensus would expire on 1 May. The clock could be stopped, but only briefly. So a very rapid agreement was necessary, if the issue were not to fetch up on the Williamsburg agenda, which would be unfortunate.

Protectionism

4. Count Lambsdorff said that he saw advantage in using the US-arranged meeting of Finance and Trade Ministers in Paris on 10/11 May to press the Administration to drop the proposed Export Administration Act, now before Congress, which amounted to a quite unacceptable threat to non-American exporters.

UNCTAD

5. Count Lambsdorff forecast political problems at UNCTAD. The Community's opening position would be very unwelcome to the Group of 77, and the EC Monetary Committee had, rightly, rejected all the UNCTAD Secretariat's proposals. It might in fact prove necessary to make some concessions, and the Williamsburg summit would be the right place to decide their nature. The Leeds Castle Conference on 30 April/1 May might produce some indications.

Rescheduling

6. Finally, Count Lambsdorff thought it essential to tackle the Americans again over the absurdity of their position on Polish rescheduling. Their refusal to permit any discussion of rescheduling was costly to Western Governments, and a boon for the Polish Government, who enjoyed a de facto moratorium on servicing and repaying their official debt. The Chancellor thought that this issue should come up in the G5/G7 discussions in Washington on 29/30 May.

Distribution

FST
EST
Mr Middleton
Mr Burns
Mr Littler
Mr Unwin
Mr Carey
Mrs Hedley-Miller
Mr Lovell
Mr Hawtin
Mr Hall

Mr Coles - No.10
PS/Secretary of State for Foreign
and Commonwealth Affairs
PS/Secretary of State for Trade
PS/Mr Rees, Department of Trade
Sir J Taylor - Bonn

JOK
J O KERR
26 April 1983

PRIME MINISTER

M 21/4

The Leaflets to be Issued in Germany

This is a MOD exercise. For some time they have been planning to issue leaflets to British military families in Germany about evacuation in emergency situations. At FCO insistence, this was put off until at least after the German elections.

Mr. Heseltine is to look at the whole matter again on Monday and has been briefed about Chancellor Kohl's concerns.

*You may care
to tell the
Chancellor this.*

FCO advice continues to be that it will be wrong to issue these leaflets - for the reasons Chancellor Kohl gave you.

A.J.C.

22 April 1983



ces as below

21e A14

10 DOWNING STREET

From the Principal Private Secretary

12 April 1983

Dear Roger,

I wrote to you on 31 March about my plan to visit Bonn this Friday, 15 April.

Following the announcement that Chancellor Kohl is going to Washington, I have had to postpone the visit, since Herr Teltschik will be abroad with the Chancellor.

I am copying this letter to those who received copies of my letter of 31 March.

Yours ever,

Robin Butler

Roger Bone Esq.,
Foreign and Commonwealth Office.

A14

Germany



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

8 April 1983

F E R Butler Esq
Principal Private Secretary
10 Downing Street
LONDON SW1

Dear Robin,

Thank you for sending us a copy of your letter of 31 March to Roger Bone about your proposed visit to Bonn on Friday 15 April. Routine business should have been swept up by the meeting of the Anglo-German Economic Committee being held earlier that week.

Our main interest in seizing the opportunity your visit offers is covered by David Hancock's offer to brief you on the latest position on the EC Budget. We have nothing else to suggest.

*I am copying this letter to those who received yours.
Yours sincerely,*

Margaret O'Mara

MISS M O'MARA

Germany,
Relations,
Pt 2



CONFIDENTIAL



The Minister

British Embassy
53 Bonn Friedrich-Ebert-Allee 77

Telephone Bonn 234061 ext 175

F E R Butler Esq
10 Downing Street
London S W 1

Your reference

Our reference

Date 6 April 1983

Dear Robin

With reference to your letter of 31 March to Roger Bone about your visit to Bonn, Horst Teltschik, with whom I was lunching today, said that he would have to put you off because he will be in Washington with the Chancellor on 14/15 April. He said he would like to pass this news to you direct, and would be telephoning you today.

2. I asked Teltschik whether he would be proposing an alternative date. He said he would like to, but that it would be very difficult indeed to find one before the Anglo-German Summit in London on 22 April.

3. This is sad, but a genuine case of force majeure. I continue to think that a visit by you would be of value, even if that value diminishes a little as time goes by and you encounter Teltschik at various meetings. If Teltschik comes to me with a new proposal of dates, rather than to you, I will of course report.

Yours ever

Christopher

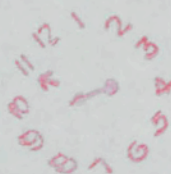
C L G Mallaby

Copied to:

Roger Bone Esq
FCO

GERMANY : Anglo/German Relations : Pt 2

11 4 APR 1983





cc Hancock
Goodall
Hatfield
HMT

HL

10 DOWNING STREET Mallaby - Bonn

From the Principal Private Secretary

31 March 1983

I am planning to pay a visit to Bonn on Friday 15 April for talks with Herr Teltschik and Herr Zeller in the Foreign Affairs Unit of the Chancellery.

This visit is a deferred response to an invitation issued to me when I succeeded Clive Whitmore as Principal Private Secretary in August. It was then suggested that it would be useful if I could pay a visit to the Chancellery which would give more time to become acquainted with Herr Teltschik and Herr Zeller than is possible in the margins of meetings attended by the Prime Minister and the Federal Chancellor.

The Embassy in Bonn have helped in making arrangements for the visit.

As mentioned above, the main purpose of the visit is to improve my acquaintance with Teltschik and Zeller and to get to know more about the way in which the Federal Government, and particularly the Chancellery, operates. But there will be an opportunity to discuss current matters of mutual interest, and if there are any points which it would be useful to make to Teltschik and Zeller a week ahead of the Prime Minister's bilateral meeting with Chancellor Kohl at Chequers, this would be an opportunity to do so. David Hancock has kindly agreed to brief me on the latest position as regards the EEC budget, and I have seen a copy of the record of David Goodall's recent meeting with Teltschik.

If there are any further points which you or other recipients of this letter think that I could usefully cover with Teltschik and Zeller, could I ask you to let me have a note of them by Wednesday 13 April.

I am copying this letter to David Hancock, David Goodall and Richard Hatfield in the Cabinet Office, to John Kerr (H.M. Treasury) and to Christopher Mallaby in Bonn.

F. E. R. BUTLER

Roger Bone, Esq.,
Foreign and Commonwealth Office,

OC
T

Mr. Butler, No. 10



CABINET OFFICE

With the compliments of

Mr. Goodall

70 Whitehall, London SW1A 2AS

Telephone 01 233



CABINET OFFICE
70 WHITEHALL
LONDON SW1A 2AS

01-XXXXXXXXX: 233 8378

Ref: B06746

21st March 1983

My dear Christopher,

Call on Herr Teltschik

As you know, Alastair Hunter kindly arranged for me to call on Teltschik, the new Deputy Secretary in charge of foreign and defence affairs at the Federal Chancellery, on 18th March. I said that I would let you have a note of what passed.

The Federal German Scene

2. Teltschik was predictably pleased and confident about the new German Government's future. He said that the CDU could look forward to being in power for at least 8 years. The current impasse in the coalition negotiations reflected Strauss' personal tragedy: that he had failed in his bid to win the elections as Chancellor candidate in 1980 and saw the formation of the new coalition as his last opportunity to play a major part on the Federal scene. Kohl however felt a strong sense of personal obligation to Genscher, Lambsdorff and Stoltenberg. Genscher and Lambsdorff were the two people who had laid their political careers on the line in order to bring about the change of government; and Stoltenberg had given up being Ministerpraesident to come to Bonn as Finance Minister. Kohl had therefore made it clear to Strauss that the Foreign, Economic and Finance Ministries were not available, but that he could have any other Cabinet post he wished. Asked if this included the Defence Ministry, Teltschik said he supposed it did, although he had reservations about Strauss' suitability. He (Teltschik) regarded the chances of Strauss taking up Kohl's offer and coming to Bonn in a ministerial capacity other than the one he wanted as about 50-50.

Relations with the US: INF Deployment

3. On relations with the United States, Teltschik was dismissive of the criticisms of the US Administration aired that morning at Königswinter by Ted Sommer and Karl Kaiser, whom he described as "Jetset Wissenschaftler" who moved from one international seminar to another and did not reflect opinion at home. Nor did they realise how close the understanding was between Washington and Bonn or between Washington and other West European Governments. At the same time it was important that the Europeans should maintain pressure on Washington to put forward new proposals at Geneva for an interim agreement and in general to maintain the momentum of the INF negotiations. This had been the purpose of Kohl's interview with the Washington Post. Whatever happened in the Geneva negotiations, the Federal Government was quite clear that INF deployment would be necessary. There were two essentials: to maintain the agreed weapons mix (ie to ensure that Pershing IIs were included even in a scaled down deployment) and to stick to the agreed timetable. Demonstrations were of course to be expected, but these would be manageable and would be dealt with firmly. The fact that the Greens were represented in the Bundestag and hence

/involved

C L G Mallaby Esq.
British Embassy,
Bonn

CONFIDENTIAL

involved in the orthodox political process would act as a useful curb on their extra-parliamentary activities. Meanwhile all the other left wing causes - house occupation in Berlin, opposition to civil nuclear energy etc - had lost impetus following the general election and it remained to be seen whether the Left in its present somewhat demoralised condition would be able to revitalise or orchestrate them.

Dual Key

4. I asked Teltschik how he viewed the current public debate in Britain about dual key. He said that a decision by the British Government to seek dual key arrangements would create great difficulties for the Federal Government, which could not and would not go for similar arrangements. It would also undermine the agreed basis for implementing the 1979 double decision and thus have a damaging effect throughout the Alliance. (For obvious reasons I did not press Teltschik on this; but I noticed that when the subject came up with Hans Schauer at Königswinter he was less categorical than Teltschik. Schauer was inclined to the view that although the German Government would be seriously embarrassed by a British decision to seek dual key, at the end of the day they could probably come to terms with it.)

Ostpolitik

5. Asked about the future of Ostpolitik, Teltschik said that the new Government's policies were firmly directed towards keeping the FRG anchored to the West. This had been Adenauer's achievement; and it was what distinguished the CDU from people in the SPD like Bahr, who at heart were old fashioned German nationalists looking as much to the East as to the West. But Kohl saw no conflict between a firmly Western orientation for the FRG and a successful Ostpolitik. Indeed, the former was a precondition for the latter. It was not an accident that Gromyko had been one of the first foreign visitors to Bonn after Kohl's assumption of the Chancellorship. Meanwhile Honeker had also reacted constructively and said that he would be willing to visit the FRG this year subject only to "diary difficulties".

Franco-German Defence Dialogue

6. I asked Teltschik what importance was to be attached to the Franco-German defence dialogue, and in particular whether the substance of it was in any way new. He said that the new feature was the seriousness of the French Government's interest in pursuing it. From the German side the main areas they wanted the dialogue to cover were

- a. the consequence for French conventional forces of the concentration of resources on enhancing France's nuclear capability, and German concern to prevent a further thinning out of French forces stationed in the FRG;
- b. questions relating to the range and targetting of French nuclear weapons, with a view to ensuring that these would not be directed primarily against targets in Germany (including the GDR); and
- c. the need for a collective collaborative approach to defence expenditure. Teltschik added that on this latter point the Germans wanted to make sure that the United Kingdom was brought in too.

Teltschik was emphatic that there was no question of the Franco-German dialogue being directed towards working out a distinctively European nuclear strategy or establishing a separate European pillar within the Alliance. The Germans continued to regard the American connection and the need to couple America

/firmly

CONFIDENTIAL

firmly into the defence of Western Europe as overriding. There might however be some scope for discussion of more effective forms of burden sharing as between European members of the Alliance, with a view to improving our conventional capability and preventing any further lowering of the nuclear threshold. It would be beyond our collective means, both in manpower and in money terms, to achieve a significant increase in conventional capability; but it was important to make sure that it was maintained at least at its present level. Hence the importance the German Government attached to maintaining the effectiveness of BAOR and preventing any further rundown in French forces in the FRG.

Relations with the United Kingdom

7. In conclusion, Teltschik went out of his way to emphasise that German interest in the Franco-German dialogue would not be at the expense of their relations with the United Kingdom, to which Kohl attached great importance. The present degree of political sympathy between the two governments was too great for there to be any danger of Bonn neglecting its links with London; indeed it was something on which Kohl was very much hoping to build. The first signs of a general economic recovery were now apparent; the German Government could look forward to a long period in office; and they were hoping that the present British Government would shortly be re-elected. The scene would then be set for a close and productive phase in our relationship. I made a suitably appreciative response.

8. This was the first time I had ever met Teltschik. You and the Ambassador have already seen a lot of him and have no doubt formed your own assessment. Obviously he is young and relatively inexperienced. But he struck me as sensible, intelligent and open. Certainly his account of the Franco-German defence dialogue was franker than I had expected. He gave me what seemed to be a genuinely warm welcome. From my point of view it was a very useful first contact, which I can now follow up as opportunity offers or the situation requires.

9. I am sending a copy of this letter to Robin Butler at No.10, who I understand will be seeing Teltschik shortly in preparation for the next Anglo-German Summit; and to Andrew Wood in the Foreign and Commonwealth Office.

Yours ever

David

A D S GOODALL



FIVE

SW

10 DOWNING STREET

From the Private Secretary

16 March, 1983

Koenigswinter Conference 1983

Thank you for your letter of 15 March. The Prime Minister has approved a message to this year's Koenigswinter Conference. I enclose the text and should be grateful if you would arrange for it to be read out at the opening session.

A. J. COLES

R. B. Bone, Esq.,
Foreign and Commonwealth Office

NR



10 DOWNING STREET

THE PRIME MINISTER

It is three years since I had the privilege of sharing with you the very special, indeed unique, atmosphere of Koenigswinter, at Cambridge on the happy occasion of your 30th birthday in 1980.

I cannot be with you this year, but I look forward with great interest to hearing about your discussions on the theme "A year of choice".

This year we face together many vitally important decisions; in the conduct of our own national affairs, in the European Community, on security and defence within the Alliance, and on international economic issues. I know that your Conference will, as always, make an informed, objective and substantial contribution to wise decisions in both our countries.

My very best wishes for a very successful meeting.

Margaret Thatcher

March 1983



10 DOWNING STREET

Prime Minister

The Koenigswinter Calender
this year is from 17 to 20 March.

You and the German Chancellor
normally send messages.

Would you be prepared to
sign the attached?

A. J. C. $\frac{15}{3}$

010



Foreign and Commonwealth Office

London SW1A 2AH

15 March, 1983

Jan Sch.

Please type message

to P. R.'s signature.

A.S.C. 15/3.

Koenigswinter Conference 1983

The Conference this year will run from 17 to 20 March at Koenigswinter. The theme is 'A year of choice'. The Foreign and Commonwealth Secretary will not be able to attend the German Government dinner on Friday 18 March if the visit of the Arab League Delegation takes place as planned. He will, however, send a message, and Mrs Lynda Chalker will deliver the speech which he would have made.

/ It is customary also for the Prime Minister to send a short goodwill message. On the German side, the Federal President, the Chancellor and the Foreign Minister normally send messages. I enclose a draft for the Prime Minister's consideration. If the Prime Minister is content, we shall // arrange for it to be read out, as usual, at the opening / session. I also enclose a note on Koenigswinter, a copy of the provisional programme and a provisional list of participants.

Jan Sch

R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

DRAFT MESSAGE FROM THE PRIME MINISTER TO THE KOENIGSWINTER
CONFERENCE

It is three years since I had the privilege of sharing with you the very special, indeed unique, atmosphere of Koenigswinter, at Cambridge on the happy occasion of your 30th birthday in 1980.

I cannot be with you this year, but I look forward with great interest to hearing about your discussions, ^{on the theme} and ~~I can already congratulate you on your choice of topic: 'A year of choice'.~~

^{This year}
~~We~~ face together many vitally important decisions ^h ~~in 1983~~; in the conduct of our own national affairs, in the European Community, ~~On~~ security and defence within the Alliance, ^{and on} ~~in the~~ international economic ^{issues} ~~system~~ ^h ~~and in many other fields.~~ I know that your Conference will, as always, make an informed, objective and substantial contribution to wise decisions in both our countries.

My very best wishes for a very successful ^{meeting.} ~~conference.~~

DEUTSCH-ENGLISCHE GESELLSCHAFT E. V.

KÖNIGSWINTER CONFERENCE 1983

17th - 20th March

Preliminary List of British Participants

As at: 19.1.1983

POLITICIANS

Conservative

* Lynda Chalker
Kenneth Clarke
* Hugh Dykes
* Nigel Forman
* Barney Hayhoe
? David Howell
Sir Anthony Kershaw
NB Timothy Raison

Labour

Frank Field
* Denis Healey
* Giles Radice
George Robertson
* Peter Shore
* John Smith
* Phillip Whitehead

Liberal/SDP Alliance

* David Alton (Lib.)
? Roy Jenkins (most unlikely)
* William Rodgers
? David Steel
? Shirley Williams

* Lord Banks (Lib.)
* Lord Mayhew (Lib.)

Robert Jackson (MEP)

Brian Key (MEP)

* - acceptance
? - to be confirmed

MEDIA

* Paul Barker
John Cole
? Richard Davy

Editor, New Society
B B C

The Times (presently Director for E. Europe,
International Reporting Information
Systems, Washington)

* William Deedes
* Peter Galliner
* Frank Giles
* Peter Jenkins
* Peter Kellner
* Andrew Knight
* Malcolm Rutherford
* Lord Thomson of Monifieth

Editor, The Daily Telegraph
Director, International Press Institute
Editor, The Sunday Times
Political Editor, The Guardian
Political Editor, New Statesman
Editor, The Economist
Assistant Editor, Financial Times
Chairman, Independent Broadcasting Authority

ACADEMICS

* Colonel Jonathan Alford, Dep. Director, International Institute for Strategic
* Lord Annan, lately Provost, University College, London Studies
* Vernon Bogdanor, Senior Tutor, Brasenose College, Oxford
* William Clark, President, International Institute for Environment and Development
Dr. Christopher Coker, Lecturer in International Relations, LSE
* Lawrence Freedman, Professor of War Studies, King's College, London
* Michael Howard, Regius Professor of Modern History, University of Oxford
* Michael Kaser, Reader in Economics, St. Antony's College, Oxford
? Laurence Martin, Vice-Chancellor, University of Newcastle upon Tyne
Prof. Robert Middlemass, Reader in Modern History, University of Sussex
* Patrick Minford, Edward Gonner Professor of Applied Economics, University of
* Dr. Janet Morgan Liverpool
* Dr. Roger Morgan, Head of European Centre for Political Studies, Policy
Studies Institute, London
* Dr. William Wallace, Dep. Director of Studies, The Royal Institute of Inter-
national Affairs
* David Watt, Director, The Royal Institute of International Affairs
Anthony Burkett, Dept. of European Studies, University of Loughborough

p.t.o.

INDUSTRY AND BANKING

- * d Croham, Adviser to the Governor, Bank of England; Trustee of the A-G. Fdtn.
- * Edmund Dell, Chairman, Guinness Peat & Co. plc
- * Kenneth Durham, Chairman, Unilever plc
- * Lord Ezra, formerly Chairman, National Coal Board
- ? John Harvey-Jones, Chairman, ICI plc.
- ? Sir Christophor Laidlaw, Chairman ICL plc.
- * Peter McGregor, Industrial Director, National Economic Development Office
- * Brian Medhurst, Joint Chief Investment Manager, The Prudential Assurance Co. plc
- ? John Raisman, Chairman, Shell UK Ltd.
- ? Bryan Rigby, Deputy Director-General, CBI.
- * Sir Frank Roberts
- * Lord Shackleton, Deputy Chairman, The Rio Tinto-Zinc Corporation plc.
- * Philip Shelbourne, Chairman, Britoil plc.
- * Sir Peter Tennant, Director, The Prudential International Energy Bank
- * Anthony Loehnis, Bank of England
- * Charles Williams, Henry Ansbacher & Co. plc.

TRADE UNIONS


- ? Dr. Michael Cooley, GLC Economic Policy Group
- * Gavin Laird, Executive Councillor, Amalgamated Union of Engineering Workers
(Engineering Section)
- * David Lea, Assistant General Secretary, TUC
- * John Lyons, General Secretary, Engineers' and Managers' Association
- * J. Mills, Transport and General Workers' Union, Regional Secretary, Northern Reg

OFFICIALS

- ? Sir Antony Acland, Permanent Under-Secretary of State and Head of the
Diplomatic Service, FCO.
- * Lord Nicholas Gordon Lennox, Assistant Under-Secretary of State, FCO.
- * Michael Quinlan, ~~Secretary~~ ^{Under} Permanent Secretary, Dept. of Employment
- * H.E. Sir Jock Taylor, British Ambassador, Bonn
- * Christopher Tugendhat, EEC Commissioner, Brussels

OTHERS

- * Barbara Beck, Secretary-General, Anglo-German Foundation for the Study
of Industrial Society
- * Scott Hamilton, Head of International Office, The Conservative Party
- * Sir Nicholas Henderson, lately British Ambassador, Washington
- * Richard Holme, Director, National Committee for Electoral Reform; Past Pres.
The Liberal Party
- * David Lowe, Head of International Department, The Labour Party
- * A.K.R. Mackenzie, Adviser to Mr. Heath on the Brandt Commission
- * Peter Mandelson, Member of Lambeth Borough Council; also working at London
Weekend TV (current affairs)
- Lance Pope, Director, Conference Board, New York
- Monsignor Bruce Kent, General Secretary, Campaign for Nuclear Disarmament
- * Denis Stevenson, Director, National Enterprise Board and London Docklands
Development Corporation.



KOENIGSWINTER CONFERENCE

1. The annual Anglo-German Koenigswinter Conferences, called after their usual site across the Rhine from Bonn, are the result of the initiative in 1950 of a group of anti-Nazi Germans who, in an effort to restore Anglo-German relations after the Second World War, arranged a meeting of leading politicians and prominent personalities from the world of commerce and the arts in Germany and the UK for a frank exchange of views on important questions of the day. The original meeting was so successful that it became an annual event.
2. The Conferences are strictly non-official although both German and British Governments patronise and subsidise them. They are now held alternately in the UK and the FRG. The FCO provides financial support for the Conferences held in the UK, amounting to 10% of the total budget for each Conference within fixed ceilings. The Federal German Government provides the same level of financial support for the Conferences held in the FRG. The balance of the cost of the Conferences is made up from contributions from the Anglo-German Foundation and from private sources, eg German and British industry, the media, banks etc.
3. The Conferences have always attracted a high level of participation on both sides and are usually attended by at least one British and one German minister as well as representatives of political parties, the Armed Services, the Civil Service, journalism, commerce and industry.
4. Although the Conferences vary in quality from year to year, Koenigswinter as such has established itself as a major event in the Anglo-German calendar. There is no doubt that it has, over the years, made a considerable contribution to better understanding between the FRG and the UK and has helped to create more informed reporting on each country in the media of the other.

DEUTSCH-ENGLISCHE GESELLSCHAFT E. V.

KÖNIGSWINTER CONFERENCE

17th - 20th March 1983

A YEAR OF CHOICE

Group

I The Atlantic Alliance: Divergences and Common Ground

- The assessment of the future of the Soviet Union and of the Soviet Bloc. Can they be affected by Western policies? Economic factors in East-West relations; East-West arms control negotiations - INF, START, MBFR, CSCE.
- Strategic and economic conflicts between United States' and European interests, and the impact upon the Atlantic Alliance.
- Challenges to Western security outside Europe: is Third World non-alignment a danger to the West or a source of stability?

II The Challenge to the European Community

- Confronting the recession: "Euro-Protectionism" versus Free Trade; a European industrial policy; prospects for closer monetary co-operation.
- The structural crisis of the Community with further enlargement in prospect: the Budget; the Common Agricultural Policy; the institutional deadlock.
- The future of political co-operation. Defence co-operation and a common posture in global politics.

III Changes in Political Systems

- German problems: Challenges to established parties and the representative system; the peace and ecology movements.
- British problems: The political implication of economic decline; new political parties and movements, e.g. the anti-nuclear movement; constitutional issues.

IV World Recession and Unemployment

- Can economic growth be resumed? World markets and trade; banking and the monetary system; demand- or supply-side policies?
- Strategies to fight unemployment.
- The impact of unemployment and of low growth upon the Welfare State: the gap between expectations and possibilities.

(22.11.1982)



File AH
Germany

10 DOWNING STREET

From the Principal Private Secretary

8 March 1983

Dear Christopher,

Thank you very much for your letter of 1 March about my proposed visit to Bonn.

Having looked at the airline timetables, I think that there is no alternative to my coming to Bonn by Flight LH 059 leaving Heathrow at 1840 on Thursday 14 April and returning on BA 745 at 1725 on 15 April. This is somewhat wasteful of time, but that cannot be helped. But I would not want to waste anybody's time by arranging sightseeing for me. I have spent some time in Bonn before, and there is nothing which I am panting to see. I should prefer to chat to anyone else in the German Government or in the Embassy whom you think that it would be useful for me to take the opportunity to see. But I shall also bring some work in my brief-case; and I will be quite happy to occupy myself by doing that, rather than take up anybody's time unnecessarily.

It is very good of you or Peter Unwin to offer to put me up: I shall be happy with, and grateful for, any arrangement which is convenient.

Yours sincerely,

Robin Butler

C L G Mallaby Esq.

B.R.

to Lie

P. go ahead. Kay informed

ROBIN

FRS

Is it all right for Kay, or whoever,
to go ahead and make bookings ? Or
would you prefer for any further
confirmation/response from Bonn ?

Angela

8.3.83

ROBIN

I fear there is nothing earlier than a 9.15 to Dusseldorf which arrives at 11.25 and then there would be a 40 kilometre drive, city centre to city centre. See attached.

Angela

E. R.

<u>OUT</u>	LONDON	COLOGNE/BONN
only	10.25	12.35

LONDON	- { 40 Klms -	<u>DUSSELDORF</u>
9.15	<i>to Bonn</i>	11.25 BA748

RETURNS

DUSSELDORF	LONDON	
16.10	16.25	BA 751
18.05	18.25	LH052

COLOGNE/BONN	LONDON	
13.45	1405	LH058
17.25	1740	BA745



The Minister

British Embassy

53 Bonn Friedrich-Ebert-Allee 77

Telephone Bonn 234061 ext 300

Robin Butler Esq
10 Downing Street
London S W 1

Your reference

Our reference

Date 1 March 1983

Dear Robin

Thank you for your letter of 18 February about your proposed visit to Bonn.

Teltschik agrees to hold the talks with you on 15 April. He has suggested that you meet in his Office from 1100 until 1230 and that he should then take you to lunch. This strikes me as somewhat meagre and certainly less than "the best part of a day" which you mention in your letter. On the other hand, you may feel that 3 to 4 hours of discussions with Teltschik and Zeller will actually be sufficient.

Jock Taylor will be away on leave at the time of your visit. Peter Unwin, who will be Charge d'Affaires, may be involved with a Trade Fair in Hanover. If he is not, he will put you up: otherwise I shall be delighted to do so.

I imagine that you will plan to fly to Bonn by Flight LH 059 leaving Heathrow at 1840 on the Thursday evening. If so, there will not be time to arrange any activities, except a quiet dinner, in Bonn that evening. Your return flight, I imagine, will be BA 745 leaving Cologne/Bonn at 1725 on 15 April. That would mean that you would have an hour or two free before your meeting that day with Teltschik and again after the lunch. Would you like us to arrange some sightseeing nearby?

Yours sincerely

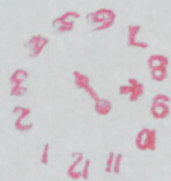
Christopher Mallaby
C L G Mallaby

Copied to:

David Hancock Esq
Cabinet Office

Andrew Wood Esq
WED FCO

Germany: VK Relation PT2



2-MAR 1983



File AH.
Coburn

10 DOWNING STREET

From the Principal Private Secretary

18 February 1983

Dear Christopher,

When Chancellor Kohl was over at Chequers on Friday 4 February, Herr Teltschik reverted to the suggestion that I should visit Bonn to spend the best part of a day with him and Klaus Zeller after the German elections. The date we have now hit on is Friday 15 April, which is, of course, a week before the Anglo-German bilaterals at Chequers.

Could you let me know whether this would be convenient for you. I envisage coming out on Thursday evening and returning on Friday afternoon. I told Herr Teltschik that I would make arrangements with you and would ask you to confirm them with him.

I am copying this letter to David Hancock (Cabinet Office) and to Andrew Wood (Foreign and Commonwealth Office).

Yours sincerely,

Robin Butler

C L G Mallaby Esq.

AH



10 DOWNING STREET

THE PRIME MINISTER

19 January 1983

My dear Ambassador,

Thank you so much for your letter of 14 January.

Denis and I would have loved to attend the ceremony which you are arranging on 25 January at which Sir Karl Popper will be presented with the Grand Cross of the Order of Merit of the Federal Republic of Germany. Alas, my diary on that day is already completely full and I must therefore, with the greatest reluctance, say that I shall not be able to attend.

Yours sincerely
Margaret Thatcher

His Excellency Dr. Jurgen Ruhfus, KBE.

010



DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND
Jürgen Ruhfus

London, 14th January, 1983

Dear Prime Minister

I would like to bring to your attention that a very high German decoration, the Grand Cross of the Order of Merit of the Federal Republic of Germany, has, upon the personal initiative of the Federal President, been bestowed upon Sir Karl Popper. I have been entrusted to present this decoration to Sir Karl and a date has now been fixed for Tuesday, 25th January.

I recall the personal interest you have in the work of Sir Karl and I remember very well the talks you had with Sir Karl in my house the evening when the Grand Cross of the Order of Merit was presented to Henry Moore.

I know that Sir Karl, as well as myself, would feel highly privileged if you could honour the event with your presence. This is why I have the great pleasure and the honour to invite you and Mr. Thatcher to the ceremony which is to take place at 12 noon, with luncheon to follow.

I am, dear Prime Minister

Yours sincerely

Jürgen Ruhfus

The Rt. Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury
10 Downing Street
London SW1



10 DOWNING STREET

From the Principal Private Secretary

31 December 1982

VISIT TO BONN

I am sorry not to have replied more quickly to your letter of 4 November about the timing of a visit by me to Bonn. I agree that the meetings with Teltschick and Zeller, in the margins of the Prime Minister's visit to Bonn, removed the urgency of a further visit by me, and I certainly would not want to suggest one while the officials in the Chancellery are busy with the preparation for the German elections.

I had the opportunity to discuss this matter briefly with Zeller in the margins of the Heads of Government meeting in Copenhagen. The earliest dates I could suggest, which would be convenient to me and were not ruled out by the pre-occupations with the election at the German end, were Friday 11 March or Friday 15 April. I left it with Zeller to consider these.

There is no hurry about this. I would be quite happy to arrange a visit on one of these two dates at short notice if it looked as if there were some useful business to do. Friday 11 March would be ten days before the Brussels Summit and Friday 15 April is a week before Chancellor Kohl's visit over here. On either of those occasions there might be some useful preliminary exchanges we could have, if only about subjects which Chancellor Kohl and the Prime Minister might wish to discuss.

I am not asking you to take any immediate action, but if you are in contact with Teltschick and Zeller there would be no harm in your showing yourself to be aware that I have suggested these dates. I will have another opportunity to discuss them direct, when Chancellor Kohl comes over to Chequers at the beginning of February. I also told Zeller that we would very much like to welcome Teltschick here if he could spare some time immediately before or after the bilaterals in April, so that we could reciprocate by showing him something about the way in which our system works. Again, I will mention this to him or Zeller when they come over for the February meeting.

I am copying this letter to Wood (Foreign and Commonwealth Office).

E. E. R. DILLER

C.L.G. Mallaby, Esq.



HM Minister

British Embassy

53 Bonn Friedrich-Ebert-Allee 77

Telephone Bonn 2340 61

F E R Butler Esq
10 Downing Street
London S W 1

Your reference

Our reference

Date 4 November 1982

Dear Robin

VISIT TO BONN

You met Teltschick and Zeller in the Federal Chancellor's Office during the Anglo-German consultations on 28-29 October. That does not make a visit under your own steam superfluous. But you may think that it affects the urgency.

2. From this end, I judge that minds are concentrated on the elections scheduled for 6 March. While the present team of officials may well remain in the Federal Chancellor's Office after the elections, that is not a foregone conclusion.

3. If we pressed Teltschick about an early visit, I think he would try to be accommodating. But, subject to any talks you may have had with him while you were here, I incline to the view that the best moment for you to come would be between the Federal elections and the Anglo-German consultations in London in the second half of April. In, say, late March there would anyway be specific things to discuss about the consultations. Shall I make a tentative suggestion to Teltschick?

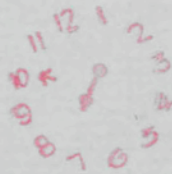
Yours ever
Christopher Mallaby
C L G Mallaby

Copy to A M Wood Esq
WED FCO

Germany: Anglo Relations

Pt 2

12 NOV 1982





STEERING BRIEF FOR THE PRIME MINISTER'S VISIT TO BERLIN

1. The main objective of the Prime Minister's visit to Berlin is to demonstrate the continuing British commitment to the City. The visit will be particularly welcome as the first to be paid by a British Prime Minister for 11 years. We shall aim to enhance its impact by ensuring maximum publicity, particularly for the Prime Minister's visit to the Wall and her speech.
2. The fact that the Prime Minister will go on to Berlin from Bonn and will be accompanied by Chancellor Kohl will increase the value of the visit for the Federal Government. Since the conclusion of the Quadripartite Agreement in 1971 the situation in and around Berlin has improved considerably. But there has been some friction between the Soviet Union and the three Western powers over their differing interpretations of the QA provision that 'ties between the ^{Western} ~~Eastern~~ sectors of Berlin and the FRG will be maintained and developed, taking into account that these sectors continue not to be a constituent part of the FRG and not to be governed by it.' The Russians interpret this provision very restrictively, placing great emphasis on the second half. The Germans tend to stress the first. They will see the Prime Minister's visit as a demonstration of the 'ties' between West Berlin and the FRG. So do we. We do not accept that her visit, which she makes in her own right, choosing whom she likes to accompany her, in any way violates the QA. The Russians may contest this.
3. Externally the situation in and around the city has for about three years been particularly quiet. Berlin remained insulated from the deterioration in East-West relations following the Soviet invasion of Afghanistan. The Russians also appear to wish to avoid Polish tensions spreading to Berlin. They have for the most part expressed their continued interest in the quiet atmosphere in and around the city.
4. This has had its side effects. The Allied presence in Berlin continues to enjoy the support of the Senat (the city Government), the traditional parties and the majority of the public.

/But



But after 10 years of progressive easing of tension there is less understanding of the Soviet threat among the younger generation. The need for the Allied garrison is less evident and there has been a worrying growth of neutralist or pacifist opinion.

5. The change of Government in Bonn is likely to result in some strengthening of the Federal Government's commitment both to Berlin and to the ideal of eventual German reunification. In tangible terms, this may mean an increase in Federal expenditure on the city and greater effort to encourage industrial investment. In particular Herr Kohl has said his Government will drop the SPD proposal to abolish the subsidy on air fares between Berlin and the Federal Republic, which might have had a serious effect on the level of (mainly British Airways and Pan Am) services to the city.

6. Berlin's current problems are for the most part internal. The CDU are the largest party in Berlin's Parliament but have no overall majority. They govern with the tacit support of the FDP. The Alternative List, Berlin's equivalent of the Greens, have 9 of the 122 seats. (A background note on recent political developments is at Annex A).

7. When the Governing Mayor, Dr von Weizsaecker, assumed office in June 1981 the most urgent problem was to restore public order after a succession of riots which had originally been associated with a squatters movement. The Senat have had some success in isolating the militants from the non-violent squatters. Occasional rioting still occurs, most recently during President Reagan's visit in June this year, but it is no longer a prime problem. The most urgent preoccupation now is the economy. The recession did not really begin to bite until late 1981. But in the last year unemployment has risen from 5.9% to 8.6% and it is still rising. The Senat have taken some steps to combat this but a real improvement will have to await a revival in the

/Federal



Federal German economy. (A more detailed note on the economy is at Annex B). Another major social problem is the increased proportion of foreigners, now about 13% of the population. About half are Turkish. So far there has been scarcely any inter-racial violence, but the potential remains. Dr von Weizsaecker (Personality Note at Annex C) is a much-respected politician whose reputation has been enhanced by his performance in Berlin. He could be a future candidate for the post of Foreign Minister in a IDU government in Bonn. He paid his first official visit to the UK on 1-3 April this year. His call on the Prime Minister had to be cancelled at the last moment because of the Falklands invasion. The Prime Minister subsequently wrote hoping that he would come again; she may like to renew her invitation.

8. Thirty minutes have been set aside for talks with Dr von Weizsaecker. He is likely to wish to discuss with the Prime Minister the wider issues of Inter-German relations and East-West relations rather than specific Berlin problems. Annex D contains points to make for the Prime Minister's use and Annex E a background brief on inner-German relations.

9. The Prime Minister's speech will be made at the Golden Book Ceremony. The Prime Minister may also wish to make a few remarks after dinner. Suggestions are attached at Annex F.

10. We do not expect the case of Rudolf Hess to be raised. If the Governing Mayor should broach the question of clemency, the Prime Minister may wish to repeat the line taken in her reply of 30 September to Herr Schmidt's message, that HMG has done and will continue to make every effort to persuade the Russians to agree to his release. She may like also to see the background note on this problem enclosed at Annex G.

11. A list of recent Allied visitors to Berlin is enclosed at Annex H.

PRIME MINISTER'S VISIT TO BERLIN: 29 OCTOBER

PROGRAMME

All times local

- 1300 Depart Bonn with Chancellor Kohl. Lunch on the plane.
- 1430 Arrive Gatow, Berlin. Met by:
General Mostyn, General officer Commanding, Berlin
Dr Richard von Weizsaecker, Governing Mayor
US and French Commandants
Press photo facility.
- 1433 - 1439 Guard of Honour. Prime Minister and GOC only mount saluting base and inspect guard.
Press photo facility.
- 1440 Depart Gatow
- 1510 Arrive at the Wall, just north of the Reichstag. Lay flowers at memorials to East Germans killed in attempting to cross to West Berlin. Visit one of the British army teams which patrol the Wall. Join the patrol in the Landrover for a short distance. Drive past the Brandenburg Gate and stop at a viewing-point by the Wall.
Press and TV facilities.
- 1545 Arrive Rathaus, Schoeneberg.
Discussion with Governing Mayor.
- 1615 - 1715 Golden Book Ceremony, Brandenburg Hall of Rathaus. Speeches by Governing Mayor, Prime Minister, Chancellor Kohl. Mingle with guests.
Press and TV facility.
- 1720 Prime Minister and British party only depart Rathaus for HQ, British Military Government
- 1745 Arrive BMG. Meet representatives of garrison for tea or drinks (approx 50 individuals of different ranks and units, including wives.)
Press photo facility.
- 1820 Leave BMG

1835 Arrive HM. Ambassador's residence

1900 Leave for Charlottenburg Palace

1915 Dinner in Oak Gallery. Approx 60 present
including wives.

Exchange gifts over coffee in the ante-room

2115 Depart Charlottenburg

2130 Arrive Tegel Airport. Informal farewells,
no ceremonial. Press photo facility

2140 Aircraft departs

2330 Arrive London

BERLIN: INTERNAL POLITICS

1. The Federal CDU leaders sent Dr von Weizsaecker from Bonn to Berlin in September 1978 to revitalise his party after 18 years of lack-lustre opposition in Berlin. Time was too short for victory at the March 1979 polls, but Weizsaecker achieved a record CDU vote. When Governing Mayor Stobbe fell in January 1981, the SPD could find no credible successor in Berlin. Dr Vogel resigned from the Federal Cabinet (Minister of Justice) to come and lead a rescue operation as Governing Mayor. But Weizsaecker exploited the universal disillusion with the SPD-FDP coalition parties to force an unprecedented early dissolution.

2. The elections of May 1981 produced a Parliament without a natural majority. The CDU (65 seats) out-number the SPD (51 seats) and FDP (7 seats) combined, but, because of the 9 Alternative List members, are two short of an absolute majority (67 seats). Weizsaecker owes his election as Governing Mayor to the votes of a majority of the 7 FDP members, and continues to enjoy their support for his programme. A current issue is whether the FDP will turn this undeclared coalition into an overt one.

3. Within the Berlin CDU Weizsaecker's authority is undisputed, and he has no credible rival. His Senat reflects the wide spectrum within his party, ranging from Herr Lummer, his Deputy and Senator for the Interior, on the right, who stands for law and order, to centre-left figures more interested in social and environmental problems.

4. The Leader of the SPD Opposition, Dr Vogel, is the only other Berlin politician of similar national stature to Weizsaecker. Brandt has suggested that he should lead the SPD's campaign in the Federal elections planned for March. But although Vogel made a marked initial impression during his six months as Governing Mayor, in opposition he has made much less impact. His prime concern is to restore the morale of his defeated party, and to attract back idealistic younger voters from the Alternative List.

5. The Berlin FDP are small and unimpressive, and have been split for a decade. The centre-right have a majority in the Parliamentary Party, but the left control the Party Executive. The centre-right hope to recapture the Executive at the Party Convention next March, and to be free thereafter to take office in formal coalition with the CDU.

6. The Alternative List, the Berlin equivalent of the 'Greens' in the FRG, have so far proved to be little more than a gadfly factor in the Parliament. But their support in the opinion polls is holding up, and they are a continuing threat to the established parties.



BERLIN ELECTION RESULTS; MAY 1981

<u>Party</u>	<u>Percentage Vote</u>	<u>Parliamentary Seats</u>
CDU	48.0	65
SPD	38.3	51
FDP	5.6	7
Alternative List (AL)	7.2	9
Splinter Parties	0.9	<u>0</u>
		122
		<u><u> </u></u>

PRIME MINISTER'S VISIT TO BELRIN: 29 OCTOBER

THE BERLIN ECONOMY

1. West Berlin remains the largest industrial city in all Germany, with a population of just under two million and a work force of 880,000. Its economic backbone is manufacturing (51% of GNP). In order of importance the biggest industries are: electrical engineering (0.25 of output), mechanical engineering, food processing, and pharmaceuticals. There is an expanding services sector: conference and trade fairs, tourism, consultancy etc.
2. The economy is characterised by:
 - (a) the sensitivity of business confidence, and investment, to the international climate;
 - (b) near-total dependence on supplies and raw materials imported from the West, and hence on the access routes;
 - (c) dependence on enormous Federal subsidies, DM 9,733 M this year in direct Federal aid (54.7% of the city budget), plus about half as much again in indirect subsidies;
 - (d) complete intergration with the economy of the Federal Republic, within which Berlin represents 3.6% of GNP. (Berlin's trade, too, is heavily Western orientated, and trade with the East marginal.
3. From 1970-1980 real growth averaged 2% annually, with a peak of 4% in 1979. Although in 1981 Berlin with 0.5% growth did marginally better than the FRG, the current prospect is for zero growth or a decline in 1982. The present unemployment rate

of 8.6% (69,000) is above the Federal average (7.5%), but no higher than in a number of Federal blackspots (Saarland over 10%).

4. Although outwardly a wealthy city, there is a cause for concern about the long-term future of Berlin's economy, arising from the combination of the city's special situation with:

- (a) a declining population;
- (b) inadequate investment in past years, and
- (c) a progressive loss of jobs in industry.

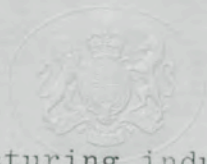
Population

5. The population is slowly declining, from 2.2 million in 1961 to 1.98 million today. 23% are over age 65. On the basis of natural trends alone, the population would be expected to stabilise at about 1.75 million in the 1990s. But there is also a net loss of German population by migration to the FRG (minus 6,200 in 1981). At present this is more than counterbalanced by the net increase of non-German population (plus 11,600 in 1981). But the city is already at the limit of its capacity to absorb aliens.

Investment

6. Since the War investment in Berlin, especially industrial investment, has lagged behind FRG rates. In the mid seventies it began to pick up, in response to the lessening of tension which followed the 1971 Quadripartite Agreement. Good levels were recorded in 1977-81, but there is still a back log by comparison with the FRG. Investors are still deterred by considerations of security, and by shortage of managerial housing.

/Loss



Loss of jobs in manufacturing industry

7. As a result partly of low investment, and partly of modernisation and rationalisation, the number of jobs in manufacturing industry has fallen by 41% in the past 20 years from 302,000 in 1962 to 177,000 in 1981. The present financial crisis in AEG-Telefunken, Berlin's second largest industrial employer, will cost another 2,500 men their jobs. Although there has been compensating growth in employment in service industries, and in state service, the decline of the city's industrial base is of acute concern to the Senat and Federal Government.

Remedial Action

8. Extensive financial incentives for investment and production in Berlin, and for migration from the FRG to Berlin, have long existed. They were reviewed and increased in 1978. A new Berlin economic promotion company was set up and has succeeded in attracting some important new factories eg a Ford components plant. It has not however been able to make good all the losses of jobs in existing industry, and a further strengthening of the Federal incentives is shortly to be enacted. It is expected to take effect from 1 January 1983.

9. On 10-11 December this year, the Federal Chancellor and Governing Mayor will jointly hold a conference of top West German industrialists in Berlin with the aim of securing their practical support in the establishment of new production and jobs.

VON WEIZSAECKER, DR RICHARD

Governing Mayor of Berlin since June 1981. Chairman of the Berlin CDU.

Born 1920 in Stuttgart, the son of a career diplomat. After schooling in Berne and Berlin, visited the Universities of Oxford and Grenoble. Called up in 1938, he had a brave war record as an infantry officer on the eastern front until 1945. Came within sight of Moscow in 1941.

After the war studied law at Göttingen. Entered industry and became Managing Director of Boehringer and Co (pharmaceuticals) 1958-66. President of the German Evangelical Church Conference 1964-70 and again 1979-81. Member of the Bundestag from 1969-81. A Vice Chairman of the CDU/CSU Parliamentary Party, 1972-70, and a Vice-President of the Bundestag 1979-81. Nominated to oppose Scheel in the Presidential election of 1974, he did far better than expected against an unbeatable candidate. Author of the party's 1978 programme of basic principles.

Imported by the Berlin CDU, at a late stage, to lead the party into the 1979 Berlin elections, he lost, but achieved a record vote for the CDU. When Governing Mayor Stobbe fell in January 1981, Weizsaecker skilfully exploited the plebiscitary provisions of the Berlin constitution to force a dissolution. In the elections of May 1981 the CDU under Weizsaecker increased its share to 48% of the vote, but fell short of an absolute majority. Weizsaecker owed his election as Governing Mayor in June 1981 to support from members of the FDP Parliamentary Party, and remains dependent on them for his legislative programme.

As Governing Mayor, Weizsaecker has shown both strength and executive talent. He is liked and respected for his abilities, probity and charm. An intellectual and philosopher with a conversational and platform style to match, he is a moderate on both domestic policy and Ostpolitik. He plays an influential national role within his party, and is regarded as a potential Foreign Minister. An old friend of Britain, who has given much time to the Deutsch-Englische Gesellschaft and the Koenigswinter Conference.

CONFIDENTIAL



Married with four children. He speaks excellent, and his wife adequate, English. Although born a Freiherr (Baron) he prefers not to use his title.

CONFIDENTIAL

PRIME MINISTER'S VISIT TO BERLIN: 29 OCTOBER

POSSIBLE TALKING POINTS FOR USE IN DISCUSSION WITH THE GOVERNING MAYOR

1. Sorry not to have met Dr von Weizsaecker on 2 April. Hope he will come to London again - perhaps spring 1983?
2. How does he perceive Berlin's role in East-West relations generally and in the conduct of inner-German relations? What are the prospects for improving FRG/GDR relations and in particular easing the Minimum Exchange Requirement and facilitating human contacts?
3. The social and economic problems created by the presence in Berlin of a large foreign community are not dissimilar to those of the UK in assimilating immigrants. What is the Senat's approach?

PRIME MINISTER'S VISIT TO BERLIN: 29 OCTOBER
INNER GERMAN RELATIONS

1. In the 1970s, Inner-German relations developed productively on the basis of the Quadripartite Agreement (1971) and the Basic Treaty between the two German states (1972). Transit traffic between West Berlin and the FRG and visits to East Berlin and the GDR by West Berliners and West Germans expanded enormously.
2. The relationship cooled post-Afghanistan and more particularly as a result of a very substantial increase by the GDR in October 1980 in the Minimum Hard Currency Exchange Requirement (MER) imposed on Western visitors to the GDR. The effect has been a drastic reduction in the number of visitors to East Berlin and the GDR. The FRG complained that by this move the GDR was no longer giving as much in humanitarian concessions as it was obtaining economically.
3. Following Brezhnev's visit to Bonn, Herr Schmidt met Honecker in December 1981. But there was little to show for it on the FRG side. In June 1982 the FRG agreed an extension of the interest-free 'Swing' credit to the GDR in return for only minor humanitarian concessions.
4. The new FRG Government seems likely to combine a continuing policy of developing relations with more robust attempts to wring concessions from the GDR. Chancellor Kohl probable still intends to keep open Schmidt's invitation to Honecker to visit the FRG. But criticism of the new Government's public statements on inner-German relations and in particular referral to the German nation as a whole suggests a suspicious, uncompromising attitude among the GDR leadership.

ADDITIONAL BACKGROUND NOTES

CHARLOTTENBURG: SOME BRITISH CONNECTIONS

1. The original palace was built in 1695-99 by the Elector Frederick III of Brandenburg, later King Frederick I of Prussia, as a summer residence outside Berlin for his wife, Sophie Charlotte of Hanover, sister of George I of England. She was a much loved and cultured figure/like her husband, and the patroness of Leibnitz. The palace is named for her.
2. During the War of the Spanish Accession, in November 1704 after Blenheim, Malborough visited Berlin and was received in splendour at Charlottenburg. In the capacity of Ambassador he concluded a Treaty with Prussia in Queen Anne's name, providing for Prussian aid in the campaign of 1705. Malborough's portrait hangs in the Oval Hall today.
3. The palace was seriously damaged by British bombing, but has been lovingly restored.
4. HM The Queen was entertained to State Luncheons at the palace in 1965 and 1978.

PRIME MINISTER'S VISIT TO BERLIN: 29 OCTOBER

HESS

1. Rudolph Hess is 88 but still in reasonably good health.
2. Successive British Governments have appealed, both alone and together with the Americans and French, for Hess' release. Most recently Mr Hurd raised the matter with the Soviet Ambassador in London on 23 June. There are no signs of any flexibility in the negative Russian attitude. We are nevertheless considering urging our Allies to join us in a further high-level tripartite approach.
3. HMG has consistently held the view that it would be irresponsible to release Hess without Soviet agreement; to break a Four Power agreement in this way would be to invite the Russians to put other more fundamental Four Power agreements at risk, including those on which the freedom and security of the inhabitants of West Berlin are based.
4. On 1 October the Western Allies and the Russians signed a Protocol on the disposal of Hess's remains (if he should die in prison). It provides, in accordance with the wishes of his family, for his body to be flown to the Federal Republic and given to them for burial in Bavaria; the family have in return given an undertaking that the funeral will be private. The Western Allies agreed to seek the cooperation of the Federal Government in preventing Neo-Nazi activities at the funeral and have received a satisfactory initial response. The Protocol also provides for the demolition of Spandau prison. Knowledge of the Protocol on the German side is very restricted.



PRIME MINISTER'S VISIT TO BERLIN: 29 OCTOBER

Recent Allied Visits to Berlin

1976	Mr Callaghan (Secretary of State for Foreign and Commonwealth Affairs)
1977	US Vice-President Mondale
1978	HM The Queen President Carter
1979	President Giscard D'Estaing
1980	Mr Pym (Secretary of State for Defence)
1981	Lord Carrington Mr Haig
1982	President Reagan

GRS 470

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DESKBY 220800Z

FM BMG BERLIN 211700Z OCT 82

TO IMMEDIATE BONN

TELEGRAM NUMBER 122 OF 21 OCTOBER

INFO IMMEDIATE FCO

FOLLOWING FOR FOWLER (BONN) AND MISS HIMSWORTH (WED) FROM
MAC GINNIS

PRIME MINISTER'S VISIT TO BERLIN: VIEWING THE WALL

BONN TELNO 839 TO FCO PARA 2

1. AFTER RECONNAISSANCE ON THE GROUND AND CONSULTATION WITH
THE BERLIN POLICE WE RECOMMEND THE FOLLOWING ARRANGEMENTS
FOR THE PERIOD TO BE SPENT VIEWING THE WALL:-

ITEM (A) ZERO MINUTES :

PRIME MINISTER ARRIVES AT NORTH-EAST CORNER OF REICHSTAG,
ALONGSIDE THE WALL WHERE IT JOINS THE SPREE. THE BOUNDARY RUNS
NORTH ALONG THE NEAR BANK OF THE LATTER. ON THE FAR BANK IS THE
GDR BARRIER FENCE AND BEYOND IT A DESOLATE PROHIBITED ZONE
WITH WATCH TOWER.

ITEM (B) 000-003 MINUTES:

PRIME MINISTER LAYS BOUQUET IN FRONT OF MEMORIAL CROSSES TO
VICTIMS KILLED TRYING TO CROSS THE WALL. THE GOVERNING MAYOR
AND FEDERAL CHANCELLOR ARE PRESENT BUT DO NOT LAY BOUQUETS.
PRESS PHOTO FACILITY.

ITEM (C) 003-008 MINUTES:

PRIME MINISTER VIEWS THE SCENE ACROSS THE SPREE AND MEETS
MEMBERS OF THE RMP WALL PATROL. PRESS FACILITY.

ITEM (D) 008-020 MINUTES:

PRIME MINISTER JOINS RMP PATROL IN AN OPEN REVIEW LANDROVER
(IN WET WEATHER A CLOSED VEHICLE) AND DRIVES ALONG THE RMP
PATROL ROUTE ACROSS THE WEST FRONT OF THE REICHSTAG, THEN
ALONG THE SECTOR BOUNDARY PAST THE BRANDENBURG GATE ON TO
POTSDAMER PLATZ. PRIME MINISTER'S LANDROVER IS PRECEDED
FIRST BY ONE POLICE PROTECTION CAR AND NEXT BY RMP LANDROVER
WITH ONE CAMERA TEAM FACING BACKWARDS TO COVER PRIME
MINISTER'S VEHICLE.

ITEM (E) 020-025 MINUTES:

PRIME MINISTER DISMOUNTS AT POTSDAMER PLATZ AND MOUNTS VIEWING
PLATFORM WITH PANORAMIC VIEW OF WALL, OBSTACLE ZONE, WATCH
TOWERS, REMAINS OF HITLER'S BUNKER ETC. PRESS PHOTO FACILITY
FOR LIMITED POOL.

ITEM (F) 025 MINUTES:

PRIME MINISTER RETURNS TO MERCEDES 600 FOR JOURNEY TO RATHAUS.

2. WE ARE SATISFIED THAT THE ABOVE SEQUENCE CAN BE ACHIEVED
WITHOUT UNDUE HURRY WITHIN THE 25 MINUTES ALLOTTED.
GRATEFUL FOR URGENT AUTHORITY NOW TO COORDINATE DETAILS WITH
THE SENAT.

CONFIDENTIAL

/3.

CONFIDENTIAL

3. THERE ARE TWO ANCILLARY PROBLEMS TO BE SETTLED:-
(A) SEATING IN THE PRIME MINISTER'S LANDROVER;
(B) ARRANGEMENTS FOR OTHER MEMBERS OF HER MOTORCADE. THE BASIC CONCEPT WOULD BE THAT WHILST THE PRIME MINISTER MOVES BY LANDROVER FROM THE SPREE TO POTSDAMER PLATZ, THE MAIN BODY OF THE MOTORCADE WOULD BE REPOSITIONED AT THE LATTER. SECONDLY THE RMP PATROL COLUMN SHOULD BE HELD TO THE MINIMUM NUMBER OF VEHICLES.

4. THE LANDROVER CONTAINS ONE FRONT PASSENGER SEAT (PRIME MINISTER'S DETECTIVE) AND FOUR PLACES IN THE REAR. TWO OF THE REAR PASSENGERS COULD CONVENIENTLY STAND IF DESIRED, HOLDING ONTO A RAISED HAND-RAIL BEHIND THE FRONT SEATS. THE G O C AND RMP COMMANDER OUGHT TO ACCOMPANY THE PRIME MINISTER, WHICH LEAVES ONLY ONE OTHER PLACE IN THE BACK. WE SUGGEST THIS SHOULD BE THE GOVERNING MAYOR, LEAVING THE CHANCELLOR AND AMBASSADOR TO TRAVEL IN ANOTHER REVIEW LANDROVER.

5. ALL OTHER MEMBERS OF THE MAIN MOTORCADE WOULD MOVE WITH THAT TO POTSDAMER PLATZ.

MOSTYN

LIMITED
WED
EIESD
NEWSD
CRD
DEFD
PS
PS(WRD) BEKSTEAD
SIR J. BULLARD
MR & JODISON

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CONFIDENTIAL



FE RB

H of C
 Ambassador
 Prime Minister's Private Secretary

ANGLO-GERMAN BILATERAL QUESTIONS (PMVX(82)13)

*/The
 Ambassador*

1. This brief has attached a copy of the joint press statement on "thickening-up" Anglo-German relations which was endorsed by the Prime Minister and Chancellor Schmidt at last November's Anglo-German Summit. / suggested that it was quite possible that, at tomorrow's press conference, the Prime Minister might be asked what action was being taken to follow up last year's statement.

2. If asked such a question, I suggest the Prime Minister might reply as follows:

Since last November's Summit British and German officials have been meeting to discuss ways of increasing the already extensive contacts between our two countries. The Anglo-German Mixed Commission on cultural matters will be meeting in London in December to review progress in a number of cultural and educational areas; and I hope that by next year officials will be able to report back to Heads of Government with satisfactory results in these and other areas of our relations.

If asked: the subjects under review at the Mixed Commission include youth exchange, language learning, and information.

Mavis Leslie

28 October 1982

Mrs A M Leslie

cc: Chief Press Secretary (Mr Ingham)

*APC
seen*

WALDEMAR SCHRECKENBERGER: STATE SECRETARY
AND HEAD OF THE FEDERAL CHANCELLOR'S OFFICE

Biographical Note

Born 1929 in Ludwigshafen, (contemporary and friend since childhood of Helmut Kohl). Studied law, then joined the Rhineland-Palatinate Land Administration, brought into the Land Chancellery (roughly Cabinet Office) by Kohl when latter became Minister-President. Was in charge of relations between Rhineland-Palatinate and the Federation. Vogel, Kohl's successor when he moved to Bonn, made Schreckenberger Head of the Chancellery (an instance used to show that Schreckenberger is not Kohl's creature, since Vogel was not the successor Kohl had wanted). From June 1981 until recently Schreckenberger was the Rhineland-Palatinate Minister of Justice. Now head of the Federal Chancellor's Office.

Said to be quiet and retiring but nevertheless self-confident and determined. Subjects with which he has dealt include legal and constitutional questions, broadcasting and cable television (experiment in Ludwigshafen).

*AKC
seen*

JENNINGER, DR PHILLIP

Minister of State in the Federal Chancellery
since October 1982

Born 1932. Studied Law at the University of Tübingen. 1963-64 worked in the Federal Ministry of Defence. 1964-66 Private Secretary and Press Spokesman for the Minister without Portfolio (Dr Krone). 1966-69 Private Secretary to the Federal Minister of Finance (Dr F-J Strauss). Member of Parliament since 1969. From 1973 until his present appointment he was Chief Whip of the CDU/CSU Parliamentary Party.

A close confidant of Dr Kohl, his appointment to his present post on the change of Government in October 1982 came as no surprise. As the Chief Whip he was widely respected in the CDU/CSU for his handling of the Party. Had the reputation of a tough Parliamentary wheeler-dealer but in private can be charming.

Helpful and well disposed towards the UK. Has visited England on a number of occasions privately and most recently in the Summer of 1981 to improve his English. His daughter is currently studying in the West country.

He was to have paid a Category I visit to the UK in November 1982 but with the change of Government has had to postpone this to next year.

Catholic, married with 2 children.

CONFIDENTIAL



German

10 DOWNING STREET

From the Private Secretary

4 October, 1982.

Federal Republic of Germany

I enclose a copy of a telegram which the Prime Minister has received from Herr Schmidt. It appears to have been sent before the Prime Minister sent her message to him on Friday.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

↗



10 DOWNING STREET

MF

Prime Minute

To note - you have of
course sent Her Majesty a
message.

A. J. C. $\frac{4}{10}$

L.A.

MR $\frac{6}{10}$

SUBJECT
CC MASTER
OPPS.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 188A/82.

" Dear Margaret,

For the moment this is just a short word of thanks for our close co-operation.

Over the last two years we have held, I believe, some very intensive talks, and I shall always remember with pleasure your hospitality at Chequers.

In our talks we realized time and again how important it is for our two countries to work closely together. This imposes a special responsibility on the heads of Government, one which they can only fulfil if they know each other well on a personal level and also know about the constraints which affect their political action. For this very reason I had arranged with your predecessor over six years ago to hold regular Anglo-German consultations.

I think that we always made honest and substantial efforts for a Common European Policy. That was not always easy and has become all the less so since the development of the world economy has put increasingly threatening strains on our national economies in recent years.

It is nevertheless my impression that we succeeded time and again in meeting each other's views and, when it was necessary in the paramount interest of European solidarity, in subordinating our national interests. I believe that not only the respective governments know this, but that in the final analysis public opinion in our countries has learned more and more to appreciate the value of European solidarity.

With my best wishes for you personally and for your work in the future,

Yours sincerely

(sgd.) Helmut Schmidt "

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND
Jürgen Ruhfus

London, 1st October, 1982

Her Prime Minister

I have the honour to transmit to you
the enclosed telegramme from Federal Chancellor
Herr Helmut Schmidt.

I am, Her Prime Minister,
Yours sincerely
Jürgen Ruhfus

The Rt. Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury
10 Downing Street
London SW1

T e l e g r a m m e

from Federal Chancellor Helmut Schmidt

to the

Prime Minister, The Rt. Hon. Margaret Thatcher, MP

MAATPOST

ZETA



Germany
File AH
cc fco

10 DOWNING STREET

From the Principal Private Secretary

30 September 1982

Dear Unwin,

We spoke on the telephone today about Christopher Malloby's telegram number 807 of yesterday about my proposed visit to Bonn.

I agree that in the circumstances I should postpone my visit, but would be glad to reinstate it when a little of the dust has settled and you think that it would be useful for me to make contact with the new team. There is not an obvious date in October when I could do so, and may be it would be best for me to meet them at the summit meeting at the end of October and then perhaps follow that up with a meeting subsequently. But let us keep in touch and if you want to suggest that I find a date to come over during October, please give me a ring.

Yours sincerely,

Peter Unwin Esq., CMG

Robin Butler

AH

IMMEDIATE

Germany

ADVANCE COPY

Copy of this with PERS - not signed

*HP WEP
HP EEP
HP ED (1)
Cabinet Office
(2) No 10 D.S.T.*

(X5)

CB BONN/FCO 002/29

OO FCO

RR TRAFFIC RELAY

GRS 132

VRESTRICTED

FM BONN 291000Z SEPT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 807 OF 29 SEPTEMBER

FOR BUTLER, 10 DOWNING STREET FROM MALLABY

MY LETTER OF 3 SEPTEMBER: YOUR PROPOSED VISIT TO BONN

1. WE ASKED ZELLER (CHANCELLOR'S OFFICE) YESTERDAY WHETHER THEY WOULD STILL BE HAPPY TO RECEIVE YOU ON 5-6 OCTOBER. ZELLER SAID IT WOULD CAUSE THEM NO PRACTICAL DIFFICULTIES IF YOU CAME THEN: BUT HE IMPLIED THAT, IF YOUR MAIN PURPOSE WAS TO GET TO KNOW THE GERMAN OPPOSITE NUMBERS WITH WHOM YOU WOULD BE DOING BUSINESS, THERE MIGHT BE LITTLE POINT IN YOUR COMING TO MEET A TEAM WHOSE FUTURE WAS UNCERTAIN.

2. SINCE THAT CONVERSATION IT HAS COME TO LOOK MUCH MORE LIKELY (BONN TELNO 806 TO FCO) THAT THERE WILL BE A CHANGE OF GOVERNMENT HERE BY THE END OF THE WEEK. IF SO, IT IS PROBABLE THAT GABLENTZ AND ZELLER WILL BE REPLACED SOON. IN THE CIRCUMSTANCES, I RECOMMEND THAT YOU POSTPONE YOUR VISIT UNTIL THE DUST HAS SETTLED HERE. ONCE A SUCCESSOR TO GABLENTZ HAS BEEN APPOINTED, I WOULD PROPOSE TO SOUND HIM ABOUT THE PRINCIPLE OF REINSTATING YOUR VISIT AND THEN TO CONSULT YOU ABOUT POSSIBLE DATES. IS THIS ALL RIGHT?

TAYLOR

KAY

ROBIN BUTLER'S VISIT TO BONN

Robin is leaving London for Bonn on Tuesday 5 October and returning on Wednesday 6 October. I have arranged his tickets with Maggie Ward. Robin's travel plans are as follows:

Tuesday 5 October

Depart London	1940	- Heathrow
Arrive Bonn	2055	All times local

Wednesday 6 October

Depart Bonn	1640	
Arrive London	1755	- Heathrow

I have made the bookings for first class, bearing in mind that he is the Prime Minister's Principal Private Secretary. However, on the return journey, all that is available at the moment is Club or Tourist but Maggie is hoping for a cancellation in the First class section. Nearer the time would you send a messenger over to collect the tickets please. I asked for the bill to be put on No. 10's account.

X | Would you please ask the Duty Clerk to arrange cars to Heathrow on the outward journey, and also to meet Robin on the return journey?

LPO

24 September 1982

file

BRP

Germany/
Anglo-German Relations
Pt 2

24 September 1982

For advise. no reply
necessary
JF
29/9

The Prime Minister has received the attached message from President Reagan about the recent helicopter crash at Mannheim.

I should be grateful if you could advise on whether a reply is necessary; if not, a telephone call will do.

(TIMOTHY FLESHER)

Francis Richards, Esq.,
Foreign and Commonwealth Office

SUBJECT

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 183/82

*cc Minister
Ops*

Dear Margaret:

It was with great sorrow that I learned of the tragic crash of a military helicopter in Mannheim, Germany which took the lives of your countrymen.

Please extend my personal and deepest condolences to the families of those who died in this terrible accident.

/s/

Ron

210

T183182

2

EMBASSY OF THE
UNITED STATES OF AMERICA
LONDON

September 23, 1982

John
Dear Mr. Coles:

MT

Blue Muster

I have been asked to deliver to *DF*
the Prime Minister the enclosed message *24/9.*
from President Reagan, which was received
at the Embassy today.

Sincerely,

Ed

Edward J. Streator
Deputy Chief of Mission

Enclosure
As stated

Mr. A. J. Coles
Private Secretary to the Prime Minister
10 Downing Street
London SW1



2

THE GUILDHALL, SWANSEA SAI 4PA

TELEPHONE 50821

22nd September, 1982.

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
Houses of Parliament,
Westminster,
LONDON.

R23

Prime Minister

DT

23/9

Dear Prime Minister,

Thank you for your kindness in sending the message of sympathy over the recent tragic events in Mannheim.

I know that the relatives and friends of those who died have been supported by the messages received.

Yours sincerely,

Tyssul Lewis

LORD MAYOR
Councillor Tyssul Lewis.

T 182/82

✓ Eco



DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

Jürgen Ruhfus

London, 21st September 1982

Prime Minister

mt

H

23/9

Dear Prime Minister

I have the honour to transmit to you the enclosed telegram from the Chancellor of the Federal Republic of Germany, Herr Helmut Schmidt.

A courtesy translation is attached.

I am, dear Prime Minister,

yours sincerely

Jürgen Ruhfus

The Rt. Hon. Margaret Thatcher, MP
Her Majesty's Prime Minister and
First Lord of the Treasury

London

SUBJECT

Courtesy translation

T e l e g r a m

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T182/82

from Herr Helmut Schmidt, Chancellor of the Federal
Republic of Germany

*ce Master
ops*

to
The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Dear Margaret,

Thank you very much for your message of sympathy on
the accident at Pfaeffikon.

I have conveyed your condolences to the families of
the victims.

Helmut.

T e l e g r a m m

von Herrn Helmut Schmidt, Bundeskanzler der Bundesrepublik
Deutschland

an
The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Liebe Margaret,

haben Sie vielen Dank für Ihre Botschaft der Teilnahme
am Unglück von Pfaeffikon.

Ich habe Ihr Mitgefühl den Familien der Opfer über-
mittelt.

Helmut.

MATTPOST
ZETA

Germany HL

13 September 1982

Thank you for your letter of 13 September recommending that the Prime Minister send a message of condolence to Chancellor Schmidt about the accident at Pfaeffikon in Switzerland. Mrs. Thatcher has approved the message to Chancellor Schmidt and I should be grateful if you would arrange for its despatch.

JOHN COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office.

Al



Foreign and Commonwealth Office

London SW1A 2AH

13 September, 1982

Dear John.

We spoke this morning about the tragic accident at Pfaeffikon in Switzerland in which at least 39 lives were lost. As all the victims were German, we would advise that the Prime Minister send a message of condolence to Chancellor Schmidt. I enclose a draft. The message might best be sent by telegram to HM Embassy Bonn for onward transmission to the Federal Chancellor's Office. (The Prime Minister's message to Chancellor Schmidt about the Mannheim crash issued over the weekend).

The Secretary of State is including a reference to the Pfaeffikon accident in his reply to Herr Genscher's message of condolence to him about the Mannheim crash.

Yours ever

Marsha

P.P. (F N Richards)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

DSR 11 (Revised)

Message

DRAFT: ~~minutes/letter/teletype/dispatch/notes~~
XXXXXXXXXXXXXXXXXXXXXXXXXXXX

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:
Chancellor Schmidt

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT: DRAFT MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR SCHMIDT

.....In Confidence

CAVEAT.....

Begins:

Dear Helmut

I was deeply upset to learn of the accident at Pfaeffikon in which so many German lives were lost. Coming so shortly after the terrible air crash at Mannheim in which citizens of both our countries lost their lives, this tragedy has come as a great shock.

Please convey my deepest sympathy to the families of the victims.

Margaret

Ends.

Enclosures—flag(s).....

Sund

Master
of

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T177/82

UNCLASSIFIED

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OO BONN DESKBY 121630Z
GRS 75
UNCLASSIFIED
DESKBY 121630Z
FM FCO 121510Z SEPTEMBER 82
TO IMMEDIATE BONN
TELEGRAM NUMBER 403 OF 12 SEPTEMBER
PLEASE PASS FOLLOWING MESSAGE FROM PRIME MINISTER TO
CHANCELLOR SCHMIDT
BEGINS

DEAR HELMUT,
THANK YOU FOR YOUR THOUGHTFUL MESSAGE ABOUT THE TRAGIC
ACCIDENT AT MANNHEIM. I WAS DEEPLY SHOCKED BY THE LOSS OF
LIFE OF SO MANY BRAVE YOUNG PEOPLE.

PLEASE CONVEY MY DEEPEST SYMPATHY TO THE BEREAVED
FAMILIES OF YOUR OWN CITIZENS WHO LOST THEIR LIVES.
YOURS EVER,
MARGARET
ENDS

PYM

NNNN
DIST LIMITED
CONSULAR D
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NEWS D
PS
PS/PUS

COPIES SENT TO
No. 10 DOWNING STREET

SMS 10/82



de Morder
ops

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

London, 12th September 1982

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T176A/82**

Dear Prime Minister,

I have the honour to transmit to you the enclosed message of condolence from the Chancellor of the Federal Republic of Germany, Herr Helmut Schmidt.

A courtesy translation is attached.

May I say that I am also shocked and grieved by this tragic accident.

I am, dear Prime Minister,

Yours sincerely,

Jürgen Ruhfus

Her Excellency
The Rt. Hon. Margaret Thatcher, MP,
Her Majesty's Prime Minister and
First Lord of the Treasury

L o n d o n

Referred to Cheyres 12/9/82

Courtesy Translation

Telex message

from Herr Helmut Schmidt, Chancellor of the Federal
Republic of Germany

to

The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Dear Margaret,

I have just learned that eight British citizens have lost
their lives at an aircraft crash at Mannheim.

My deepest sympathy to you and to the families
so grievously affected.

Helmut Schmidt

The Federal Chancellor
of the Federal Republic of Germany

Fernschreiben

von Herrn Helmut Schmidt, Bundeskanzler der Bundesrepublik
Deutschland

an

The Rt. Hon. Margaret Thatcher, MP, Prime Minister

Dear Margaret,

wie ich soeben höre, sind bei einem Flugunglück in Mannheim
8 britische Staatsbürger ums Leben gekommen. Mein herzliches
Mitgefühl gilt Ihnen und den so schwer betroffenen Familien.

Helmut Schmidt

Bundeskanzler der Bundesrepublik Deutschland



F E R Butler Esq
10 Downing Street
LONDON S W 1

Dear Robin

Robin

This is arranged -
see note behind -
can be will be
organised -

A 22/9
if indeed
it now takes place

BRITISH EMBASSY,
BONN.

8 September 1982

Thank you for your letter of 25 August to Peter Unwin.

2. We have put your suggestion to Otto von der Gablentz (Zeller is on leave). He welcomed it very enthusiastically. Both he and Zeller look forward very much to meeting you on 6 October.
3. Our planning will have to take account of the air schedules, which are such as to prevent both flying from London and back and doing business in Bonn on a single day. The first flight from London does not reach Bonn until 1235 and the last one leaves at 1740. I therefore suggest that you should fly here on the previous evening and depart on the 1740 flight in the afternoon of 6 October. Jock Taylor would like to put you up.
4. The main components of a visit should, I think, be time with von der Gablentz and Zeller and a chance for some of us in the Embassy to talk to you too. Von der Gablentz pointed out that there will be a Cabinet meeting on the morning of 6 October which will probably immobilise him, though Zeller would be free. Von der Gablentz could take you over for the early afternoon. The Germans would probably arrange lunch, and if they did not we would.
5. I should point out that a visit by Antony Acland is planned to start on 6 October. That need not affect our ability to look after you, though the Ambassador may obviously wish to devote himself to Antony's programme, once the latter has arrived.
6. When you are clear about how long you can devote to Bonn, we can have more detailed discussion with von der Gablentz. And nearer the time we can consider the agenda.

Yours ever

Christopher Mallaby

C L G Mallaby

16 SEP 1982

11 12 1
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8 3
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5

BOHM

BRITISH EMBASSY



SUBJECT.

Botschaft
der Bundesrepublik Deutschland
Embassy
of the Federal Republic of Germany

J. von Alten
Minister Plenipotentiary

Germany

London, 27th August, 1982

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T161/82.**

*see master set } see
or 19/8/82*

Dear Mr. Whitmore,

With reference to the letter of Ambassador Ruhfus to the Prime Minister of 19th August, 1982, I have the pleasure in forwarding to you the original letter of Chancellor Helmut Schmidt to Prime Minister Margaret Thatcher.

Yours sincerely,

Jürgen Alten

Mr. Clive Whitmore
Principal Private Secretary
to Prime Minister
Prime Minister's Office
10 Downing Street
London SW1

ROME - KLANGHART - DEH ROM

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 15 August 1982

Dear Margaret,

ich möchte Sie aus meinem Urlaub nach der telefonischen Vorabunterrichtung über unsere Büros mit diesem Brief gerne ausführlich über meine Gespräche bei meiner jüngsten Amerika-Reise unterrichten.

Im Hinblick auf die wirtschaftliche Entwicklung waren - mit Ausnahme von Shultz - alle Gesprächspartner, insbesondere die amerikanischen Geschäftsleute, sehr skeptisch. Dies gilt sowohl für die Entwicklung der amerikanischen Wirtschaft in den nächsten Monaten, als vor allem auch hinsichtlich einer wirksamen Absenkung des Zinsniveaus. Milton Friedman rechnet mit einer Verbesserung der wirtschaftlichen Situation in etwa 18 Monaten, erwartet aber keine Senkung der langfristigen Zinsen. Er gab den Rat, die Europäer sollten versuchen, ihre Zinsen von den amerikanischen Zinsen abzukoppeln.

Ihrer Exzellenz
Frau Margaret Thatcher, MP
Ministerpräsident des Vereinigten
Königreichs Großbritannien und
Nordirland
London

Meine Skepsis wegen des Winters 1982/83 und der ersten beiden Quartale 1983 ist durch diese Gespräche nicht kleiner geworden. Ich habe gegenüber allen Gesprächspartnern die negative Führungsrolle der amerikanischen Defizit- und Hochzinspolitik betont.

Bei der Erörterung der West-Ost-Beziehungen hat Shultz die bekannte doppelgleisige West-Ost-Politik artikuliert: Der Westen brauche eine starke Verteidigung sowie die Bereitschaft, ein konstruktives Verhältnis mit der Sowjetunion zu entwickeln.

Ich habe auf die Notwendigkeit hingewiesen, die Ost-West-Kontakte aufrecht zu erhalten, und mich nachdrücklich für eine persönliche Begegnung zwischen Präsident Reagan und Generalsekretär Breschnjew eingesetzt. Ich habe Shultz geraten, dieses Treffen nicht von vornherein mit der Erwartung auf konkrete Ergebnisse zu belasten, sondern die Gelegenheit zur Aussprache der Führer der beiden Weltmächte in den Mittelpunkt zu stellen.

Ich habe Shultz davon unterrichtet, daß meine Regierung ihre Kontakte mit der sowjetischen Führung aufrecht erhalten werde.

Ich habe Shultz ferner gesagt, daß nach meiner Einschätzung die INF-Verhandlungen in Genf gegenwärtig das zentrale Stück der West-Ost-Beziehungen sind; wenn diese Verhandlungen ohne Ergebnis blieben, dann seien auch START und andere West-Ost-Verhandlungen über Abrüstungsfragen aussichtslos. Dabei habe ich George Shultz im Hinblick auf den für Ende 1983 vereinbarten Beginn der Stationierung nachdrücklich auf das Zeitelement bei den Genfer Verhandlungen hingewiesen.

Zu Polen sagte Shultz, daß die USA nicht die Absicht hätten, den default der polnischen Schulden zu erklären. Er erwähnte, daß auch die amerikanischen Banken daran kein Interesse hätten. Er wies mich auf die große amerikanische Zurückhaltung im Hinblick auf eine Umschuldung für Polen hin. Ich habe ihm gesagt, daß der Westen zu irgend einem Zeitpunkt die Anreize für eine Normalisierung der Lage in Polen präzisieren sollte.

Ich habe ausführlich das westliche Interesse am KSZE-Prozeß erläutert. Dabei habe ich die damit verbundene Anerkennung der politischen Präsenz der USA und Kanadas hervorgehoben sowie die Bedeutung Vertrauensbildender Maßnahmen, die sich auf ganz Europa erstrecken. Deshalb sei es für uns besonders wichtig, daß die KSZE-Folgekonferenz in Madrid in ein Mandat für eine Abrüstungskonferenz in Europa einmündet, das ganz Europa vom Atlantik bis zum Ural umfaßt.

Die jüngsten amerikanischen Rückzieher innerhalb der ECE habe ich kritisch vermerkt und die Bedeutung der West-Ost-Zusammenarbeit gerade im Energiebereich unterstrichen.

Shultz hat mir hierzu inzwischen geschrieben, daß sich die Vereinigten Staaten keineswegs insgesamt aus der ECE zurückgezogen hätten, sondern nur an bestimmten Treffen (West-Ost-Kooperation im Energiebereich) nicht teilnehmen wollten. Dies solle zeigen, daß die US-Administration nicht bereit sei, nach den Ereignissen in Polen business-as-usual zu betreiben, und treffe die Staaten des Warschauer Pakts empfindlich, da diese von der Zusammenarbeit im Energiebereich wesentlich mehr als der Westen profitiert hätten.

Ich habe mich nachdrücklich für Treffen vom Gymnich-Typ innerhalb der NATO eingesetzt.

Zum NATO-Doppelbeschluß habe ich auf die Notwendigkeit einer Synchronisation der Stationierung von Pershing II in der Bundesrepublik Deutschland und der Cruise Missile in den anderen Stationierungsländern hingewiesen; die Bundesrepublik Deutschland darf in dieser wesentlichen Frage auch nicht zeitweilig singularisiert werden.

Zum West-Ost-Kräfteverhältnis habe ich mich gegen einen westlichen Inferioritätskomplex gewandt; dies könne den Zusammenhalt des westlichen Bündnisses und die Moral der Streitkräfte nicht fördern. Shultz berichtete mir später, er habe dies Präsident Reagan vorgetragen, der sich davon sehr beeindruckt gezeigt habe.

Zur Frage der out-of-area-Verantwortlichkeiten der Bündnispartner habe ich betont, daß die Bundesrepublik nicht die Hauptdrehscheibe der rapid deployment force werden dürfte. Auch in dieser Frage dürfe keine Singularisierung des deutschen Bündnispartners stattfinden.

Zur Türkei sagte mir Shultz, daß man in Washington einen großen Schritt der türkischen Führung nach vorne zu beobachten glaube. Im Hinblick auf die Entwicklung der Menschenrechte ist meine eigene Einschätzung hierzu etwas weniger optimistisch. Ich habe Shultz über die indirekten Kontakte in Kenntnis gesetzt, die über mich selbst und Generalsekretär Luns zwischen Papandreou und der türkischen Führung stattgefunden haben. Nach Gesprächen mit Griechen und Türken halte ich es für denkbar, daß man

- das Zypern-Problem zu einem Problem der Vereinten Nationen und der beiden Völkergruppen auf der Insel erklären kann
- die Frage der Souveränität im Luft- und Seeraum der Ägäis für einige Jahre ruhen lassen kann,

wenn in der NATO eine Formel gefunden wird, die die ohnehin selbstverständliche Tatsache ausdrückt, daß das Bündnis der gemeinsamen Verteidigung gegen die sowjetische Bedrohung dient und eine Bedrohung von Bündnispartnern untereinander ausgeschlossen ist. Shultz bezeichnete diese Überlegungen als sehr interessant.

Zur Erweiterung des amerikanischen Embargos gegen das Erdgas-Röhren-Geschäft hat von den rd. 12 führenden amerikanischen Wirtschaftsleuten, mit denen ich nacheinander gesprochen habe, keiner die Position der amerikanischen Administration unterstützt. Shultz hat sich auf diese Frage sehr vorsichtig eingelassen und die Argumentation benutzt, die er auch bei seiner Anhörung im Außenpolitischen Ausschuß des Senats verwandt hat. Auch Shultz hat sich, wie der Präsident, den Begriff des "Familienstreits" über diese Frage zu eigen gemacht. Er geht wohl davon aus, daß die Erdgasleitung gebaut wird, wenn auch mit einiger Verzögerung. Ich habe davor gewarnt, unter Berufung auf amerikanische Gesetze, die in Europa zur Anwendung kommen sollten, europäische Firmen vor amerikanische Gerichte zu ziehen.

Im Hinblick auf die europäisch-amerikanischen Handelsbeziehungen war Shultz bestürzt über die Äußerung von Olmer, daß die USA möglicherweise ihre Mitarbeit im GATT zur Disposition stellen könnten. Shultz ist zu einer großen Anstrengung entschlossen, um sicherzustellen, daß der Freihandel nicht zerstört wird.

Über Einzelheiten der europäisch-amerikanischen Stahlauseinandersetzung haben wir nicht gesprochen.

Zum Gesamtbereich der Handelsbeschränkungen stimmten Shultz und ich überein, daß hier großes Unheil droht, wenn nicht politisch eingegriffen wird.

Ich habe Shultz unsere Sicht der Dritten Welt und ihrer Probleme ausführlich vorgetragen. Dabei habe ich die Bedeutung echter Blockfreiheit unterstrichen und die besondere Rolle, die die Staaten der Dritten Welt in den Vereinten Nationen spielen. Ich habe Shultz darauf hingewiesen, daß die Europäer in verschiedenen Regionen der Dritten Welt besondere Einflußmöglichkeiten besitzen. Es sei keineswegs so, daß die USA in der Dritten Welt alles allein machen müßten oder sollten.

Zur Lage in Mittelamerika war Shultz davon überzeugt, daß große Waffenlieferungen der Sowjetunion nach Kuba und von dort nach Nicaragua und in weitere mittelamerikanische Staaten gingen. Er hält es zwar für richtig, daß man versucht, vernünftige Beziehungen mit Nicaragua aufrecht zu erhalten. Nicaragua übt nach seiner Auffassung aber einen sehr negativen Einfluß auf El Salvador und Guatemala aus. Die USA würden ihre Waffenlieferungen nach El Salvador fortsetzen. Er betonte, daß das 350 Millionen Dollar Karibik-Programm der USA ernst gemeint ist.

Shultz sprach von sich aus Namibia an. Die Kubaner müßten Angola verlassen. Wenn Nujoma und seine Streitkräfte in Namibia etabliert und die Südafrikaner abgezogen seien, werde Angola die Kubaner wegschicken.

Shultz vermittelte mir den Eindruck, daß er in der Nah- und Mittelostpolitik starken Einfluß nehmen wird. Er sprach mit großem Verständnis von den Rechten der Palästinenser und sagte, Israel müsse stärker beeinflußt werden. Er denke dabei aber nicht an unmittelbare Gespräche oder die Anerkennung der PLO, sein Ziel sei es, Jordanien und Saudi-Arabien in den Nahost-Prozeß einzu beziehen unter Erhaltung der Teilnahme Ägyptens. Ich habe diese Überlegung sehr unterstützt.

Wir waren uns einig, daß Somalia Hilfe benötigt um zu verhindern, daß es wieder unter sowjetischen Einfluß kommt und Shultz sagte mir, daß die USA zur Zeit Waffen schicken.

Ich traf in Kalifornien auch Ministerpräsident Lee Kuan Yew, der mir ein beeindruckendes Bild der Situation in Asien vermittelte. Lee meint, daß die ungleichen Verträge zwischen der Sowjetunion und China auch in Zukunft eine Annäherung zwischen Peking und Moskau verhindern werden. Er rechnet mit einer langsameren Entwicklung Chinas, das noch etwa 60 Jahre oder 3 Generationen brauchen werde, um den industriellen Standard zu erreichen, den Japan jetzt schon habe. Er habe aber keinerlei Zweifel, daß China letzten Endes ein solches Entwicklungsstadium erreichen werde.

Lee hat - in Anwesenheit von Shultz und Kissinger - unterstrichen, daß die amerikanische Regierung mehr darauf achten müsse, daß die chinesische Führung ihr Gesicht wahren könne, ohne daß dabei die Substanz amerikanischer Positionen beeinträchtigt zu werden brauche. Für Peking

bleiben sowjetische Präsenz und sowjetischer Einfluß in Vietnam und Kambodscha unannehmbar. Es werde sich weiter darum bemühen, daß in Indochina die früheren Staaten mit möglichst unabhängigen Regierungen wiederhergestellt werden.

Ich habe Premierminister Trudeau bei unserem Treffen in Ottawa von meinen Eindrücken aus Kalifornien berichtet. Im übrigen haben wir bei diesem Treffen im wesentlichen bilaterale Themen behandelt.

Mit freundlichen Grüßen

Yours truly,
Richard Nixon

Translation

THE FEDERAL REPUBLIC OF GERMANY
THE CHANCELLOR

Bonn, 15. August 1982

Dear Margaret,

While still on holiday, I should like to inform you in more detail about the talks I held during my recent trip to the United States, supplementing the information you have received via our offices.

With the exception of Secretary of State Shultz, all of those I talked with, particularly the American businessmen, were very sceptical with regard to economic developments. This applies to both the outlook for the American economy in the coming months and particularly to an effective reduction in the level of interest rates. Milton Friedman expects the economic situation to improve in about 18 months, but he does not foresee a reduction in long-term interest rates. He suggested that the Europeans should attempt to decouple their interest rates from those in the United States.

My scepticism regarding the coming winter and the first two quarters of 1983 was not lessened by these talks. In all of them I pointed out the negative lead given by the United States' deficit and high interest rate policy.

The Rt. Hon. Margaret Thatcher, M.P.
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland
London

In discussing East-West relations, Mr Shultz upheld the familiar two-track West-East policy, emphasizing that the West needs both a firm defence and the willingness to see a constructive relationship with the Soviet Union emerge.

I pointed out the necessity of maintaining East-West contacts, and emphatically supported the idea of a personal meeting between President Reagan and General Secretary Brezhnev. I advised Mr Shultz not to burden such a meeting from the outset by expecting concrete results, but to focus on the opportunity it affords for an exchange of views between the leaders of the two world powers.

I informed Mr Shultz that my Government would maintain its contacts with the Soviet leadership.

I also told him that, in my opinion, the INF negotiations in Geneva are currently central to West-East relations and that, if these negotiations did not achieve results, START and other West-East negotiations on disarmament would have no prospect of success either. In view of the commencement of deployment agreed upon for the end of 1983, I underlined the importance of the time factor in the Geneva negotiations.

Discussing the Polish situation, Mr Shultz said that the United States did not intend to declare Poland to be in default, and added that American banks also had no interest in seeing that done. He pointed out the great restraint shown by the United States regarding the re-scheduling of Poland's debts. I expressed the view that the West should at some time specify the incentives for a normalization of the situation in Poland.

I expounded in detail on the West's interest in the CSCE process. In that connection, I called particular attention to our appreciation of the political presence of the United States and Canada and to the significance of confidence-building measures covering the whole of Europe. I went

on to point out that it was thus particularly important for us for the CSCE follow-up meeting in Madrid to result in a mandate for a Conference on Disarmament in Europe that would include all of Europe, from the Atlantic to the Urals.

I expressed criticism of the most recent American backdowns within the ECE, and underscored the importance of West-East co-operation, particularly in the sphere of energy.

Since my visit I have received a letter from Mr Shultz saying that the United States had by no means withdrawn from the ECE as a whole, but merely wished to refrain from participating in certain meetings (West-East co-operation in the field of energy). This was intended to demonstrate that the US Administration was not willing to carry on "business as usual" after the events in Poland, and Mr Shultz voiced the opinion that this would profoundly affect the Warsaw Pact countries, since they had profited to a much greater extent than the West from co-operation on energy.

I expressed my strong support for Gymnich-type meetings within NATO.

Discussing the NATO two-track decision, I pointed out the necessity of synchronizing the stationing of Pershing II in the Federal Republic of Germany and that of Cruise Missiles in the other countries concerned; the Federal Republic of Germany should not be singled out, even on a temporary basis, in connection with this essential question.

As regards the power relationship between West and East, I spoke out against an inferiority complex on the part of the West since that would not further the cause of the unity of the Western Alliance nor the morale of its armed forces. Mr Shultz later informed me that he had passed this on to President Reagan, who was apparently quite impressed with this thought.

Regarding the question of the out-of-area responsibilities of the partners in the Alliance, I emphasized that the Federal Republic must not become the main base of the rapid deployment force. In this question, too, the German partner must not be singled out.

In our discussion of Turkey, Mr Shultz said that Washington believed the Turkish leadership was making considerable progress. Regarding developments in the field of human rights, my own assessment is somewhat less optimistic. I told Mr Shultz about the indirect contacts that have taken place through Secretary General Luns and myself between Papandreou and the Turkish leadership. Following talks with Greeks and Turks, I consider it conceivable that

- the Cyprus problem might be declared a problem of the United Nations and of the two national communities on the island, and
- the question of sovereignty in the Aegean air and sea space might be left unsettled for a few years,

if NATO can arrive at a formula expressing the - obvious - fact that the purpose of the Alliance is our joint defence against the Soviet threat, and that it excludes any threat by one partner in the Alliance against another. Mr Shultz described these thoughts as very interesting.

Of the roughly twelve American business leaders with whom I held talks, there was none who supported the position of the American Administration concerning the expansion of the American embargo against the natural gas pipeline deal. Mr Shultz' comments on this matter were very cautious; he repeated the arguments during the hearing before the Senate Foreign Relations Committee. Like the President, Mr Shultz used the term "family dispute" in discussing this issue. He apparently assumes that the gas pipeline will be built, albeit with some delay. I cautioned against calling European companies before American courts, by extending the scope of American legislation to Europe.

With regard to European-American trade relations, Mr Shultz voiced dismay over Mr Olmer's comment that the United States might call its participation in GATT into question. Mr Shultz is determined to make every effort to ensure that free trade is not irreparably damaged.

We did not discuss details of the European-American steel dispute.

Discussing the overall complex of trade restrictions, Mr Shultz and I were agreed that disaster was imminent if no political action was taken.

I presented to Mr Shultz in detail our view of the Third World and its problems, underscoring the importance of true non-alignment and the special role played by the countries of the Third World within the United Nations. I pointed out that the Europeans had special opportunities of exerting influence in various regions of the Third World, and that the United States was by no means forced or expected to bear the whole burden of action in that part of the world.

Concerning the situation in Central America, Mr Shultz was convinced that large weapons shipments from the Soviet Union were being sent to Cuba and from there to Nicaragua and other Central American countries. While he considers it proper to attempt to maintain reasonably good relations with Nicaragua, he feels that it has a very negative influence on El Salvador and Guatemala. He said that the United States would continue its arms shipments to El Salvador, and emphasized that the United States' 350 million dollar programme for the Caribbean was a serious endeavour.

Mr Shultz brought up the topic of Namibia; he said that the Cubans would have to leave Angola, and that when Nujoma and his forces were established in Namibia, and after the South Africans had left, Angola would dismiss the Cubans.

I gained the impression that Mr Shultz will have considerable influence on U.S. policy on the Middle East. He showed great understanding of the rights of the Palestinians and said that stronger influence should be brought to bear on Israel. However, he was not thinking in terms of direct talks or of recognition for the PLO, but his objective was to integrate Jordan and Saudi-Arabia into the Middle East process while ensuring the participation of Egypt. I voiced strong support for this position.

We were in agreement that Somalia needs assistance if it is not to fall back under Soviet influence, and Mr Shultz told me that the United States is currently supplying weapons to that country.

In California I also met with Prime Minister Lee Kuan Yew, who gave me an impressive view of the situation in Asia. Lee believes that the imbalanced treaties between the Soviet Union and China will continue to prevent rapprochement between Peking and Moscow. He foresees slower development in China and expects that it will take that country about 60 years, or 3 generations, to achieve the industrial standard Japan enjoys today. However, he has no doubts whatsoever that China will eventually reach such a state of development.

In the presence of Mr Shultz and Dr Kissinger, Prime Minister Lee emphasized that the American Administration must be more careful to allow the Chinese leadership to save face, but that this need not impair the substance of American positions. For Peking, the Soviet presence and influence in Vietnam and Cambodia continued to be unacceptable. It would continue to support actively the re-establishment of the former States in Indochina, with governments that are as independent as possible.

During our meeting in Ottawa, I informed Prime Minister Trudeau of the impressions I had gained in California. Apart from that we concentrated essentially on bilateral topics.

Yours sincerely,
(sgd.) Helmut Schmidt

Subject

Lee Master
ops.

T167/82. LR



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T.167/82

10 DOWNING STREET

THE PRIME MINISTER

26 August 1982

Dear Helmut,

Thank you for your letter of 15 August, which I saw on my return from holiday. It was extremely useful to have such a full account of your talks with the United States on so many issues of importance to all of us. We must keep in close touch on these matters. Meanwhile, I am sure it was useful that you were able to talk to George Shultz in such a comprehensive fashion as he began to take up his new job.

I wish that the economic summit had been in October rather than June. A heads of government meeting would be useful then.

Yours sincerely

Raymond

His Excellency Herr Helmut Schmidt.



2cc Germany
cc FCO (WED)
cc JAC o/R

10 DOWNING STREET

From the Principal Private Secretary

25 August 1982

Dear Unwin,

Thank you for your letter of 29 July which I have found on my arrival in post.

Clive Whitmore told me how valuable he had found his contacts with von der Gablentz and Zeller and encouraged me to maintain them. I therefore particularly welcome the proposal from Zeller which you convey in your letter.

Looking at possible dates I think that the one which would suit me best would be Wednesday 6 October, since the Prime Minister will be at the Conservative Party Conference on that day and I will not be required. Could you please let me know whether this would be convenient to Zeller and yourself. I would hope to fly out in the morning and return the same evening.

If in due course you could let me have a note of any current business with the Federal Chancellor's office of which I ought to be aware, I should be grateful.

I am copying this letter to Andrew Wood (Foreign and Commonwealth Office).

Yours sincerely,

Robin Butler

P W Unwin Esq., CMG

AM.



Germany pre type
to PM signature
RB

Foreign and Commonwealth Office

London SW1A 2AH

23 August, 1982

Dear Tim,

Thank you for your letter of 20 August enclosing the translation of a letter to the Prime Minister from Herr Schmidt. I do not think the Prime Minister need do more than thank the / Chancellor for his information. I enclose a draft.

Yours ever

(J E Holmes)
Private Secretary

T Flesher Esq
Private Secretary
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO: Herr H Schmidt

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

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Enclosures—flag(s).....

25/8/82 HUE

by Germany

10 DOWNING STREET

From the Private Secretary

20 August, 1982

CBF

I enclose herewith a translation of a letter to the Prime Minister from Herr Helmut Schmidt reporting on his recent visit to the United States which I shall place before the Prime Minister on her return from Switzerland. I should be grateful for your advice on whether the Prime Minister should reply to the letter and if so for a draft.

I am sending a copy of this letter and its enclosure to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence), Jonathan Spencer (Department of Industry) and John Rhodes (Department of Trade).

T. FLESHER

J Holmes, Esq.,
Foreign and Commonwealth Office

so



DER BOTSCHAFTER
 DER BUNDESREPUBLIK DEUTSCHLAND
 Jürgen Ruhfus

T 161/82
 K20

London, 19th August, 1982

Thanks -
 MR

Prime Minister:

I am seeking
 advice on the
 need for and
 content of
 any reply.

Dear Prime Minister

JK 27/8

I have the honour to transmit to you the enclosed translation of a letter by the Chancellor of the Federal Republic of Germany, Herr Helmut Schmidt

The German original will follow shortly.

I am, dear Prime Minister
 yours sincerely
 Jürgen Ruhfus

The Rt. Hon. Margaret Thatcher, MP
 Prime Minister of the United Kingdom of
 Great Britain and Northern Ireland
 London

cc Master
ops
Translation

T161/82

Subject

CONFIDENTIAL

The Federal Republic of Germany
The Chancellor

Bonn, 15th August 1982

The Rt. Hon. Margaret Thatcher, MP
Prime Minister of the United Kingdom of
Great Britain and Northern Ireland

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T161/82**

London

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In discussing East-West relations, Mr. Shultz upheld the familiar two-track West-East policy, emphasizing that the West needs both a firm defence and the willingness to see a constructive relationship with the Soviet Union emerge. I pointed out the necessity of maintaining East-West contacts, and emphatically supported the idea of a personal meeting between President Reagan and General Secretary Brezhnev. I advised Mr. Shultz not to burden such a meeting from the outset by expecting concrete results, but to focus on the opportunity it affords for an exchange of views between the leaders of the two world powers. I informed Mr. Shultz that my Government would maintain its contacts with the Soviet leadership.

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- and
- the question of sovereignty in the Aegean air and sea space might be left unsettled for a few years,

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During our meeting in Ottawa, I informed Prime Minister Trudeau of the impressions I had gained in California. Apart from that we concentrated essentially on bilateral topics.

Yours sincerely,

(sgd.) Helmut Schmidt

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A. J. Coles, Esq.



CABINET OFFICE

With the compliments of
Sir Robert Armstrong KCB, CVO
Secretary of the Cabinet

RA

16/4

70 Whitehall, London SW1A 2AS
Telephone: 01-233 8319

CONFIDENTIAL



CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A09254

10th August, 1982

My dear Antony,

will request is required.
I have already written to you about one of the subjects which I discussed with Dr. Gerhard Konow, the new State Secretary in the Bundeskanzleramt, when I went to see him on 16th July.

I found Dr. Konow an accessible and friendly man, with good English. He has served before in the Bundeskanzleramt for something like ten years. His particular specialty has been relations between the Federal and Länder Governments, on which he is obviously an expert. He was at some pains to emphasise that he was a career civil servant (a Berufsbeamter), and not a member of the SPD. When he had been asked to accompany Herr Vogel to Berlin, he had demurred, saying that he was not a party member; but Herr Vogel had said that he wanted Dr. Konow for his particular knowledge and experience. I formed the impression that Dr. Konow was much better versed in internal matters than in international affairs.

He talked a certain amount about the state of the Government coalition in Germany. He obviously regarded its future - and with it his own future - as considerably uncertain. He was not even sure that it would last until the date when Federal elections were next due, though he was more inclined to think that it would than that it would not. He said that the trouble about governing Germany was that the parties had to face elections on national issues not just once every four years but once every six months or more, because Land elections tended to be just as much on national as on local issues. The governing coalition had not been comfortable since the last Federal election. The outstanding feature of that had been that people had been invited to vote, and had voted, for a combination of Federal Chancellor Schmidt and the FDP. The Federal Chancellor's electoral standing was much higher than that of his party. Though the FDP had done well in the last Federal election, they had tended to lose to other minority parties, and notably to the "green" party, since that time. As a result, the members of the coalition were looking at every issue primarily for what political advantage they could get out of it for their parties; and this did not make for harmonious relations. It was clear that Dr. Konow saw no possibility of the present

/coalition

Sir Antony Acland, KCMG, KCVO

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coalition returning to office after the next Federal elections. There was a strong feeling in the Federal Republic of Germany that, after nearly 15 years of the present coalition, it was time for a change. It was even possible that the CDU might be able to form a majority Government on their own, although at present the leadership appeared to be weak, and it was not at all clear who would lead the CDU into the next election.

Dr. Konow asked about the British political situation and outlook. I said that it had been transformed by the Falklands factor. The Labour Party was still in continuing travail, and it was difficult to see it getting its act together in time for an election. The Alliance between the Liberal Party and the Social Democratic Party seemed to have lost momentum and with it support. The Government's, and above all the Prime Minister's, stand on the Falkland Islands had clearly been very well regarded by public opinion, and the Government were showing majorities of something like 50 per cent in current public opinion polls. But public opinion before the Falkland Islands affair had been uncertain and volatile, and there were differing opinions about the longer-term effect of the "Falklands factor". It was very difficult to predict how political patterns would shift in the year to 18 months before the next General Election.

Dr. Konow and I spent some time on the Falkland Islands affair. I did not detect in him any disposition to be critical; rather, he spoke with some admiration of the Government's determination and success in the operation. He did not seem to demur when I said that, in the light of all that had happened, British Parliamentary and public opinion simply would not understand or accept a proposal to renew negotiations about sovereignty. It was much too early as yet to say what the future might hold for the Islanders. The Islanders had had a traumatic experience, both physically and psychologically, and it would take months if not years to complete a process of rehabilitation. Until the Islanders themselves had settled down, it was difficult to say how they might see their own longer-term future. It might well be that a simple return to colonial rule as it was before the South Atlantic war was not possible. On the other hand complete independence for so small a community hardly seemed viable. The eventual solution seemed likely to be on the lines of greater self-government, with some kind of protecting power, provided either by the United Kingdom or conceivably by an international grouping of one kind or another.

Dr. Konow and I spoke briefly about the problem of German frigates. Dr. Konow stressed the importance of the Argentine orders for frigates for the German shipyards and manufacturers concerned. He hoped that it would be possible to reach some agreement with us which would enable British manufacturers to release the United Kingdom equipment now being held up, though he recognised that there could be no possibility of delivering the frigates if there was a significant danger of resumption of hostilities. I said that I thought that we should shortly be approaching the German Government, to see whether they could

/give

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give us some kind of assurance on these lines that would enable us to release the equipment which was being held back. There was no doubt that the vessels on order from Germany by the Argentine Government would represent a significant improvement of the capacity of the Argentine Navy, which had not played a very large part in the South Atlantic war.

Turning to European Community issues, I first mentioned fisheries. Dr. Konow said that those who had briefed him had suggested that he should not say anything to me about the Federal Chancellor's position; nonetheless, he would tell me that the Federal Chancellor had decided that he would not intervene with the Danish Prime Minister at that time, but that, if the matter was still outstanding when business resumed in the autumn, he would then seriously consider getting in touch with the Danish Prime Minister on this subject. I emphasised, and Dr. Konow seemed to accept, the importance of reaching agreement before 31st December. I said that at one time it had seemed as if one of the difficulties for the Danish Government was the possibility of an election in Denmark between now and the end of the year, but I understood that that possibility seemed now to be receding.

On the British contribution to the European Community budget, I reminded Dr. Konow that discussions were due to begin again in the autumn. Finding Dr. Konow ill-acquainted with the background to the subject, I rehearsed at some length the origins of the problem, including the Community's commitment to deal with unacceptable situations and the failure of the pattern of Community expenditure to alter, during our transitional period, in such a way as to reduce the burden of our net contribution. I suggested that this was a matter on which it ought to be possible for the Federal Republic and the United Kingdom to make common cause. It could not be satisfactory to either of us that we should be the two net contributors to the Community budget, and on such a large scale. I said that I understood that the Federal Chancellor was somewhat disenchanted with certain aspects of the Community. Dr. Konow said that the Federal Chancellor was disenchanted with many aspects of the Community at present. He feared that the issue of the British budget contribution would not be settled in 1982, and that it would have to be settled during the German Presidency in the first half of 1983; he was not looking forward to it. He had been heard to say that the sensible way to deal with it would be for the British, the French and the Germans to get together and arrive at an agreement and then impose it on the smaller members of the Community. I said that there were always difficulties about the "Big Three" ganging up against the smaller members in that way, and the Italians in particular resented being left out of such gatherings. There were less difficulties about "trilateral bilaterals": arrangements whereby the British talked privately to the Germans and to the French and the French and Germans talked privately between themselves, but in waysⁱⁿ which each of the three knew what was going on. I said that I thought that the matter should be taken up in the first place in the Community institutions, and I understood that the Commission was expected to produce a new paper after the summer holiday. We ought to see how that got on.

/Nonetheless,

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Nonetheless, if later down the line Dr. Konow thought that it would be useful for there to be private talks between him and me, he would find me willing to respond; by the same token, I hoped that he would feel able to respond, if there were a suggestion from our side that such a contact might be useful. Dr. Konow agreed.

Dr. Konow said that one of the Federal Chancellor's principal concerns in Community affairs was the renewal of the Association Agreement between the Community and Turkey. This was due for renewal in 1986. If it was renewed in its present form, there would from that time be freedom of movement of people between Turkey and the Community. Germany had been told by Turkey that in that event some 15 million Turks were liable to move from Turkey to the Federal Republic. The Federal Republic already had a population of $4\frac{1}{2}$ million Turks, and that was as much as they could stand. They could not conceivably expose themselves to the risk of receiving another 15 million Turkish people: they would have to leave the Community rather than let that happen. This issue bulked very large in the Federal Chancellor's mind, and he wanted to resolve it during the lifetime of the present German Government. Dr. Konow did not expressly say but I formed the impression that he was suggesting that support for the German position on this matter would affect the Federal Chancellor's view on our budget contribution.

*Yours ever
Robert*

CONFIDENTIAL



Minister (Economic)

British Embassy

53 Bonn Friedrich-Ebert-Allee 77

Telephone Bonn 234061

PERSONAL

Your reference

F E R Butler Esq
No 10 Downing Street
London SW1

Our reference

Date 29 July 1982

Dear Butler

Klaus Zeller, von der Gablentz's deputy in the Federal Chancellor's office, came to lunch with me today. He remarked on Clive Whitmore's elevation and asked who was to succeed him. I told him you were.

Zeller said that it had been good to get to know Whitmore early on. I asked whether they in the Federal Chancellor's office would welcome a visit from you, perhaps in the autumn. Zeller said they would. Of course, they would get to know you quickly enough in the course of meetings you attended with the Prime Minister; but a visit under your own steam would be useful and agreeable if you could make it.

Can you let me know in due course what response you would like us to make to this. We for our part would welcome a visit if it can be managed.

Yours sincerely

Peter Unwin

P W Unwin

cc: Andrew Wood Esq, WED, FCO

SUBJECT



10 DOWNING STREET

From the Private Secretary

28 July 1982

Anglo/German Relations

The Foreign and Commonwealth Secretary, accompanied by Sir Jock Taylor, called on the Prime Minister today (your letter of 27 July refers).

The Prime Minister said that she doubted whether the time was ripe for an approach by her to President Reagan about United States economic policy. But Sir Jock Taylor could say to Chancellor Schmidt, if it were felt useful, that she would be prepared to consider an approach at a more appropriate time and would discuss this question with him at the Anglo/German Summit on 28/29 October.

There was some discussion of the details of the Prime Minister's visit to Germany for the Summit. It was agreed that, provided the Summit ended before lunch on 29 October, it might be possible for the Prime Minister both to visit Berlin and to have supper privately with the Chancellor at his house in Hamburg, before returning to London on the evening of 29 October. I should be grateful if you could establish whether this suggestion is acceptable to the Chancellor.

The Prime Minister said that she might be prepared to telephone Chancellor Schmidt after her visit to the Far East in September, to give him an account of her impressions. She also thought it possible that he would ring her when he returned from his present visit to the United States.

As regards the Chancellor's wish that the United Kingdom should now join the EMS, the Prime Minister said that she was loath to consider this again. She would have to discuss it with the Chancellor of the Exchequer and the Governor of the Bank of England. In a sense, we were in a better position to join now that our inflation rate was closer to that of Germany.

There was also some discussion of the SPD's political prospects, Chancellor Schmidt's concern about the world economy,

/ his



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- 2 -

is attitude to the EC budget question and the problem which diminishing manpower resources would pose for German defence forces in the 1990s.

A. J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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Foreign and Commonwealth Office

London SW1A 2AH

27 July 1982

MB

Dear John,

The Prime Minister is to see Mr Pym at 1445 on Wednesday 28 July to discuss Anglo-German relations, in the light of the discussion which Sir Jock Taylor had with Chancellor Schmidt on 14 July (my letter of 16 July).

I enclose an annotated agenda which could serve as a
/ framework for the discussion.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

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ANGLO-GERMAN RELATIONS: MEETING BETWEEN THE PRIME MINISTER
AND FOREIGN AND COMMONWEALTH SECRETARY, 28 JULY

ANNOTATED AGENDA

1. Background

FRG domestic uncertainties: state of the coalition,
1983 Budget

Bilateral pre-occupations: Falklands, Community
Budget negotiations, differences with the US

2. Immediate issues

(a) The Prime Minister has accepted the proposal
she visit Berlin after the Anglo-German
Summit on 28/29 October. This would be a
good opportunity to make a speech about
Britain post-Falklands, underlying strength
of purpose, defence commitments etc.

(b) She has also accepted Chancellor Schmidt's
invitation to visit Hamburg after Bonn/Berlin
though the timing has to be settled.

(c) We have yet to respond to Schmidt's suggestion
the Prime Minister talk to President Reagan
about US economic policies. We do not yet
have an account of Chancellor Schmidt's recent
meeting with Mr Shultz.

3. European Community

Main probable area of disagreement between UK and Germany
this Autumn. On Budget, hoping to see Genscher in
September. Possible scope for trilateral talks with
French. Have asked Germans to intervene with Danish
Presidency on fish. Need to consider latest German
approach on EMS. Note Chancellor's reply to message
on Northern Ireland Housing. German approach to trade
with Japan too liberal.

/4. Anglo-



4. Anglo-German Summit, 28/29 October

Need to consider tactics carefully and try to offset differences on Community issues by co-operative discussion of

- (a) transatlantic relations (US economic policy; East/West economic relations; steel etc)
- (b) defence (UK defence policy post-Falklands including BAOR; report on future of Bundeswehr; NATO's resource problems; trilateral defence cooperation; arms control).

27 JUL 1982



Germany.



File: CS

RM

10 DOWNING STREET

From the Private Secretary

26 July, 1982

ANGLO/GERMAN RELATIONS

Thank you for your letter of 22 July. The Prime Minister would be glad to discuss with the Foreign and Commonwealth Secretary and Sir Jock Taylor the various points relating to our policies towards West Germany. A meeting has been arranged for 1445 hrs on 28 July.

A. J. COLES

F Richards, Esq.,
Foreign and Commonwealth Office



Prime Minister

Agree to see Mr. Pym and

Sir J. Taylor at
1445 on 28 July?

Foreign and Commonwealth Office

London SW1A 2AH

22 July, 1982

A.J.C. $\frac{23}{7}$

Dear John,

Anglo/German Relations

Mr Pym would welcome an opportunity to discuss with the Prime Minister a variety of points relating to our policies towards West Germany.

// These points include our approach to the Anglo/German Summit at the end of October, negotiations within the Community and our bilateral relationship: they include questions arising from Sir Jock Taylor's long conversation with Chancellor Schmidt on 14 July (Bonn telegrams 650 and 651, of which I enclose copies). Chancellor Schmidt is preoccupied by transatlantic relations and is seeing the new US Secretary of State this week. There are also defence questions in the light of our own White Paper and the Report of the Long Term Planning Commission of the Bundeswehr. The latter was raised at a meeting held by the Prime Minister on the afternoon of 21 July; it has pointed to a number of serious potential weaknesses in the West German Armed Forces in the 1990s which will demand preventive action fairly soon on the part of the West Germans and which highlight the contribution BAOR makes to our common defence.

Mr Pym hopes to see Herr Genscher soon after the August holidays. It would be helpful if a convenient time could be found for the Prime Minister to see him before the holidays begin or, if this cannot be arranged, as soon as possible after her return. He believes that it would be helpful if Sir Jock Taylor were able to be present. We shall send a more detailed checklist of points to be covered at the meeting nearer the time fixed for it.

Yours ever,

(F N Richards)
Private Secretary

A J Coles Esq
Private Secretary
10 Downing Street

GRS 275
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FM BONN 151604Z JUL 82
TO IMMEDIATE FCO
TELEGRAM NUMBER 651 OF 15 JULY

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TOP COPY
19 JUL 1982

MIPT 650.
PERSONAL FOR PUS: CALL ON CHANCELLOR SCHMIDT.

1. DURING OUR DISCUSSION OF THE WORLD ECONOMIC SITUATION THE CHANCELLOR RECALLED HIS DISCUSSION WITH MRS THATCHER AT CHEQUERS IN MARCH WHEN HE TOLD THE PRIME MINISTER THAT SHE WAS PROBABLY THE ONLY PERSON WHO MIGHT BE ABLE TO INFLUENCE PRESIDENT REAGAN OVER AMERICAN ECONOMIC POLICIES. PRESIDENT REAGAN WOULD NOT LISTEN TO HIM, SCHMIDT, AND EVEN LESS TO MITTERRAND, BUT HE HAD A GREAT RESPECT FOR MRS THATCHER'S ECONOMIC VIEWS. HE THOUGHT THAT MRS THATCHER COULD EFFECTIVELY PUT OVER EUROPEAN VIEWS ON THE PROBLEMS AND ASKED ME TO SUGGEST THAT THE PRIME MINISTER SHOULD CONSIDER FINDING AN OPPORTUNITY FOR A DISCUSSION WITH THE PRESIDENT ON THESE ISSUES.

2. AS I RECALL FROM THE DISCUSSION AT CHEQUERS MRS THATCHER WAS WILLING TO CONSIDER THE POSSIBILITY OF TALKING TO THE PRESIDENT BEFORE THE VERSAILLES SUMMIT. THERE WAS SOME DISCUSSION ABOUT HOW THE MEETING MIGHT BE PRESENTED, EG BY ARRANGING FOR THE PRIME MINISTER TO GIVE A LECTURE AND THUS TAKE ADVANTAGE OF HER PRESENCE TO SPEAK TO THE PRESIDENT AND AVOID GIVING THE IMPRESSION OF A SPECIAL VISIT TO WASHINGTON, WHICH WOULD AROUSE UNDUE PUBLIC INTEREST. ALTHOUGH MRS THATCHER SEEMED READY TO CONSIDER FINDING A WAY OF MEETING THE PRESIDENT, MATTERS WERE OVERTAKEN BY THE FALKLANDS CRISIS.

3. THE CHANCELLOR CLEARLY CONSIDERS THIS AN IMPORTANT SUGGESTION AND I HOPE THAT THE PRIME MINISTER MAY BE WILLING TO GIVE IT CONSIDERATION (EVEN THOUGH IN VIEW OF HER FORTHRIGHT ATTITUDE ON THE AMERICAN EMBARGO ON GAS EQUIPMENT, HER INFLUENCE WITH PRESIDENT REAGAN MAY BE MORE DIFFICULT TO DEPLOY). WHATEVER THE PRIME MINISTER MAY DECIDE, I HOPE THAT SHE WOULD BE PREPARED TO SEND A MESSAGE ABOUT THIS PROPOSAL TO THE CHANCELLOR.

TAYLOR
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HD/ERD
PS
PS/PUS
LORD BRIDGES
SIR J. BULLARD
MR EVANS

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FM BONN 151555Z JULY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 650 OF 15 JULY

AND TO PRIORITY WASHINGTON PARIS UKREP BRUSSELS AND UKDEL NATO

YOUR TELNO 339: (NOT TO ALL) MEETING WITH CHANCELLOR SCHMIDT

1. I HAD AN HOUR AND A QUARTER WITH THE CHANCELLOR LAST NIGHT DURING WHICH WE RANGED OVER THE MAIN SUBJECTS COVERED IN YOUR BRIEFING. SCHMIDT WAS A LITTLE BRISTLY AT FIRST, HAVING PROBABLY BEEN BRIEFED THAT I WAS CONCERNED ABOUT THE EFFECTS ON OUR RELATIONS OF GERMAN ATTITUDES OVER E.C. AND FALKLANDS ISSUES; BUT AS THE MEETING WENT ON HE BECAME MORE AND MORE FRIENDLY AND SEEMED MORE PERSUADED OF THE GREAT RANGE OF COMMON INTERESTS AND VIEWS ON THE PROBLEMS WHICH WE WILL BE FACING IN THE NEXT MONTHS. AT THE END OF OUR TALK HE SUGGESTED THAT THE PRIME MINISTER (AND YOU IF YOU WISHED) SHOULD VISIT HIM PRIVATELY AT HIS HOUSE IN HAMBURG AFTER THE ANGLO/GERMAN SUMMIT EITHER ON HER WAY BACK FROM BERLIN (A VISIT HE WOULD WARMLY WELCOME) OR DIRECT FROM BONN IF A VISIT TO BERLIN WERE NOT TO TAKE PLACE. WHETHER OR NOT IT IS POSSIBLE TO ARRANGE A VISIT TO HAMBURG, THE INVITATION IS A MOST SIGNIFICANT INDICATION OF THE CHANCELLOR'S FRIENDSHIP. WE SHALL FOLLOW THIS UP SEPARATELY.

2. SINCE SCHMIDT WAS IN DISCURSIVE MOOD, (HE ASKED ME NOT TO TAKE NOTES OF HIS REMARKS) AND WAS CLEARLY NOT INFORMED IN DETAIL ABOUT MANY ISSUES, I WAS NOT ABLE TO GO DEEPLY INTO DISCUSSION ON MANY SUBJECTS MYSELF. THE MAIN POINTS OF INTEREST WERE AS FOLLOWS.

FALKLANDS

3. AFTER I HAD REFERRED TO MY CONCERN OVER POSSIBLE GERMAN LACK OF UNDERSTANDING OF THE SITUATION, AND THEIR EXAGGERATED WORRIES OVER THEIR RELATIONS WITH LATIN AMERICA AND THE THIRD WORLD, SCHMIDT WONDERED WHETHER WE REALISED THE COST TO GERMANY IN TERMS OF TRADE WITH ARGENTINA (DM 4,000 MILLION EXPORTS, MAINLY OF SHIPS) I ASSURED HIM THAT WE DID AND THAT YOU WERE MOST GRATEFUL FOR GERMAN SUPPORT. HE RESTATED HIS OPPOSITION TO THE IDEA OF SANCTIONS AS AN EFFECTIVE MEASURE BUT AGREED WHEN I POINTED OUT THAT AN EMBARGO ON MILITARY EQUIPMENT WAS A DIFFERENT MATTER. HE THEN SAID THAT HE REGARDED THE FALKLANDS CRISIS AS SOMETHING THAT IS NOW OVER AND NEED NOT IN ANY WAY TROUBLE OUR RELATIONSHIPS. IN VIEW OF THIS ATTITUDE I DID NOT ARGUE THE ISSUES WHICH I HAD EARLIER DISCUSSED WITH GENSCHER.

4. SCHMIDT SAID HE HAD RECENTLY MET TWO PERUVIANS WHO IMPRESSED HIM ENORMOUSLY. ONE WAS ULLOA, THE PRIME MINISTER, WHO HAD A REMARKABLE GRASP OF POLITICS AND OF WORLD ECONOMIC ISSUES AND WHO WAS FUNDAMENTALLY VERY HOSTILE TO ALL MILITARY REGIMES, HAVING HIMSELF HAD TO GO INTO EXILE; HE STRONGLY RECOMMENDED THAT HMG SHOULD CULTIVATE THIS IMPRESSIVE MAN. THE OTHER WAS PEREZ DE CUELLAR,

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/AND

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AND I WAS ABLE TO EXPLAIN THAT YOU AND THE PRIME MINISTER HAD BEEN MEETING HIM THAT DAY AND EXPLAINING OUR POSITION. I WAS ALSO ABLE BRIEFLY TO EXPLAIN THE NEED FOR A LONG PERIOD OF SETTLING DOWN BEFORE DECISIONS ABOUT THE FUTURE COULD BE TAKEN, AND I REFERRED TO THE STATE OF PARLIAMENTARY AND PUBLIC OPINION IN THE UK.

COMMUNITY

5. SCHMIDT BEGAN BY REPEATING HIS WELL KNOWN STORY OF HOW, HAVING GROWN UP WHOLLY ANGLOPHILE, THE HISTORY OF BRITAIN'S MEMBERSHIP OF THE COMMUNITY AND THE VARIOUS QUOTE RENEGOTIATIONS UNQUOTE HAD DRIVEN HIM INTO THE ARMS OF THE FRENCH. HE THEN GAVE VENT TO HIS VIEWS ABOUT THE ABSURDITY OF MANY ASPECTS OF THE COMMUNITY, IN PARTICULAR THE CAP (WHERE IT WAS TOTALLY IMPOSSIBLE TO CONTROL AGRICULTURE MINISTERS, INCLUDING HIS OWN) AND THE FACT THAT BRITAIN AND GERMANY HAD TO BE LARGE CONTRIBUTORS. HE HAD LAST WEEK TOLD THE DUTCH PARLIAMENT THAT THE BUDGETARY SITUATION WAS INTOLERABLE FOR BRITAIN AND GERMANY. THIS ALLOWED ME TO MAKE THE POINT ABOUT THE IMPORTANCE OF GETING A LONG-TERM SETTLEMENT AND THE INIQUITY OF THE SITUATION FROM OUR POINT OF VIEW. SCHMIDT WAS MOST DOUBTFUL ABOUT THE ABILITY OF THE COMMISSION AND THE DANISH PRESIDENCY TO PRODUCE A RESULT AND THEREFORE FEARED THAT IT WOULD FALL TO THE GERMAN PRESIDENCY TO SETTLE THE QUESTION. AFTER SOME SLIGHTLY DISOBLIGING REMARKS ABOUT GENSCHER'S ABILITY TO COME UP WITH A SOLUTION HE SAID IT WAS HIS VIEW THAT THE SOLUTION SHOULD BE WORKED OUT BETWEEN THE FEDERAL REPUBLIC, BRITAIN AND FRANCE AND THEN SOLD TO THE OTHERS. HE ASKED ME TO TELL YOU THAT HE PERSONALLY WAS CONVINCED OF THE NECESSITY OF MAINTAINING THE RIGHT OF VETO IN THE COMMUNITY (THOUGH HE WAS PREPARED TO ACCEPT THE NEED FOR A WRITTEN EXPLANATION OF A VETO): GERMANY, FRANCE AND BRITAIN COULD [?] ~~NOW~~ ALLOW THEIR VITAL INTERESTS TO BE VOTED DOWN. HE ADDED THAT GENSCHER WAS LESS SOUND ON THIS POINT. HE DID, HOWEVER, REITERATE THE GERMAN EXCUSE THAT OUR LINKING THE PRICE ISSUE WITH THE MANDATE HAD FORCED THE VOTE IN MAY: I REBUTTED THIS.

FISHERIES

6. I TOOK THIS OPPORTUNITY TO POINT TO THE NEED FOR A SUCCESS IN AGREEING THE CFP AND MADE THE POINTS CONTAINED IN YOUR BRIEFING. SCHMIDT ONCE MORE WAS TOTALLY UNBRIEFED AND SAID THAT THE COMMUNITY HAD KILLED THE GERMAN FISHING INDUSTRY AND HE DID NOT THINK THERE WAS ANYTHING TO BE DONE. I EXPLAINED THAT THE SITUATION WAS NOT SO DESPARATE FOLLOWING THE DISCUSSIONS THAT WE HAD HAD AND THAT THE IMPORTANT THING WAS TO GET THE DANES TO COOPERATE. SCHMIDT INSTRUCTED DEPUTY UNDER-SECRETARY VON DER GABLENTZ, WHO WAS PRESENT, TO PURSUE THIS MATTER.

EMS

7. THE CHANCELLOR SAID THAT HE COULD SEE NO REASON WHY WE SHOULD STILL REMAIN OUTSIDE THE SYSTEM. ITS VALUE LAY IN IMPOSING ON GOVERNMENTS THE NEED FOR ECONOMIC DISCIPLINES SUCH AS HMG WAS IN ANY CASE FOLLOWING. HE THOUGHT IT WOULD BE OF ENORMOUS POLITICAL AND PSYCHOLOGICAL BENEFIT IF BRITAIN WERE NOW TO JOIN. THE FACT THAT

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EVEN WITHIN THE SYSTEM EXCHANGE RATE ADJUSTMENTS HAD TO TAKE PLACE WAS NO ARGUMENT AGAINST THE SYSTEM ITSELF: EVEN UNDER BRETTON WOODS, EXCHANGE ADJUSTMENTS TOOK PLACE. JOINING NOW WOULD GREATLY HELP US IN CREATING THE RIGHT ATMOSPHERE IN THE COMMUNITY FOR SETTling SOME OF THE OUTSTANDING PROBLEMS THOUGH, HE ADDED, THE FRENCH WOULD WONDER WHAT WE WERE UP TO.

TRANS-ATLANTIC RELATIONS

8. THE CHANCELLOR CLEARLY SAW THAT OUR CONCERNS AND POLICIES HERE WERE LARGELY IDENTICAL. HE WAS WORRIED ABOUT LACK OF PROGRESS IN THE GENEVA INF TALKS AND FEARED THAT SOME AMERICANS REGARDED THIS NEGOTIATION SIMPLY AS A SOP TO THE EUROPEANS WHILST PRIVATELY WISHING TO CONTINUE THE ARMS BUILD-UP. IF THE AMERICANS COULD NOT CONVINCe EUROPEANS THAT THEY WERE MAKING A REAL AND GREAT EFFORT THERE WOULD BE SERIOUS DIFFICULTIES NEXT YEAR AS INF DEPLOYMENT APPROACHED, AND BELGIUM AND THE NETHERLANDS AND POSSIBLY EVEN ITALY MIGHT FALL BY THE WAYSIDE. HE WAS SLIGHTLY MORE OPTIMISTIC ABOUT START.

9. ON US/EUROPEAN ECONOMIC RELATIONS (INCLUDING THE GAS PIPELINE AND STEEL) THE CHANCELLOR WAS CLEARLY HAPPY ABOUT THE LINE THAT HMG HAVE BEEN TAKING. ON THE QUESTION OF THE WORLD ECONOMY THE CHANCELLOR APPEARS STILL TO BE IN HIS APOCALYPTIC MOOD. FOLLOWING A TALK WITH MY AMERICAN COLLEAGUE ARTHUR BURNS, HE FEARS THAT THERE IS NO HOPE OF GETTING THE US BUDGET DEFICIT ADJUSTED AND INTEREST RATES UNDER CONTROL BEFORE NEXT SUMMER WHEN THE NEW CONGRESS WILL HAVE HAD A LOOK AT THE QUESTION. IF THIS SHOULD TURN OUT TO BE SO, HE FEARS FURTHER MASSIVE UNEMPLOYMENT AND STAGNATION IN OUR ECONOMIES.

10. ON EAST/WEST RELATIONS THE CHANCELLOR ALSO APPEARED REASONABLY HAPPY WITH THE GENERAL UNDERSTANDING BETWEEN OUR TWO COUNTRIES.

CHANCELLOR'S VISIT TO MR SCHULTZ

11. THIS PRIVATE VISIT TO MR SCHULTZ HAD BEEN FIXED LONG BEFORE SCHULTZ WAS PICKED AS SECRETARY OF STATE. THE CHANCELLOR THOUGHT THAT SCHULTZ WOULD HAVE A GREAT DEAL OF UNDERSTANDING FOR EUROPEAN CONCERNS BUT HE HAD INHERITED A LOT OF VERY DIFFICULT ISSUES ON WHICH US POLICY WAS NOT SATISFACTORY. THESE RANGED FROM CENTRAL AMERICA, THROUGH THE MIDDLE EAST, THE GAS PIPELINE PROJECT AND ECONOMIC RELATIONS. IT WOULD BE IMPOSSIBLE FOR SCHULTZ TO CHALLENGE ALL THE POLICIES AT ONCE AND THE CHANCELLOR THOUGHT HE WOULD HAVE TO CONCENTRATE ON THE MOST VITAL. SCHMIDT THOUGHT THAT SCHLUTZ UNDERSTOOD THE EFFECTS IN EUROPE AND THE REST OF THE WORLD OF US ECONOMIC POLICIES BUT IT WOULD BE VERY DIFFICULT FOR HIM TO EXERT ANY EFFECTIVE INFLUENCE. NONETHELESS, THE CHANCELLOR IS CLEARLY HOPING THAT SCHULTZ WILL HAVE A STEADYING AND BENEFICIAL EFFECT AND THAT HIS TENURE OF OFFICE WILL BE HELPFUL TO EUROPEAN INTERESTS.

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EVEN WITHIN THE SYSTEM... THE CHANCELLOR WAS CLEARLY HAPPY ABOUT THE LINE THAT HE... HAD A LOOK AT THE QUESTION... FURTHER MASSIVE UNEMPLOYMENT AND STAGNATION IN... OUR ECONOMY.

22 JUL 1982

IN AN EAST/WEST RELATION... CHANCELLOR'S VISIT TO... THIS PRIVATE VISIT TO... SCHULTZ WAS VIEWED AS... EUROPEAN GOVERNMENT... CHALLENGE ALL THE POLICIES... YOU HAVE TO CONCENTRATE... THAT SCHULTZ UNDERSTOOD... AREA OF US ECONOMIC POLICIES... HIM TO EXERT AN EFFECTIVE... IS CLEARLY HOPING THAT... EFFECT AND THAT HIS... INTERESTS.

22 JUN 1982

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FM BONN 151604Z JUL 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 651 OF 15 JULY

MIPT 650.

PERSONAL FOR PUS: CALL ON CHANCELLOR SCHMIDT.

(RC) Germany
 ADVANCE COPY
 IMMEDIATE

Prime Minister

I will let you have a draft
 message to Chancellor Schmidt
 to you consideration.

A.S.C. 14.

ms

1. DURING OUR DISCUSSION OF THE WORLD ECONOMIC SITUATION THE CHANCELLOR RECALLED HIS DISCUSSION WITH MRS THATCHER AT CHEQUERS IN MARCH WHEN HE TOLD THE PRIME MINISTER THAT SHE WAS PROBABLY THE ONLY PERSON WHO MIGHT BE ABLE TO INFLUENCE PRESIDENT REAGAN OVER AMERICAN ECONOMIC POLICIES. PRESIDENT REAGAN WOULD NOT LISTEN TO HIM, SCHMIDT, AND EVEN LESS TO MITTERRAND, BUT HE HAD A GREAT RESPECT FOR MRS THATCHER'S ECONOMIC VIEWS. HE THOUGHT THAT MRS THATCHER COULD EFFECTIVELY PUT OVER EUROPEAN VIEWS ON THE PROBLEMS AND ASKED ME TO SUGGEST THAT THE PRIME MINISTER SHOULD CONSIDER FINDING AN OPPORTUNITY FOR A DISCUSSION WITH THE PRESIDENT ON THESE ISSUES.

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OO FCO

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Germany

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FM BONN 151555Z JULY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 650 OF 15 JULY

AND TO PRIORITY WASHINGTON PARIS UKREP BRUSSELS AND UKDEL NATO

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FALKLANDS

3. AFTER I HAD REFERRED TO MY CONCERN OVER POSSIBLE GERMAN LACK

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Hd/ECD (E)

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PS/PUS

Sir J Bullard

TG Goodison

TG Hainay

Cab Office

~~to Dg St~~ (2)

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[Standard]

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FALKLANDS

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4. SCHMIDT SAID HE HAD RECENTLY MET TWO PERUVIANS WHO IMPRESSED HIM ENORMOUSLY. ONE WAS ULLOA, THE PRIME MINISTER, WHO HAD A REMARKABLE GRASP OF POLITICS AND OF WORLD ECONOMIC ISSUES AND WHO WAS FUNDAMENTALLY VERY HOSTILE TO ALL MILITARY REGIMES, HAVING HIMSELF HAD TO GO INTO EXILE: HE STRONGLY RECOMMENDED THAT HMG SHOULD CULTIVATE THIS IMPRESSIVE MAN. THE OTHER WAS PEREZ DE CUELLAR, AND I WAS ABLE TO EXPLAIN THAT YOU AND THE PRIME MINISTER HAD BEEN MEETING HIM THAT DAY AND EXPLAINING OUR POSITION. I WAS ALSO ABLE BRIEFLY TO EXPLAIN THE NEED FOR A LONG PERIOD OF SETTLING DOWN BEFORE DECISIONS ABOUT THE FUTURE COULD BE TAKEN, AND I REFERRED TO THE STATE OF PARLIAMENTARY AND PUBLIC OPINION IN THE UK.

COMMUNITY

5. SCHMIDT BEGAN BY REPEATING HIS WELL KNOWN STORY OF HOW, HAVING GROWN UP WHOLLY ANGLOPHILE, THE HISTORY OF BRITAIN'S MEMBERSHIP OF THE COMMUNITY AND THE VARIOUS QUOTE RENEGOTIATIONS UNQUOTE HAD DRIVEN HIM INTO THE ARMS OF THE FRENCH. HE THEN GAVE VENT TO HIS VIEWS ABOUT THE ABSURDITY OF MANY ASPECTS OF THE COMMUNITY, IN PARTICULAR THE CAP (WHERE IT WAS TOTALLY IMPOSSIBLE TO CONTROL AGRICULTURE MINISTERS, INCLUDING HIS OWN) AND THE FACT THAT BRITAIN AND GERMANY HAD TO BE LARGE CONTRIBUTORS. HE HAD LAST WEEK TOLD THE DUTCH PARLIAMENT THAT THE BUDGETARY SITUATION WAS INTOLERABLE FOR BRITAIN AND GERMANY. THIS ALLOWED ME TO MAKE THE POINT ABOUT THE IMPORTANCE OF GETTING A LONG-TERM SETTLEMENT AND THE INIQUITY OF THE SITUATION FROM OUR POINT OF VIEW. SCHMIDT WAS MOST DOUBTFUL ABOUT THE ABILITY OF THE COMMISSION AND THE DANISH PRESIDENCY TO PRODUCE A RESULT AND THEREFORE FEARED THAT IT WOULD FALL TO THE GERMAN PRESIDENCY TO SETTLE THE QUESTION. AFTER SOME SLIGHTLY DISOBLIGING REMARKS ABOUT GENSCHER'S ABILITY TO COME UP WITH A SOLUTION HE SAID IT WAS HIS VIEW THAT THE SOLUTION SHOULD BE WORKED OUT BETWEEN THE FEDERAL REPUBLIC, BRITAIN AND FRANCE AND

~~WITH A SOLUTION HE SAID IT WAS HIS VIEW THAT THE SOLUTION SHOULD BE~~
WORKED OUT BETWEEN THE FEDERAL REPUBLIC, BRITAIN AND FRANCE AND
THEN SOLD TO THE OTHERS. HE ASKED ME TO TELL YOU THAT HE PERSONALLY
WAS CONVINCED OF THE NECESSITY OF MAINTAINING THE RIGHT OF VETO IN
THE COMMUNITY (THOUGH HE WAS PREPARED TO ACCEPT THE NEED FOR A
WRITTEN EXPLANATION OF A VETO): GERMANY, FRANCE AND BRITAIN COULD
NOW ALLOW THEIR VITAL INTERESTS TO BE VOTED DOWN. HE ADDED THAT
GENSCHER WAS LESS SOUND ON THIS POINT. HE DID, HOWEVER, REITERATE
THE GERMAN EXCUSE THAT OUR LINKING THE PRICE ISSUE WITH THE MANDATE
HAD FORCED THE VOTE IN MAY: I REBUTTED THIS.

FISHERIES

6. I TOOK THIS OPPORTUNITY TO POINT TO THE NEED FOR A SUCCESS
IN AGREEING THE CFP AND MADE THE POINTS CONTAINED IN YOUR BRIEFING.
SCHMIDT ONCE MORE WAS TOTALLY UNBRIEFED AND SAID THAT THE COMMUNITY
HAD KILLED THE GERMAN FISHING INDUSTRY AND HE DID NOT THINK THERE
WAS ANYTHING TO BE DONE. I EXPLAINED THAT THE SITUATION WAS NOT SO
DESPERATE FOLLOWING THE DISCUSSIONS THAT WE HAD HAD AND THAT
THE IMPORTANT THING WAS TO GET THE DANES TO COOPERATE. SCHMIDT
INSTRUCTED DEPUTY UNDER-SECRETARY VON DER GABLENTZ, WHO WAS PRESENT,
TO PURSUE THIS MATTER.

EMS

7. THE CHANCELLOR SAID THAT HE COULD SEE NO REASON WHY WE SHOULD
STILL REMAIN OUTSIDE THE SYSTEM. ITS VALUE LAY IN IMPOSING ON
GOVERNMENTS THE NEED FOR ECONOMIC DISCIPLINES SUCH AS HMG WAS
IN ANY CASE FOLLOWING. HE THOUGHT IT WOULD BE OF ENORMOUS POLITICAL
AND PSYCHOLOGICAL BENEFIT IF BRITAIN WERE NOW TO JOIN. THE FACT THAT
EVEN WITHIN THE SYSTEM EXCHANGE RATE ADJUSTMENTS HAD TO TAKE PLACE
WAS NO ARGUMENT AGAINST THE SYSTEM ITSELF: EVEN UNDER BRETTON
WOODS, EXCHANGE ADJUSTMENTS TOOK PLACE. JOINING NOW WOULD
GREATLY HELP US IN CREATING THE RIGHT ATMOSPHERE IN THE COMMUNITY
FOR SETTLING SOME OF THE OUTSTANDING PROBLEMS THOUGH, HE ADDED,
THE FRENCH WOULD WONDER WHAT WE WERE UP TO.

TRANS-ATLANTIC RELATIONS

8. THE CHANCELLOR CLEARLY SAW THAT OUR CONCERNS AND POLICIES HERE
WERE LARGELY IDENTICAL. HE WAS WORRIED ABOUT LACK OF PROGRESS IN
THE GENEVA INF TALKS AND FEARED THAT SOME AMERICANS REGARDED THIS
NEGOTIATION SIMPLY AS A SOP TO THE EUROPEANS WHILST PRIVATELY WISHING
TO CONTINUE THE ARMS BUILD-UP. IF THE AMERICANS COULD NOT
CONVINCE EUROPEANS THAT THEY WERE MAKING A REAL AND GREAT EFFORT
THERE WOULD BE SERIOUS DIFFICULTIES NEXT YEAR AS INF DEPLOYMENT
APPROACHED, AND BELGIUM AND THE NETHERLANDS AND POSSIBLY EVEN ITALY
MIGHT FALL BY THE WAYSIDE. HE WAS SLIGHTLY MORE OPTIMISTIC ABOUT

MIGHT FALL BY THE WAYSIDE. HE WAS SLIGHTLY MORE OPTIMISTIC ABOUT START.

9. ON US/EUROPEAN ECONOMIC RELATIONS (INCLUDING THE GAS PIPELINE AND STEEL) THE CHANCELLOR WAS CLEARLY HAPPY ABOUT THE LINE THAT HMG HAVE BEEN TAKING. ON THE QUESTION OF THE WORLD ECONOMY THE CHANCELLOR APPEARS STILL TO BE IN HIS APOCALYPTIC MOOD. FOLLOWING A TALK WITH MY AMERICAN COLLEAGUE ARTHUR BURNS, HE FEARS THAT THERE IS NO HOPE OF GETTING THE US BUDGET DEFICIT ADJUSTED AND INTEREST RATES UNDER CONTROL BEFORE NEXT SUMMER WHEN THE NEW CONGRESS WILL HAVE HAD A LOOK AT THE QUESTION. IF THIS SHOULD TURN OUT TO BE SO, HE FEARS FURTHER MASSIVE UNEMPLOYMENT AND STAGNATION IN OUR ECONOMIES.

10. ON EAST/WEST RELATIONS THE CHANCELLOR ALSO APPEARED REASONABLY HAPPY WITH THE GENERAL UNDERSTANDING BETWEEN OUR TWO COUNTRIES.

CHANCELLOR'S VISIT TO MR SCHULTZ

11. THIS PRIVATE VISIT TO MR SCHULTZ HAD BEEN FIXED LONG BEFORE SCHULTZ WAS PICKED AS SECRETARY OF STATE. THE CHANCELLOR THOUGHT THAT SCHULTZ WOULD HAVE A GREAT DEAL OF UNDERSTANDING FOR EUROPEAN CONCERNS BUT HE HAD INHERITED A LOT OF VERY DIFFICULT ISSUES ON WHICH US POLICY WAS NOT SATISFACTORY. THESE RANGED FROM CENTRAL AMERICA, THROUGH THE MIDDLE EAST, THE GAS PIPELINE PROJECT AND ECONOMIC RELATIONS. IT WOULD BE IMPOSSIBLE FOR SCHULTZ TO CHALLENGE ALL THE POLICIES AT ONCE AND THE CHANCELLOR THOUGHT HE WOULD HAVE TO CONCENTRATE ON THE MOST VITAL. SCHMIDT THOUGHT THAT SCHLUTZ UNDERSTOOD THE EFFECTS IN EUROPE AND THE REST OF THE WORLD OF US ECONOMIC POLICIES BUT IT WOULD BE VERY DIFFICULT FOR HIM TO EXERT ANY EFFECTIVE INFLUENCE. NONETHELESS, THE CHANCELLOR IS CLEARLY HOPING THAT SCHULTZ WILL HAVE A STEADYING AND BENEFICIAL EFFECT AND THAT HIS TENURE OF OFFICE WILL BE HELPFUL TO EUROPEAN INTERESTS.

TAYLOR

NNNN

SENT AT 151804 Z LCD



RM

c P.C.

10 DOWNING STREET

THE PRIME MINISTER

11 June 1982

Dear Dr. von Weizsaecker.

Many thanks for the album of photographs, 'Berlin's Protection Powers', which you were kind enough to send me.

I was very sorry that, because of the Argentine invasion of the Falkland Islands, we were unable to meet on 2 April during your visit to London. I hope that it will be possible for you to come to London again in the not too distant future and I look forward to seeing you then.

Yours sincerely
Margaret Thatcher

Dr Richard von Weizsaecker Mayor of Berlin
Sent via German Embassy.

B.



10 DOWNING STREET

Prime Minister 3

This is a letter of thanks
to the governing mayor
of Berlin, who sent you a
large album of photographs
recording the city's debt to the
protection forces. The Garden
Rooms have the Album if you
want to see it.

Wm
W/6



Germany CF

Foreign and Commonwealth Office

London SW1A 2AH

9 June, 1982

Dear Willie,

Pl type with wife

Thank you for your letter of 4 June to Francis Richards enclosing a letter the Prime Minister had received from the Governing Mayor of Berlin. I enclose a short draft reply from the Prime Minister to Herr von Weizsaecker.

Yours ever

John Holmes

(J E Holmes)
Private Secretary

W Rickett Esq
Private Secretary
10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Dr Richard von Weizsaecker

Secret

Governing Mayor of Berlin

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

Many thanks for the album of photographs, 'Berlin's Protection Powers', which you were kind enough to send me.

I was very sorry that, because of the Argentine invasion of the Falkland Islands, we were unable to meet on 2 April during your visit to London. I hope that it will be possible for you to come to London again in the not too distant future and I look forward to seeing you then.

Enclosures—flag(s).....

9 JUN 1982

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HLK

RM



10 DOWNING STREET

From the Private Secretary

4 June, 1982

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I enclose a letter the Prime Minister has received from the Governing Mayor of Berlin. It accompanied a large album of photographs entitled "Berlin's Protection Powers", and this album also contained a message of thanks to the Protection Powers from Herr von Weizsacker (copy attached).

②

BIF/

I should be grateful if you could provide a short draft letter of thanks for the Prime Minister to send to Herr von Weizsacker by Friday, 11 June.

W. P. S. RICKETT

F Richards, Esq
Foreign and Commonwealth Office

RM



MS

NOTE OF A MEETING BETWEEN THE CHANCELLOR OF THE EXCHEQUER AND COUNT LAMBSDORFF
AT NO.11 DOWNING STREET AT 8.45 A.M. ON FRIDAY 21ST MAY, 1982

Present:-

Chancellor of the Exchequer
Mr. J.O. Kerr

Dr. Otto Graf Lambsdorff
Ambassador Jurgen Ruhfus

Community Issues (i) BUDGET/CAP

1. The Chancellor said that he had been shocked and dismayed by the events of 18 May in the Agriculture Council. The tearing-up of the Luxembourg compromise had amounted to a betrayal of trust, and had created an extremely serious situation. Count Lambsdorff said that there had been faults on both sides. The FRG had long warned against trying to link the budget and farm prices issues, and it was absurd to pretend that additional increases of half a percentage point or even a full percentage point on farm prices could infringe any vital British national interest. Moreover Mr. Walker had accepted the substance of the farm price settlement. It would be best to regard the events of 18 May as an accident: the FRG had long accepted that the Luxembourg compromise was crucial to the British and French approaches to the Community: it need not, and should not, be damaged by the 18 May voting.

2. The Chancellor rejected this analysis. The essence of the Luxembourg compromise was that it was for each nation itself to decide when an issue affected its vital national interests. Moreover, the link between the CAP and the Community budget problem could not be plainer, given the extent to which agricultural support costs inflated the Community budget. And it had been accepted, at Lancaster House and since, that progress should be made in parallel on the CAP and budget issues. On points of detail, it was not correct either that agreement had been reached



by 17 May on the substance of all the farm price decisions subsequently voted through, or that HMG had been warned in advance that the Luxembourg compromise was to be set aside. Speaking personally, he found it difficult to see how the Luxembourg compromise could, after 18 May, ever be the same again; and profoundly disturbing that there should have been such a breach of good faith between close Community partners.

3. Count Lambsdorff agreed that under the Luxembourg compromise it was for each nation itself to define its vital national interests. Conceivably, though rather implausibly, the UK could have argued that certain particular agricultural price increases would infringe a vital UK national interest. But the UK had in fact agreed virtually the whole package. Herr Ertl had reported to the German Cabinet on 13 May that there would be majority voting in the next Agricultural Council; and that Mr. Walker, while he had objected 62 times to individual price proposals, had raised no points of substance. Moreover, Chancellor Schmidt had warned the Prime Minister at the last European Council about what might happen, and had in the end happened. But what mattered most now was to ensure that the Luxembourg compromise was re-affirmed and re-established.

4. The Chancellor said that he could not accept either that we had been fore-warned, or that the Luxembourg compromise should not have applied. The link between the agricultural price settlement and the budget negotiation was founded in plain logic, and had been accepted by all at Lancaster House.

Community Issues (ii) ECONOMIC SANCTIONS AGAINST THE ARGENTINE

5. Count Lambsdorff said that, contrary to what seemed to be the view of British public opinion, the FRG's support for economic sanctions against the Argentine was strong, although they were more costly for the FRG than for any other third country. The Argentine Finance Minister had suggested to him that the FRG should sympathise with a determination to resolve a long-standing



territorial grievance: he had however replied that this totally misunderstood the FRG's position. The FRG had firmly renounced, and wholly disapproved of, the use of force to resolve territorial issues. And the status of Berlin, as well as the existence of BAOR, together with Community ties, impelled the FRG to unequivocal support for the UK position. That said, he had to warn that he thought it very doubtful that the Foreign Affairs Council would on 24 May agree to another Article 113 determination. The Danes would certainly resist it, and would not be alone. He had warned Mr. Lawson at the Bildeburg Conference that he thought it unlikely that the Council on 17 May would agree to a four-week extension of sanctions: he had then thought that a two-week extension should be feasible, but in fact we had secured only one. The position might be still more difficult on 24 May.

6. The Chancellor said that HMG was very grateful for the firm support which the FRG had given throughout the Falklands crisis. We had sought a negotiated settlement with the Argentine, but their proposals had been totally unacceptable, since they had amounted only to a request for the legitimisation of their conquest. While the dispute remained unresolved, we thought it reasonable to seek full Community support. Count Lambsdorff enquired whether we would be prepared to see sanctions lifted if and when we had re-taken possession of the Islands. The Chancellor said that a new situation would then have arisen, which would certainly merit a review.

Community Issues (iii) INSURANCE

7. The Chancellor said that Count Lambsdorff would no doubt be discussing with Lord Cockfield the position now reached on the draft Insurance Services Directive. He wished only to say that he was disturbed at the slow progress made, and at the reluctance of the FRG to change its position on notification and government control of policy conditions and premium rates. He understood that a review was now in progress in Bonn: he very much hoped that it would be productive." Count Lambsdorff took note.



Summit Issues

(i) Japan

8. The Chancellor said that he thought it important that the Japanese should be pressed at Versailles not only to liberalise their internal market, but also to adopt a less restrictive fiscal policy and a less lax monetary policy. A talk with Mr. Kohmoto at OECD on 10 May had suggested to him that some in Japan, including Mr. Kohmoto, would welcome such pressure. It was important that the UK and the FRG should eye-to-eye on this; and Chancellor Schmidt's Hamburg speech on 5 April suggested that there was no disagreement. On the other hand, Dr. Lahnstein had seemed, at the ECOFIN dinner in Brussels on 17 May, reluctant to envisage any such pressure on the Japanese at Versailles.

9. Count Lambsdorff said that the Japanese, while still enmeshed in internal debate, would undoubtedly announce before Versailles some new moves towards opening their markets to imports. But the key was whether they would agree to open their capital markets. The yen remained a "mousetrap" currency, representing only 4 per cent of total international currency reserves, whereas deutschemark reserves amounted to 14 per cent. They must be brought to accept that the yen would have to appreciate. They must also accept that their "laser beam" technique for the destruction of particular European industries would have to be dropped. But he had low expectations of progress at Versailles: Japanese Ministers, if they followed their previous Summit form, would make short statements, and then keep silent: they would neither defend, nor change, their positions.

10. The Chancellor asked whether we could count on German support in arguing for a change in the balance of Japanese macro-economic policies. We would not of course seek any relaxation of their effort to control inflation. Count Lambsdorff said that he saw no difficulty about German support, provided that we were not seeking to revive the "locomotive" theory.



11. The Chancellor said that, on the trade issues, exhortation would not be enough. The Community had so far failed to use its muscle: we ought at Versailles to demonstrate that we meant business, and would be prepared to act. Count Lambsdorff said that the French would certainly wish to wield a big stick. The German position was rather different, but not necessarily incompatible: the Germans would be happy to see protectionist counter-action by the Community discussed, e.g. at Versailles, provided that the approach was similar to NATO's discussion of the nuclear deterrent - i.e. that we had weapons, and would if necessary be prepared to use them, but would greatly prefer not to have to do so.

Summit Issues (ii) EXPORT CREDIT

12. Count Lambsdorff asked why the UK had difficulty with the Swedish compromise consensus proposal. The Chancellor said that our particular concerns were with the new level of Japanese rates - we thought they should rise rather more than was proposed - and with the need to secure better access to yen financing.

Count Lambsdorff said that the issue was bound to arise at Versailles, and that the French would clearly be seeking rather greater changes in the compromise proposal than those which we had in mind. As far as he was concerned, he would be content to discuss raising Japanese rates by, say, 0.5 per cent rather than 0.3 per cent. The FRG might in fact back this, though they would not go along with the French demands.

Summit Issues (iii) TECHNOLOGY

13. Count Lambsdorff was dismissive of the French ideas on technology for discussion at the Summit. They had a flavour of Comecon, and would attract no German support. He was glad that they seemed to be shunted successfully into the siding of further study.

14. The meeting ended at 9.30 a.m.

J.O.K.

J.O. KERR
21 May 1982



Distribution:

Chief Secretary
Financial Secretary
Sir Douglas Wass
Sir Kenneth Couzens
Mr. Littler
Mrs. Hedley-Miller
Mr. Lavelle
Mr. Carey
Mr. Bottrill
Mr. Edwards

Mr. Coles - No.10
PS/Secretary of State FCO
PS/Minister of Agriculture
PS/Secretary of State DOT
PS/Mr. Hurd - FCO
PS/Sir Robert Armstrong - Cab.Office
Sir Michael Butler - UKREP EC
Sir Jock Taylor - Bonn
Sir John Fretwell - Paris
Sir Hugh Cortazzi - Japan
Mr. Hancock - Cabinet Office

PERSONAL AND CONFIDENTIAL

Germany

MFJ

SIR ROBERT ARMSTRONG

The Prime Minister has noted the contents of your minute of 17 March recording two points which arose in your conversation with Herr Lahnstein on 10 March.

JC

5

22 March 1982

MFJ

cc Miss Stephens

22 March 1982

Visit of Bundestag Foreign Affairs
Committee: 1 April

Thank you for your letter of 18 March.
I am afraid that the Prime Minister would
not be able to see Dr. Barzel on 1 April.

JC

J.E. Holmes Esq
Foreign and Commonwealth Office

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Prime Minister

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A.J.C. ^{23.}/₃

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RECORD OF A CONVERSATION BETWEEN THE CHANCELLOR OF THE EXCHEQUER AND
THE FEDERAL GERMAN FINANCE MINISTER AT 11.15 A.M. ON
FRIDAY, 19 MARCH 1982 IN 11, DOWNING STREET

Present:

Chancellor of the Exchequer
Sir Kenneth Couzens
Mr. Littler
Mr. Kerr

Herr Matthofer, Federal
Minister of Finance
Dr. Heck, Federal Finance
Ministry
Herr Hansland, Federal Finance
Ministry
Dr. Kudlich, German Embassy,
London

UK and German Economies

The Chancellor welcomed Herr Matthofer, and asked about the progress of the Federal Government initiative on measures to stimulate employment. Herr Matthofer explained that he had been opposed to these measures. The bonus for investment would do little to stimulate any extra investment. The measures had been taken in order to secure the co-operation of the unions. The unions had come together to propose a common initiative, whereby they would deliver wage moderation if the Bundesbank lowered interest rates and the Federal Government introduced an employment programme. The unions had delivered the goods on the wages front. Had he still been a trade union economist he would not have recommended their participation in such a programme. Interest rates had since fallen, by a further $\frac{1}{2}$ percentage point on 18 March, and the differential between the Federal Republic and the United States now stood at $5\frac{1}{2}$ percentage points. But the Government was running into problems over the VAT increase which was intended to finance the additional expenditure. VAT was a "common" tax, which meant that the Bundesrat had the right to block it. The CDU who control the Bundesrat were adamant that they would not permit the increase. The FDP had said that they would not accept an increase in any other tax. It is an unpromising background against which to start the planning of the 1983 budget.



It would normally be completed in June, but there was now talk of delaying it until August. The Federal Government faced State elections in September, which could leave the CDU, if they won, with a two-thirds majority in the Bundesrat, which would mean effective stalemate, as the Government did not have the two-thirds majority in the Bundestag necessary to override any CDU blocking vote.

2. Herr Matthofer said that he found the Chancellor's Budget very impressive. The Chancellor commented that there had been a narrow balance to strike, but the outlook on inflation was certainly improving and the year-on-year increase should be below 10 per cent by mid-summer. Unemployment remained much the most difficult issue, but he very much hoped that by the end of the year it would have turned down. It was now on a plateau.

World Economic Questions

3. The Chancellor noted that the outlook on inflation was improving world-wide with the easing of energy and commodity prices. Herr Matthofer noted that it was essential to keep oil consumption falling. If it came down by a further 20 per cent it might be possible to envisage a fall in the real oil price of some 30 per cent. A fall in oil consumption would benefit Germany through improving the current account and thus the exchange rate. Lower oil prices would boost confidence in the Germany economy. He had supported the idea of a large tax on energy consumption, the proceeds of which could be devoted to energy saving investment. If that had been implemented the German economy would be better off now. Last year his 7 pfennig tax on gasoline had been controversial, but had gone through, and despite it the price at the pumps was now 2 pfennigs lower than it had been then. But the deutschemark remained undervalued. Despite the inflation differential with the United States over the past two years the dollar had appreciated from a rate of \$1 = DM 1.70 to a rate of \$1 = DM 2.37. If the dollar fell to DM 2.20 he would want to see interest rates lowered. That would allow German exports to remain competitive, while boosting activity at home.



4. The Chancellor commented that pressure on the Americans over their deficit would have to be sustained, up to and if necessary at the Summit. This could best be done in private, rather than in public speeches. Herr Matthofer doubted whether there was any effective way of getting the message across to President Reagan. Secretary Regan was clearly in a very difficult position; he knew what should be done, but was unable to do it. Action to reduce the US deficit was crucial.

5. The Chancellor referred to imbalances in the world economy created by Japan. The closed nature of the Japanese domestic economy, their non-tariff barriers and their reluctance to buy imported goods; their skill in targeting their exports to capture specific sectors of overseas markets, killing indigenous industries; and the acutely unsatisfactory balance of their monetary and fiscal policies: all created major problems. This monetary/fiscal balance was the obverse of the United States': in Japan fiscal policy was very tight and monetary policy was very lax. The result could be seen in the 8 per cent fall in the effective value of the yen over the past year. There must be concerted pressure on the Japanese. Last year he had argued this point in Ottawa, but had been alone in doing so: the point had not been reflected in the communique. But he (and the French Finance Minister) thought that something must be done. He would value German support. (The Chancellor handed Herr Matthofer x the attached note on Japan.) Herr Matthofer said that he thought the Germans might be in a privileged position to speak to the Japanese in private. And he might consider visiting Japan. But he would certainly study the UK paper, and he fully accepted the objective need for action.

Turkey

6. Herr Matthofer said that the Germans were most concerned about the provision in the Turkish/EC Association agreement that would give the Turks free movement of labour within the Community. Germany already had 1.5 million Turks, and there were 165,000 wives with a legal right of entry, and 300,000 children. The problem with Turks was that, unlike Spaniards, they did not integrate in Germany. They



did not learn the language. Herr Matthofer would welcome the Chancellor's support within the EC on this subject.

European Monetary System

7. The Chancellor mentioned the current weakness of the franc, which was disturbing. Sir Kenneth Couzens said that the French had spent \$1.3 billion in a week in defence of their currency. Herr Matthofer did not think the French would be able to resist for long, although they would want to avoid a realignment coinciding with the second round of local government elections on 21 March. Sir Kenneth Couzens doubted whether a realignment could be confined to the franc, as the Irish punt, the Italian lira and the Belgian franc were under related pressure.

8. Sir Kenneth Couzens asked whether, if there were to be another realignment, the Germans would agree that there should be no MCA changes while the agricultural price negotiations were going on. Herr Heck said that the Germans did not see this as a matter of principle and would be prepared to see MCA changes.

9. The Chancellor said that the 15 March ECOFIN discussion suggested that little progress could at present be made on the non-institutional development of the EMS. Herr Matthofer said that he did not see any reason to relax disciplinary features until there was some convergence of economic performance. But he saw no difficulties over ECU accounts, or the abolition of restraints on flows.

EC Mandate

10. The Chancellor noted that the next discussion on the Mandate would be at the 22/23 March Foreign Affairs Council. Not much had changed since his talk with Herr Matthofer in January. Our position remained that the most we could accept was a modest net contribution: 150 million ecus, the figure mentioned in our paper, was the absolute maximum. He did not understand the concept of degressivity: it would be wrong to pretend that a problem disappeared when one constructed a disappearing solution. And, though Finance Ministers



agreed on the need for agriculture to take a lower proportion of EC resources, Herr Ertl sang a different tune at Agriculture Councils.

11. Herr Matthofer said that the German Government's first objective was to prevent the 1 per cent "own resources" limit being breached. Secondly, they would wish any refunds to the UK to be made retrospectively, so that the problems that had arisen in the past two years would not arise again. Thirdly, degressivity, which had been accepted in 1980, was essential. The UK had now been a member of the European Community for 10 years and had to get used to the implications of full membership. The Chancellor said that when the UK had joined the Community it had been promised relief if unacceptable situations emerged, and had been assured that the balance of Community spending would tilt away from agriculture. Sir Kenneth Couzens pointed out that the UK was perfectly prepared to accept degressivity arising from policy changes, but objected to arbitrary degressivity. The UK was the only country asked to pay a contribution to the Community totally out of proportion to its relative real income.

12. Herr Heck said that at the Agriculture Council the Germans had supported the Commission's proposals. And Herr Matthofer added that this was against the background of real income losses (of some 12 per cent in the past year) to German farmers. The Chancellor pointed out that British farmers had suffered too, but that the UK Government were arguing for lower price increases than those which the Commission had proposed. It was very difficult to reduce inflationary expectations when each year's bids for the agricultural price fixing came in at levels much higher than expected inflation. Sir Kenneth Couzens pointed out that the continual battle over the UK's budget share meant that we were perforce obliged to use agriculture as a bargaining counter. If the Germans really wanted to restrain the growth of agricultural spending, they should fight harder for it, and help free us from the budget difficulty which held us back.



13. Herr Matthofer pointed out that the Germans were not prepared to pay more than 25 per cent of any budget refund to the UK. And they would like to be paid back some 600 million ecus, two-thirds of their shares of refunds to the UK over the last two years. The Chancellor said that this would not be acceptable. The form of the 30 May agreement had not been of the UK's devising. It had been imposed on us against our wishes. The French had gained most from it. Were the Germans thinking of sending a bill to them too?

14. The meeting ended at 12.25 p.m.

JKR

JILL RUTTER

22 March 1982

Distribution

Those present

PS/Chief Secretary

PS/Financial Secretary

PS/Economic Secretary

PS/Minister of State (C)

PS/Minister of State (L)

Sir Douglas Wass

Mr. Burns

Mr. Ryrie

Mr. Lavelle

Mrs. Hedley-Miller

Mr. Bottrill

Mr. Edwards

Mr. Peretz

Mr. Garside

Mr. Bailey

Mr. Peet

PS/No.10

PS/Foreign & Commonwealth
Secretary

PS/Secretary of State for
Trade

PS/Minister of Agriculture

Sir Jock Taylor: Bonn

Sir Michael Butler: UKREP EC

Sir Hugh Cortazzi: Tokyo

Mr. D.J.S. Hancock: Cab. Office

EC/JAPAN RELATIONS

Japan has survived the second oil price shock more successfully than other industrial countries - with higher output growth, and lower unemployment and inflation. GDP growth has averaged 4 per cent in each of the past two years, compared with only 1 per cent in other major economies. Unemployment is about 2 per cent compared to 8 per cent in other OECD countries. Inflation was 3.3 per cent in the twelve months to the end of January, and has been virtually nil since October.

2. The recovery, however, has been biased heavily towards external demand. Net external demand has accounted for about three-quarters of Japan's GDP growth in the past two years, and, despite the deceleration of export growth in past months, it is expected to contribute significantly again this year. Indeed since 1974 the contribution of the external sector to growth in Japan has been far more than was necessary to compensate for the effect on Japanese import costs of the two oil price increases. It is right that we should consider the implications of this situation both for our own economies and for the general equilibrium of the world economy and the health of the open trading system.

3. The emergence of large Japanese surpluses is not a new problem. It has occurred at roughly the same point in previous cycles, contributing significantly to trade and exchange rate tensions in the world.

4. We must of course acknowledge the efficiency of the Japanese economy, and must in turn continue our own adjustment efforts. But Japan's success has been built to a significant extent upon a relatively closed non-market economic system, supported by macro-economic and exchange rate policies which give undue weight to external rather than domestic demand.

5. We are by now all familiar with the barriers to imports into Japan - both formal and informal - which have resulted in imports being only a sixth of GDP compared with almost double that, for example, in Germany and the UK. Imports of raw materials, fuels and food into Japan are, as a proportion of GDP, broadly in line with those of the

/UK and Germany.

UK and Germany. But imports of manufactures into Japan account only 3 per cent of GDP compared to 10 per cent in other major economies.

6. We are also all familiar with the way in which Japan's tightly-controlled industrial strategy, involving government, industry and banks, results in a narrow concentration of export products with disruptive effects in particular markets in other countries. In addition to the impact of the excess of their exports over manufactured imports, the speed of attack on particular markets creates havoc in individual sectors.

7. Underlying all these difficulties is the high level of Japanese savings which are not matched by domestic private investment or public borrowing. The Government's present stringent fiscal policy should be seen in this light. A recent Commission paper shows that Japan's budget deficit is expected to be reduced to about 2 per cent of GDP - below the average for the Community or for the United States. With inflation now reduced to 3 to 4 per cent and a current account surplus, the Government is seeking further economies to balance the current budget by 1984. Yet personal savings account for 18 per cent of incomes in Japan compared to about 8 per cent in the other major economies. Japan's scope for fiscal manoeuvre, therefore, should now be larger - not smaller - than that of other countries. The excess of savings over investment is producing the current external surplus to which the rest of us are having such difficulty adjusting.

8. The Japanese are at the same time pursuing a policy of accommodating monetary growth and low interest rates. Monetary growth (M2) has been about 10-11 per cent over the past year and three-month interest rates have been reduced to 6½ per cent, well below those in other countries. A major effect of this, however, has been to prevent the yen appreciating to reflect fully the underlying strength of Japan's competitive position and the emerging current surplus. On the contrary the yen's effective rate has fallen by about 8 per cent since February 1981.

9. As a result of pressure from overseas the Japanese have recently introduced a number of trade liberalisation measures. Though welcome,

/these rather limited

these rather limited steps will not by themselves restrain the growth of the surpluses which pose problems for their trading partners. In these circumstances it is appropriate that Community governments should consider whether, while maintaining pressure on the trade front, it would not also be appropriate to encourage the Japanese to alter the mix of their macro-economic policies.

10. It is no part of our thinking that we should urge net expansionary measures on the Japanese at a time when we are concerned to consolidate the gains that we have made in the world as a whole in-reducing inflation. But we should ask the Japanese to pay more attention to the structural aspects of their situation which, if reinforced by their policies, tend to make them an uncomfortable partner in the open trading system and so encourage protectionism. This should lead them to cut back less in the fiscal field where they are effectively increasing taxation and to rein back their relaxed monetary stance so that the yen can rise to reflect its true strength. This would help to restore a better balance in the international economy as a whole.

11. It would also be entirely consistent with our approach to the United States, whose policies are also threatening to disrupt the world economy but from the opposite direction. The present mix of Japanese and U.S. fiscal and monetary policy is a powerful threat to the open trading system because of the bilateral imbalance and protectionist pressures it is likely to generate.



MO 14/3

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N.S.P.R.
A23/5.

RECORD OF DISCUSSION BETWEEN
THE SECRETARY OF STATE FOR DEFENCE
AND DR HANS APEL, FRG MINISTER OF DEFENCE
IN THE MOD, AT NOON ON FRIDAY 19th MARCH 1982

Present:

Secretary of State for Defence	Dr Apel
PUS	Dr Klaus Dieter Leister State Secretary
DUS(P)	Dr Walther Stutzle Deputy Secretary
ACDS(Pol)	Colonel Friedrich Freisberg Military Assistant
Head of Defence Dept, FCO	General Oppermann, Defence Attache, London
PS/Secretary of State	

PLENARY SESSIONUK and FRG Defence Programmes

1. The Secretary of State welcomed Dr Apel and invited him to describe the current state of FRG defence planning. Dr Apel began by quoting a remark of his predecessor, Dr Leber, to the effect that he had ordered all possible defence systems for the Federal German forces, and his successor had only to pay for them. This was no less than the truth, with 1800 Leopard II tanks on order, 5 Frigates, the Tornado aircraft and many other systems. The FRG was heavily committed contractually and as a result expenditure on the 'periphery' - ammunition, spares, fuel etc - was being cut back to keep within the budget. The next few years (until 1984/1985) would be exceptionally difficult ones because of budgetary pressures. This was what had lain behind the FRG objections to the current NATO infrastructure proposals - the cash was simply not there. Dr Apel even foresaw reductions in the funds available for volunteer elements of his forces.

2. Continuing, Dr Apel said that his present financial position was forcing his Ministry to cut down on R&D for future projects. He had made provision for development of systems already approved (e.g the final stages of Tornado and tanks) but future projects were in doubt including the new Franco-German tank project (which he would like to continue). Speaking generally he saw the danger



of increasing dependency on US equipment; and also a reduction in his country's ability to co-operate in new projects with her European allies (adding in parenthesis that funds were not available for a new tactical combat aircraft project).

3. In reply to a question from the Secretary of State, Dr Leister explained that the manpower problems facing the FRG's forces were in the longer term, after 1985 or 1986. Finance was not the main constraint, but demographic trends were a concern. There would not be enough suitable young people either for conscription or for volunteer forces. The overall size of the forces would drop by possibly 50,000 from the present 495,000. Counter-measures included plans to increase the number of women in the Services (in non-combattant roles) up to 30,000 although Dr Apel commented that this was fraught with political problems for him and was unlikely to be popular with either the left or with the conservative right. He was also considering prolonging conscript service by 3 months although this would be equally controversial. ACDS(Pol) asked about the conscription of foreigners in the Federal Republic. Dr Apel said that this was being looked at, but added that a bilateral treaty with Turkey would be needed, and the concept of predominantly Turkish units of the Bundeswehr was politically unattractive: there was a growing anti-foreigner mood in the FRG.

4. The Secretary of State then outlined recent developments in the UK defence programme. He pointed to the growing proportion of the defence budget going to equipment (31% in 1974/75 to 44% next year) but agreed with Dr Apel that this imposed strains on the rest of the budget. Until savings from the economies made in the 1981 Defence Review in the support areas, dockyards etc, were implemented then the budget would be tightly stretched within the overall 3% planned real increase. There were also signs that the British economy was picking up faster than expected and this should ease cash demands from industry as overheads started to be carried again by the civil workload of defence contractors.

5. PUS commented that UK manufacturers were now quoting much more competitive prices for their products. The UK Armed Forces did not face any major manpower problems at present, with exceptionally high retention rates being experienced. Dr Apel commented that he had had recently to curtail certain social payments to conscripts (in the field of unsocial or extra hours payments) in order to save cash; and this was extremely unpopular - with a demonstration expected the following week.

Defence Equipment Collaboration and Sales

6. The Secretary of State asked about German attitudes to the ASRAAM/AMRAAM package. Dr Leister said that there had been a funding problem, but he believed that this had been resolved. He asked why the UK was opposed to Norwegian participation. PUS replied that this could certainly be looked at again but there



must be doubt about whether it made industrial sense to add another partner (without great experience in this field) with whom work would have to be shared.

7. The Secretary of State asked about cost reduction on the SP 70. Dr Leister confirmed that this work was going well. The Secretary of State made clear that the UK was examining whether it wanted to reduce production numbers.

8. PUS introduced a discussion of the Berry Amendment, and there was general agreement that the European allies had to maintain a firm stance towards the United States administration. Dr Apel commented on the political problems which the US speciality metals legislation created for him. At a time when the US were seeking FRG assistance with host nation support, over which there was in any case reluctance in the Bundestag, there were inevitably attempts to link this with the trading restrictions imposed by Congress. A particular concern was the McDonald Amendment which could be seen as undermining deals (in B vehicles) which had represented agreed offset for the AWACS procurement. He had spoken to Mr Weinberger recently, but would have to raise the subject again in the margins of the NPG in Colorado Springs.

Preview of NPG and NATO Summit

9. The Secretary of State indicated that this had already been discussed in restricted session, and that Dr Apel had agreed to support a reference in the NPG communique to the UK's Trident II D5 programme. The Secretary of State then handed Dr Apel a copy of the Defence Open Government Document (DOGD 82/1) describing the Trident programme.

INF/START

10. Dr Apel said that he would be pressing the US at the NPG to begin the START talks soon. He believed that the Dutch Minister might raise the subject of Alliance consultation on START - he would discourage him from doing this, since the Netherlands Government was not in a strong position to preach to the US. Nevertheless, there was a need for some form of consultation, perhaps through a form of Special Consultative Group - in order to demonstrate to public opinion that the Europeans were in a position to help formulate US opinion.

11. ACDS(Pol) commented on the Soviet propaganda to be expected, as had been the case with INF modernisation. The next round could see the Soviet leadership offer to withdraw some SS 20s which could be done whilst still threatening Western Europe. Dr Apel agreed.

NATO Summit

12. The Secretary of State indicated that the subject of the Summit had been raised in Restricted Session, and that he and



Dr Apel had agreed on the value of having Defence Ministers present. Dr Apel indicated that this was not necessarily the view taken by the Federal Chancellor but said that he would be supporting the attendance of Defence Ministers when the subject was raised in the Plenary Session at Chequers that afternoon.

Discussion of Defence and Security Matters in European Fora

13. Referring back to the Restricted Session, Dr Apel said that he believed it vital that more intensive European defence discussions should not undermine the US commitment to European defence. It was, however, important to develop closer military relations with France. It was important to avoid a polarised debate, like the fruitless 60's arguments in the FRG between those who favoured a Gaullist and those an Atlanticist approach to defence. There was a worrying trend amongst the young to "equidistance" from both major power blocs. There was a new nationalism, but it was European not specifically German.

Peace Movements

14. Dr Apel commented that he believed that anti-American feeling was a more important factor in the FRG today than the "peace movement". In his day the young elite went to the USA; today likely as not they would go to Moscow. The anti-US feeling was exacerbated by situations such as El Salvador, and by a feeling that US economic policy, interest rates etc, were harmful to European interests. The peace movement was naive: a march was planned which was projected to go from Denmark through the DDR into Switzerland or Austria. The DDR was unlikely to tolerate this, and some lessons would be learned by the peace movement.

The meeting ended at 1245, for luncheon in Admiralty House.

Ministry of Defence

22nd March 1982

Distribution:

External

FCO (Defence Dept)
 HM Embassy, Bonn (Miss Bayles)
 No 10 Downing St (Mr Coles)

25 MAR 1982



①

Prime Minister



I am sure that you do not need to see him. You have Foreign and Commonwealth Office no time on 1 April. Decline?
London SW1A 2AH

Yes
A.F.C. 15/3

18 March 1982

Dear John,

Visit of Bundestag Foreign Affairs Committee:
1 April

Six members of the Bundestag Foreign Affairs Committee (FAC), led by the Committee's Chairman, Dr Rainer Barzel, are visiting London on 1 April, at the invitation of the House of Commons Select Committee on Foreign Affairs. I enclose a copy of their draft programme which includes lunch given by the Lord Privy Seal (Lord Carrington is out of the country). Dr Barzel (personality note also enclosed) has asked whether, additionally, he might be able to call (alone) on the Prime Minister.

We do not think it essential that the Prime Minister see Dr Barzel and I understand that her programme is very full on that day. However, Dr Barzel's committee is influential and he is himself still a figure of considerable weight in his party. The Prime Minister might find it interesting to talk to him (for, say, 15 minutes some time after 1615) briefly.

Yours ever

John Holmes
(J E Holmes)
Private Secretary

A J Coles Esq
10 Downing Street

VISIT OF BUNDESTAG FOREIGN AFFAIRS COMMITTEE

Thursday 1 April 1982

Programme

- c.0900 Arrive at London Heathrow
- 1000- Briefing at FRG Embassy by Dr Ruhfus
1030
- 1040- Meeting with House of Commons Select Committee on
1220 Foreign Affairs
- 1230 for Lunch at 1 Carlton Gardens given by Lord Privy Seal
1245
- 1430- Briefing at 1 Carlton Gardens by Mr Bullard
1515
- 1530- Call on Mr Blaker, Minister of State for the
1600 Armed Forces, MOD
- c.1830 Depart from London Heathrow

BARZEL, DR RAINER

Chairman of the Bundestag Foreign Affairs Committee.

Born 1924 in Braunsberg (East Prussia). Served in the Naval Air Arm from 1941-5, subsequently studying law and economics. Member of the Bundestag since 1957. Singled out by Dr Adenauer and became Minister for All-German Affairs from 1962-3. Erhard left him out of the Cabinet in 1963 in order to satisfy the demands of the FDP. Later the same year he was elected Deputy Leader of the CDU/CSU Parliamentary Party and in 1964 Leader.

At the time of Erhard's resignation in 1966, in which he played a part, he entered the lists as a potential Chancellor. He lost heavily to Kiesinger. His quest for leadership of the CDU after the 1969 election was successful. After being re-elected leader of the CDU/CSU Parliamentary Party in 1969, he sought and obtained in 1971, with Strauss' support, the offices of CDU Party Chairman and Chancellor Candidate of the CDU/CSU. But his party lost heavily in the 1972 elections. Despite having made three unsuccessful bids to become Chancellor, Barzel was re-elected Leader of the CDU/CSU Parliamentary Party immediately after the 1972 election. But he was forced to resign that post and the CDU Party Chairmanship in May 1973 following defeat in the Parliamentary Party of his proposal to support the Government Bill on German entry into the United Nations. Obtained his present job following the Federal Elections in October 1980.

A short, affable, smiling man whose enemies find him oleaginous. Largely bald, and with a permanently tanned face, he is keen on winter sports, particularly curling (although he suffers from a bad back), and good food and wine. Has visited and likes Britain, though he blamed Allied support of Brandt's Ostpolitik for his own fall.

Catholic. Widower. He understands some English but does not speak it. His only daughter, Claudia, committed suicide in 1977.

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Ref: A07821

Prime Minister

(2)

PERSONAL AND CONFIDENTIAL

ms. A-J.C. 17.3

MR. COLES

below

In my minute of 15th March (A07793) I recorded the main points from my conversation with Herr Lahnstein in the Bundeskanzleramt at Bonn on Wednesday, 10th March 1982.

2. The note did not record one detail which may have some significance in relation to the Anglo-German consultations on 19th March.

3. When I went to see Herr Lahnstein, he had received a request from the British Ambassador to receive him at 12.00 noon the following day (11th March). The Ambassador had been unwilling to state his business. Herr Lahnstein asked me what the Ambassador was coming about. I reminded Herr Lahnstein that I had been sent in July 1980 to inform the Chancellor's office about the decision to acquire Trident 1. Herr Lahnstein would be aware from the newspapers that, in the light of the United States Administration's decision to bring forward the acquisition of Trident 2, the British Government was considering its own position. The Government was near coming to a decision, and the purpose of the Ambassador's call the following day would be to tell him what that decision was.

4. Herr Lahnstein said that he had been speculating to himself about the possible reasons for the Ambassador's visit. He had decided that it must be to tell him that the British Government had decided to enter the exchange rate mechanism of the European monetary system. Such a decision would of course have been welcome to the Federal Chancellor. He understood that the British Government's position on this might be evolving favourably. I said that the British Government's position remained as it had been: we were committed to joining the exchange rate mechanism of the European monetary system when the time was right, but that time had not yet in our judgment come.

5. I am sending copies of this note to the Private Secretaries to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

RA

Robert Armstrong

17th March 1982

PERSONAL AND CONFIDENTIAL



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CONFIDENTIAL

In my notes of 13 March 1973 (10773) I recorded that the British...
 conversation with Her Majesty's Ambassador in the Embassy in London on...
 Wednesday, 14th March 1973.

The note did not record any detail which would have been of assistance in...
 relation to the Anglo-German negotiations on 13th March.

As I went to see Her Majesty's Ambassador, he had received a request from the...
 British Ambassador to visit the Embassy at 12.00 noon on the following day (14th March).

The Ambassador had been unwilling to state his business. I was I believe...
 asked to write the Ambassador's name down on the telephone. I mentioned that I...
 that I had been coming to the Embassy to see the Ambassador's office about the...
 decision to accept the British proposal. I mentioned that I was aware from the...
 however that, in the light of the United States Administration's decision to...
 being towards the rejection of the British proposal, the British Government was...
 considering its own position. The Government was now coming to a decision...
 and the purpose of the Ambassador's call the following day would be to tell...
 him what that decision was.

Her Majesty's Ambassador said that he had been speculating to tell me about the...
 possible reasons for the Ambassador's visit. He had decided that it was best to...
 to tell me that the British Government had decided to enter the exchange with...
 a collection of the European money market. I had a decision about it of course...
 have been welcome to see the British Ambassador. He mentioned that the British...
 Government's position on this matter was still in the air. I said that the...
 British Government's position was still in the air and that we were continuing to...
 joining the exchange with a collection of the European money market. I said...
 that it was right, but that it was not yet in our joint interest to...
 I am sending copies of this note to the British Ambassador to the...
 Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

6 MAR 1982

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Robert A. ...

14th March 1973

CONFIDENTIAL

SIR ROBERT ARMSTRONG

The Prime Minister has noted the contents of your minute of 15 March about your conversation with Herr Lahnstein in Bonn on 10 March.

AJC

16 March 1982

PERSONAL AND CONFIDENTIAL

MR. COLES

This note records the main points from my conversation with Herr Manfred Lahnstein in the Bundeskanzleramt at Bonn on Wednesday, 10th March 1982.

2. On the internal German situation, Herr Lahnstein made three points:
 - (i) The state of the Coalition was better than the Press made out.
 - (ii) The Federal Chancellor was on the whole less apocalyptically gloomy about the implications of American economic policy on his own and other European countries than he had been, or than Herr Schulmann was. The German current account balance was improving, and interest rates in Germany had been easing, despite high interest rates in the United States.
 - (iii) The Federal Chancellor was going to have a difficult time at the annual conference of the SPD in April, with too many fights on his hands at once. His task was not simplified by the activities of the Chairman of the Party, Herr Brandt.
3. The Federal Chancellor would certainly want to use the Versailles Summit as an occasion for reminding the President of the United States of the potential effects of high interest rates and volatile exchange rates on the European countries, economically, politically, militarily and socially. But he would not want to adopt a "bashing" tone or to indulge in prescription: it was for the Americans to decide how to run their affairs, and we could not tell them to cut their defence expenditure or reverse their tax cuts. He would not want the Versailles Summit to appear to be a Reagan-bashing occasion.
4. He would probably want to concentrate at Versailles on the general international economic situation, including the economic and financial aspects of East-West relations. I interjected that the Prime Minister would want to take stock of the implications of the fall in oil prices for international economic prospects. Herr Lahnstein said that the Federal Chancellor would also no doubt want to reassert adherence to the principles of the multilateral trading system.



PERSONAL AND CONFIDENTIAL

5. We briefly discussed the representation of the European Community at restricted sessions of Heads of State or Government at the Versailles Summit. Herr Lahnstein said that the Federal Chancellor's preference would no doubt be that there should be one representative from the Community only. He would probably prefer that that representative should be Monsieur Thorn. But above all he would want to leave it to the French and the Belgians to sort out as far as possible. I said that we very much agreed with the last point, but I thought that the Prime Minister might think that, if there was to be only one representative, it would be difficult to overlook the claims of the Belgian Prime Minister.

6. Herr Lahnstein thought that the Federal Chancellor would certainly want to use the Versailles Summit as an occasion for some political discussion, in preparation for the NATO Summit in Bonn three days later. He envisaged, however, that that would be private discussion, both bilaterally and multilaterally, by way of preparation for Bonn, and that it might be better to think of having no political declarations or statements out of the Versailles Summit.


7. It was obvious that the Germans were worried about the NATO Summit in Bonn. Some of the worry is about procedural, physical and security arrangements. They are wondering whether they can confine attendance to Heads of State or Government and Foreign Ministers only, because it would be very difficult to accommodate Defence Ministers as well; and Defence Ministers will have attended a large number of preparatory meetings. They are worried because the amount of time available will in practice be very short. There will be an opening ceremony on the morning of 10th June, when three or four speeches will have to be made. There will then be a working session; lunch; a second working session; and a Press conference. Given the number of people present, there will be a limit to the amount of work which working sessions can get through. There will be a dinner on the evening of Wednesday, 9th June. Herr Lahnstein said that President Mitterrand had agreed to attend that dinner; and they had not given up hope of getting him to attend at least some part of the conference itself. Herr Lahnstein thought that there might be scope for a smaller meeting of three or four European Heads of Government after the dinner.

PERSONAL AND CONFIDENTIAL

8. On substance, the Germans were looking for a political declaration, for something on arms control, and possibly for a commitment to put in hand some kind of review of strategy towards the Soviet bloc. The second would be very important to them: the SPD Party Conference was due to take place in April, and it was not going to be easy. The Federal Chancellor might well be seeking to persuade the President of the United States to make a speech about arms control before the conference, in order to help him to handle the conference.

9. As to the meeting of the European Council on 29th and 30th March, we noted that it would be the last meeting of the Council before the Versailles Summit. There ought therefore to be a discussion of the Summit issues, and particularly of the international economic situation, trade and North-South relations, which would give the Community's representatives at the Summit their briefs. There would no doubt also be a need to discuss Community issues, including the Mandate.

10. On the Mandate, I said that the Prime Minister and the Foreign and Commonwealth Secretary would like to find an acceptable agreement without precipitating a crisis, and they recognised that, if there was a crisis, it could be profound and difficult. Herr Lahnstein supposed that we were linking the budget and the agricultural price-fixing; that would be a perfectly logical thing for us to do. But it might be that the French were calculating that, if we were thinking that that linkage put us in a strong negotiating position, they could counter that by resorting to national aids if the price-fixing were not agreed. So far as the Germans were concerned, it was not important for them to get a settlement by a particular date. On the British budget contribution, Herr Lahnstein said that in the end the money itself would not be a difficulty for the Germans, given the improvement in their current balance of payments. But they would have to go along with the French on degressivity. I said that British Ministers could not accept "arbitrary" degressivity. I reminded him of the background, starting with the Community's commitment of 1970 to the avoidance of unacceptable situations. Herr Lahnstein said that the French were looking for a solution which, if not necessarily final on this round, preserved the principle that special arrangements for us were essentially temporary



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and that we were committed to coming into full line with the Community financing system. I said that, if Community policies altered the distribution of expenditure in the ways which had been envisaged as possible in 1970, the problem would right itself: our net contribution would come down, and we could accept the degressivity which followed that. We might be able to look at formulae for degressivity which related the reduction in our refund to an objective reduction in the need for it; but a purely arbitrary degressivity would be very difficult for British Ministers to sell at home. I returned to the matter of the linkage between the budget and the agricultural price-fixing. I said that we did not look for a formal linkage; but in practice it would be impossible for British Ministers to present domestically the kind of agricultural price settlement which the French would need except in the context of a settlement of the British budget contribution which met our need to keep to a very modest net contribution.

11. Herr Lahnstein and I discussed a possible agenda for the Prime Minister's meeting with the Federal Chancellor at Chequers on 19th March. Herr Lahnstein asked if there were any bilateral issues which the Prime Minister would want to raise. I said I thought not. If there were any bilateral issues, they were of a kind that could be raised between the Ministers concerned. The Prime Minister would want to concentrate on the main issues of the international economic situation, including the effects of United States policies, and on East-West relations. Herr Lahnstein and I agreed that the Prime Minister and the Federal Chancellor would need to talk about the "Mandate", and it would be a useful opportunity for the Prime Minister to explain to the Federal Chancellor the British position on degressivity. It would also be an opportunity to discuss the handling of the Mandate discussions in the Community. We were inclined to think that the discussion now could not and probably should not be brought to a head at the meeting of the European Council on 29th-30th March, given the other subjects which would need to be discussed. The Prime Minister and the Federal Chancellor might therefore want to consider how the European Council could give a strong impetus and steer to the Council of Ministers to solve the problem. If the Council of Ministers (Foreign Affairs) could not solve the problem, it would presumably have to come to the European Council at its meeting in June. But



PERSONAL AND CONFIDENTIAL

it would clearly be preferable that the Community should not go into the Versailles and Bonn Summits in a state of crisis on Community issues.

12. Herr Lahnstein asked whether the Prime Minister would want to talk to the Federal Chancellor about the Middle East. He thought that the Federal Chancellor and Herr Genscher would probably want to discuss the subject with the Prime Minister and Lord Carrington. The evacuation of Sinai was due to be completed in April, and that stage of the Camp David process would then be complete. What was to be the European position on the Middle East after that? Herr Lahnstein thought that the Federal Chancellor did not know what it should be, but would like to discuss the subject with the Prime Minister. I said that I thought that this was something which could very usefully be discussed between the Prime Minister and the Foreign and Commonwealth Secretary and the Federal Chancellor and his Foreign Minister at Chequers. It was probably now too late to try to define a European Community position at the meeting of the European Council on 29th-30th March, but it should be time enough to do so at the June meeting. This was no doubt something which could be considered at Chequers.

13. We agreed that it might be useful to have a further meeting in May.

14. I am sending copies of this note to the Private Secretaries to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer.

REA

Robert Armstrong

15th March 1982

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T40/82
10 DOWNING STREET



JS
Germany
afw.
cc Harter file

THE PRIME MINISTER

8 March 1982

Dear Prime Minister,

Thank you for your letter of 19 February about the European economic situation.

I, too, look forward to a thorough discussion of the economic and social situation at the next European Council. As you say, these are difficult times for the economies of all the Member States and it is important for us to exchange views and learn from each other's experiences.

I found our discussion last November particularly constructive and was glad to be able to announce afterwards our broad agreement that the objectives of fighting inflation and unemployment required that public deficits and monetary growth should be kept under control within tight limits. I remain convinced that the key to creating competitive jobs and achieving sustainable recovery lies in continuing the fight against inflation, improving the economic environment for the private sector and bringing about necessary structural change.

Vitally important though these problems are, I think it is our duty at our meeting in March to discuss also the other major problems which face the Community. I am sure, for example, that we should devote adequate time to discussion of the international political situation, and we should also review the position reached in the 30 May Mandate negotiations. My hope has been that by 29 March these negotiations will be completed. If not, we may need to devote a substantial amount of time to these issues, which are basic to the whole cohesion and develop-

/ment

JS

ment of the Community. Failure to do so would, I think, be generally misunderstood and would certainly be hard to defend to the people of Britain.

I hope, therefore, that it will prove possible within the time available not only to have a thorough review of the economic and social situation, to which I attach importance, but also to consider the other main Community problems of the day.

Yours sincerely
Margaret Thatcher

His Excellency Mr. Anker Jørgensen

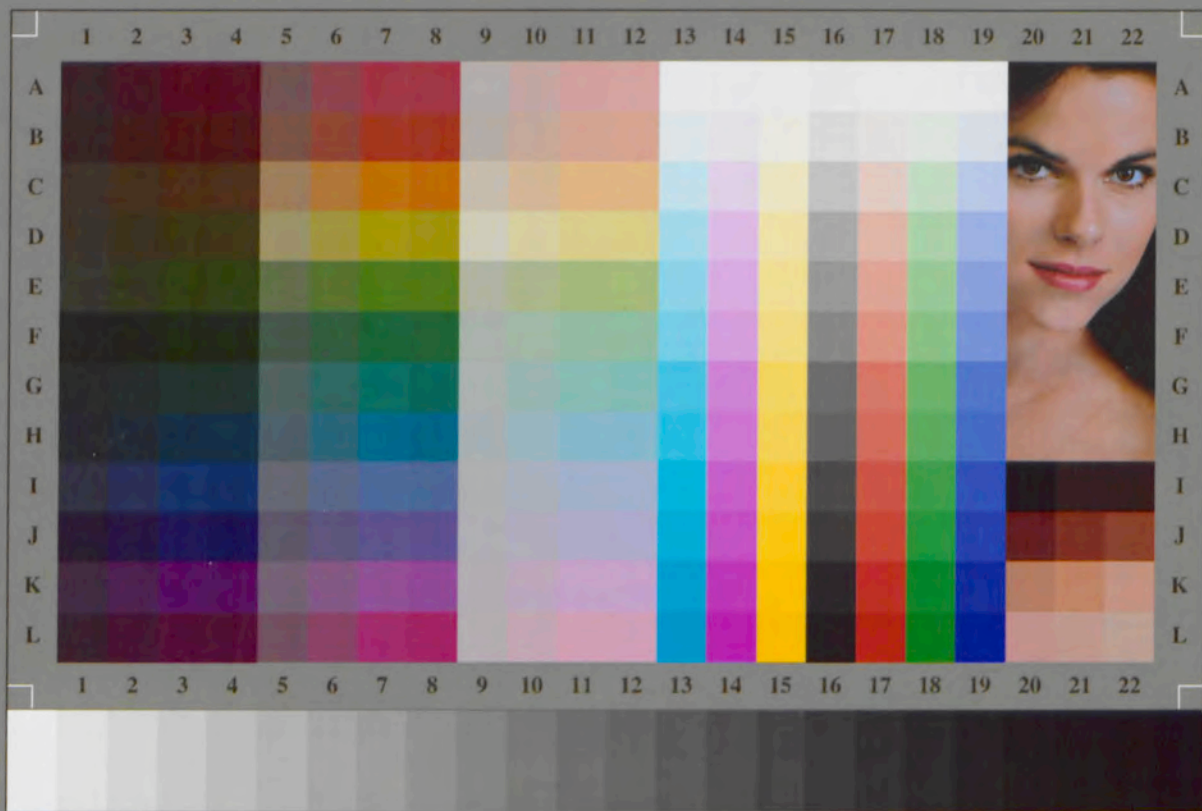
PART 1 ends:-

Danish pm to pm tatt T31A/82 19.2.82

PART 2 begins:-

Pm to Danish Pm T40/82 8.3.82

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