S
809

PREM 19/1245/1

Part 1 of 2

808
S

SECRET

PART 8

CONFIDENTIAL

CHANCELLOR KOHL'S VISIT TO UK, APRIL 83, AND SUBSEQUENT UK VISITS

GERMANY

PART 1 : MAY 1979

PART 8 OCTOBER '83

PREM 19/1245

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
10/10/83		15.5.84					
11/10/83		9.6.84					
1.11.83		22.6.84					
3.11.83		2.8.84					
7.11.83		8/8/84					
18.11.83		29.8.84					
6.12.83		ENDS					
31.1.84							
9.2.84							
24.2.84							
28.2.84							
5.3.84							
16.3.84							
11.4.84							
2.4.84							
10.4.84							
25/4/84							
1.5.84							
3.5.84							
10.5.84							
2.5.84							
11.5.84							
11.5.84							

Prime Minister
Content to raise these points with Chancellor Kohl?

PM/84/69

PRIME MINISTER

FERB
30.4

Yes mr

cc FERB
PJC

Anglo-German Summit

1. I have for some time been concerned that EDG isolation in the European Parliament is a significant handicap in furthering UK interest in the Parliament. It tends to give an unhelpful impression of UK isolation in the European Community. I think this is an important point you might usefully include in your discussions with Chancellor Kohl at your meeting with him this week.

2. Our current attempts to relaunch the Community, our discussions with Chancellor Kohl about the future of the European idea, and the European elections, make this an appropriate time to tackle this problem. After discussing this with a fair cross-section of our own MEPs, I think it unlikely that progress can be made at the level of the groups within the Parliament without some impetus from party leaders.

3. Of course, we are fighting these elections as Conservatives and it is essential there should be no suggestion that we intend to call ourselves something else after the elections. I know the Party Chairman shares this view. But I do not think this precludes our raising the matter with Chancellor Kohl, or your chosen representatives from discussing it subsequently in a very restricted and confidential framework. If the ground is not prepared, there is a risk that things will happen so quickly after the election that we will be excluded from or have a very limited influence on events including the election of the next President of the European Parliament.

/4.

4. I suggest therefore that you raise the following points with Herr Kohl:

(a) Immediately after the European elections important decisions will be taken on matters such as the new President of the Parliament and other important offices. These decisions should be co-ordinated between like-minded parties in the Parliament. We would like to work with our friends on this, and to do so some preparation if necessary, even in advance of the elections.

(b) We want to see closer co-operation between our MEPs and our friends in other parties, to help advance the work you and we are doing to relaunch the Community. There is a need to look at ways of forming closer relationships within the Parliament, to symbolise the renewed impetus of Europe when we have resolved current problems.

(c) We should ask personal representatives to meet soon and discuss what can be done. This should be on a strictly confidential basis.

5. We may wish to raise similar points with Mr Andreotti at some stage, but this needs further consideration and need not be discussed with Herr Kohl.

6. I have had a word with John Gummer and he agrees that this would be helpful. I am copying this minute to him and also writing to him separately.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

30 April 1984

GR3 990
CONFIDENTIAL

CONFIDENTIAL

No10

ADVANCE COPY

FM BONN 271605Z APR 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 419 OF 27 APRIL
INFO IMMEDIATE BMG BERLIN (FOR AMBASSADOR) MODUK (FOR PS/S OF S, PUS, DUS P, DS12)
INFO SAVING UKREP BRUSSELS UKDEL NATO WASHINGTON PARIS

ANGLO-GERMAN SUMMIT, 2 MAY: GERMAN PREOCCUPATIONS

SUMMARY

1. KOHL WILL WANT THE SUMMIT TO BE SEEN AS A SUCCESS, AND IS THEREFORE UNLIKELY TO HARP ON THE BRITISH PRESS CRITICISM OF HIM AFTER THE BRUSSELS SUMMIT. HE WILL BE KEEN TO EXPLORE THE SCOPE FOR PROGRESS ON THE EC BUDGET. HE MAY STRESS HIS WISH TO MAKE STRIDES TOWARDS EUROPEAN UNION BUT HIS IDEAS ON WHAT THIS MEANS AND HOW TO ACHIEVE IT SEEM STILL VAGUE.

DETAIL

2. THE KOHL GOVERNMENT IS GENERALLY DOING WELL, WHILE THE SPD OPPOSITION IS CUTTING VERY LITTLE ICE. WITH INF DEPLOYMENT ON TRACK AND THE GERMAN PEACE MOVEMENT, THOUGH ALIVE, KICKING WITH DIMINSHED VIGOUR, THE GOVERNMENT IS DEVOTING MOST OF ITS DOMESTIC EFFORTS TO THE ECONOMY. ECONOMIC GROWTH HAS RESUMED ON A BROAD FRONT AND IS EXPECTED TO CONTINUE AT LEAST INTO 1985. OUTPUT, EXPORTS AND INVESTMENT ARE GROWING, INFLATION IS STEADY AT 3 PER CENT AND UNEMPLOYMENT HAS STOPPED GROWING AND SEEMS TO BE DECLINING. THE GOVERNMENT'S CHIEF POLICY PREOCCUOATION IS THE SHAPE, VOLUME AND TIMING OF INCOME TAX REFORM. DECISIONS OF PRINCIPLE ARE EXPECTED NEXT MONTH THAT COULD PAVE THE WAY FOR TAX CUTS TO BOOST THE ECONOMY BY ANYTHING UP TO DM25 BILLION IN THE PERIOD 1986/88. THE IMMEDIATE PROBLEM IS THE DISPUTE BETWEEN EMPLOYERS AND EMPLOYEES OVER THE UNIONS' DEMAND FOR A 35 HOUR WEEK. ON BALANCE, A COMPROMISE INVOLVING A MUCH SMALLER, AND PERHAPS DELAYED, REDUCTION IN WORKING HOURS SEEMS LIKELY. BUT WIDESPREAD STRIKES ARE NOT EXCLUDED AFTER WORKERS ARE BALLOTED IN EARLY MAY. IF THEY TAKE PLACE, THE STRENGTHENING RECOVERY WILL BE CHECKED.

3. CERTAIN PROBLEMS CONTINUE TO MAR THE GOVERNMENT'S PUBLIC IMAGE. IN AN UNEVEN MINISTERIAL TEAM, TWO OF THE BRIGHTER STARS HAVE UNCERTAIN FUTURES. LAMSDORFF MAY YET BE TRIED IN THE FLICK PARTY EXPENSES AFFAIR. WOERNER'S JUDGEMENT HAS BEEN CALLED SERIOUSLY INTO QUESTION BY THE KIESSLING AFFAIR AND HIS POLICY TOUCH IS ALSO LOOKING UNSURE AT PRESENT: SEE MY SEPARATE TELEGRAM TO MOD ABOUT BUNDESWEHR MANPOWER. GENSCHER HAS A DEFFERENT KIND OF WORRY: THE FDP'S RATINGS IN THE OPINION POLLS CONTINUE TO BE VERY LOW.

4. THE GERMANS REMAIN SATISFIED WITH THEIR BILATERAL RELATIONS WITH BRITAIN. KOHL WILL NOT WANT TO GIVE A PUBLIC IMPRESSION OF ESTRANGEMENT BETWEEN US, AND THEREFORE, I THINK, WILL SWALLOW HIS UNDOUBTED ANNOYANCE AT BRITISH PRESS CRITICISMS OF HIM AFTER THE BRUSSELS SUMMIT.

/5

5. KOHL'S FIRST PURPOSE AT CHEQUERS WILL BE TO EXPLORE SOLUTIONS TO THE COMMUNITY FINANCING PROBLEM. HE FEELS THAT THINGS HAVE REACHED A POINT WHERE FURTHER DELAY WILL DIMINISH PROSPECTS OF SUCCESS. HE HAS COME UNDER VERY HEAVY PRESSURE FOR NOT HAVING DEFENDED GERMAN INTERESTS EFFECTIVELY. ALTHOUGH SOME OFFICIALS SEEM WILLING TO MOVE ABOVE 1000 MECU AS THE BASE FIGURE FOR THE SYSTEM, THERE ARE NO INDICATIONS THAT KOHL HIMSELF IS READY TO DO SO. HE MAY TROT OUT AGAIN THE - TO US UNACCEPTABLE - ARGUMENT THAT THE FEDERAL GOVERNMENT HAS ALREADY AGREED TO PAY UP HEAVILY FOR THE MCAS ARRANGEMENT.

6. KOHL WILL PROBABLY REITERATE HIS COMMITMENT TO REANIMATE THE EUROPEAN IDEAL, BY MOVES TOWARDS POLITICAL UNION ONCE THE POST-STUTTGART NEGOTIATIONS ARE OVER. HE WILL NOT BE ABLE TO DEFINE POLITICAL UNION BEYOND PERHAPS REITERATING THAT IT MUST BE MORE THAN A FREE TRADE AREA PLUS POCO. HIS IDEAS ON STEPS TOWARDS THIS HAZY GOAL SEEM STILL TO BE UNFORMED. HE HAS EVIDENTLY TOYED WITH IDEAS FOR A TWO-SPEED EUROPE, BUT I DOUBT THAT THESE HAVE TAKEN FIRM ROOT IN HIS MIND. THE BUDGET ARGUMENT HAS INCREASED DOUBTS IN GERMANY ABOUT HOW STRONGLY THE UK IS COMMITTED TO THE DEVELOPMENT OF EUROPE. THE MORE WE CAN CONVINCE KOHL THAT WE ARE COMMITTED TO HELPING TO DEVELOP THE COMMUNITY ON A REALISTIC BASIS, THE MORE HE MAY BE WILLING TO TAKE [illegible] OUR VIEWS INTO ACCOUNT AS HIS OWN IDEAS DEVELOP.

7. KOHL AND GENSCHER WILL PROBABLY BE KEEN TO EXCHANGE VIEWS ON THE ACTIVATION OF WEU, NOW THAT THE UK'S ATTITUDE HAS MOVED CLOSER TO THEIRS. ALTHOUGH KOHL IS WONT TO SPEAK OF STRENGTHENING THE EUROPEAN PILLAR IN THE ALLIANCE, HIS GOVERNMENT'S DIFFICULTIES IN MAINTAINING ITS PRESENT DEFENCE CAPACITY MUST MAKE HIM REALISE THAT THE MOST THAT MAY BE POSSIBLE IN THE NEAR TERM IS BETTER COORDINATION OF EUROPEAN POSITIONS ON DEFENCE POLICY SUBJECTS. WHILE I HAVE NO EVIDENCE THAT MUCH PROGRESS HAS BEEN MADE IN THE FRANCO-GERMAN DEFENCE POLICY CONSULTATIONS, WE HAVE AN INTEREST IN KNOWING WHAT HAS PASSED AND I SUGGEST THAT MINISTERS SHOULD ASK ABOUT THIS.

8. IN THE WIDER WORLD, THE GERMANS REGRET THAT THE RUSSIANS HAVE BOXED THEMSELVES INTO A CORNER IN EAST/WEST RELATIONS, BUT ARE NOT AT PRESENT CALLING FOR WESTERN CONCESSIONS TO HELP THEM OUT OF IT. WHILE REALISING THAT NUCLEAR ARMS CONTROL TALKS ARE UNLIKELY TO RESUME THIS YEAR, THEY ARE CONCERNED THAT THE WEST SHOULD ENSURE THAT THE DIALOGUE ON OTHER ARMS CONTROL SUBJECTS IS KEPT GOING. GENSCHER IS VISITING MOSCOW ON 20 MAY. THE GERMANS ARE CONTENT WITH THE STATE OF THEIR RELATIONS WITH THE AMERICANS: THEY ARE WELL AWARE OF THE PRESENT AND POTENTIAL AREAS OF TRANSATLANTIC DISAGREEMENT (DEFENCE EXPENDITURE, STRATEGIC DEFENCE, OUT OF AREA POLICY), BUT THEY BELIEVE THAT KOHL'S VISIT TO WASHINGTON LAST MONTH FURTHER IMPROVED THE ATMOSPHERE, AND THEY ARE ENCOURAGED THAT THE PRESIDENT HAS BEGUN TO MAKE STATEMENTS ABOUT THE RUSSIANS WHICH THEY CAN SUBSCRIBE TO. THEY ARE PLEASED AT THE HIGH LEVEL OF ACTIVITY AT PRESENT IN INNER-GERMAN RELATIONS, WITHOUT ILLUSIONS THAT THE THAW WILL LAST.

2

9. THE GERMAN PRESS HAS COMMENTED FAVOURABLY ON BRITISH HANDLING OF THE CRISIS WITH LIBYA. GENSCHER WOULD PROBABLY HAVE POSTPONED HIS VISIT TO TRIPOLI EVEN WITHOUT REPRESENTATIONS, BUT HE HAS SOMETIMES SEEMED RATHER UNCRITICAL OF THE QADAFI REGIME, AND A FIRST HAND ACCOUNT OF THE CRISIS FROM US AT CHEQUERS MIGHT STIFFEN THE FEDERAL GOVERNMENT'S ATTITUDE TO LIBYA IN THE FUTURE.

10. KOHL AND HIS GOVERNMENT ARE VERY KEEN THAT THE MUNICH ENVIRONMENT CONFERENCE SHOULD BE A SUCCESS. KOHL WROTE ON 13 APRIL TO THE COMMISSION ABOUT THE NEED FOR STRICTER STANDARDS ON LEAD IN PETROL. HE CAN BE EXPECTED TO SEEK THE PM'S SUPPORT FOR HIS AIM TO REACH INTERNATIONAL AGREEMENT FOR MUCH LOWER EMISSION LEVELS FOR ATMOSPHERIC AND OTHER POLLUTANTS FROM INDUSTRIAL PLANT AND VEHICLES, OR FAILING THAT HER UNDERSTANDING FOR HIS POLITICAL NEED TO MOVE AT THE NATIONAL LEVEL, IF NECESSARY, AHEAD OF THE COMMUNITY.

FCO PLEASE PASS SAVING

BONN WILL PASS TO BMG BERLIN

COPIES SENT TO
No. 10 DOWNING STREET

TAYLOR
STANDARD
WED
SOVIET DEPT
NENAD
EED
NAD

CONFIDENTIAL

Prime Minister

I am doubtful whether you should start by offering that you should move from the 1250 figure.

FERB
27.4.

CONFIDENTIAL

Qz.03695

MR COLES

PRIME MINISTER'S MEETINGS WITH CHANCELLOR KOHL (2 MAY) AND PRESIDENT MITTERRAND (4 MAY)

Although French reactions to the possibility of an early settlement of the outstanding question on the reform of the Community's financing are cautious and guarded, we are continuing to receive information from other sources that the imminent start of the European election campaign does provide some leverage. We think that in other member states there is some genuine consideration whether a settlement should be sought before the start of the European election campaign or whether the issues should come back to the next European Council. Monsieur Thorn saw President Mitterrand yesterday and reports that he was somewhat depressed and uncertain about the timing of a settlement and the other Community budget difficulties.

2. In these circumstances - and particularly as the United Kingdom is being represented throughout the Community as not having moved one millimetre since the European Council and probably as not being willing to do so - the Prime Minister may wish to put the ball back firmly into President Mitterrand's (and Chancellor Kohl's) court by making clear that a settlement is possible now and that it is up to them to take it. At the same time it will be necessary, of course, to make clear that we have already moved a long way on the figures; that there is no prospect whatever of a settlement on the basis advanced by the nine member states (1000 million ecu as the reference figure - on 1983 figures - in the system); and that a settlement implies movement [on both sides] on the figure and otherwise no backsliding on the Presidency text.

/3.

CONFIDENTIAL

3. The arguments might be advanced on these lines -

(1) disappointed that outstanding issue not resolved at Brussels European Council. This should not be allowed to overshadow fundamental common interest of France, Germany and United Kingdom in a soundly financed Community and in the relaunch of the Community (during the French Presidency);

(2) some feeling in the Community that European election campaign should not be allowed to get under way without an effort to resolve the outstanding question now. Ready to do so, for example at Foreign Affairs Council on 14-15 May or in any appropriate procedural manner proposed by the French Presidency. The United Kingdom made major steps at and before the last European Council, both in accepting the VAT share/expenditure share gap as the basis and in reducing its proposed figure for the reference figure in the system. The Nine cannot stand still and get a settlement. Clearly an honourable settlement involves a movement [by both sides?] on that figure;

(3) procedurally the United Kingdom could complete the present phase of the negotiation either by simply inserting the missing figure in the Presidency's text or by establishing now the threshold and rate of contribution which correspond to that figure. (Would like French/German reaction);

(4) conscious that a settlement now would allow the French Presidency to structure the agenda for the next European Council towards longer term relaunch of the Community, including enlargement. This will carry more weight following an agreement on the reform of the Community's financing.

4. I am sending copies to Roger Bone (FCO), David Peretz (Treasury) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

27 April 1984

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

27 April 1984

ANGLO-GERMAN SUMMIT: 2 MAY

Thank you for your letter of 26 April about the detailed arrangements for the Anglo-German Summit on 2 May. I should be grateful if the following points could be taken into account.

First, the Prime Minister's lunch should be attended by Ministers on both sides, plus -

Ambassador von Wechmar
Herr Boenisch
Dr. Stabreit
Sir Anthony Rawlinson
(vice Mr. Lamont)
Sir Robert Armstrong
Sir James Taylor
Sir Julian Bullard
No. 10 Private Secretary

We in addition need interpreters at the lunch; accommodation can be provided for a maximum of four, sitting behind their principals. Food will be provided for them separately.

Secondly, we think it necessary to invite Mr. David Williamson (Cabinet Office) to be present throughout. We suggest that he might be invited to host the lunch at Little Hampden.

Thirdly, you asked about speeches at the lunch. Could you please tell the Germans that the Prime Minister will not be making a speech. She will wish to do no more than welcome the guests very informally.

Fourthly, we are content with the proposition that Ambassadors should accompany the Foreign Ministers when they join the Prime Minister and the Chancellor at 1145 hours.

/Finally,

Finally, I should be grateful for advice as soon as possible on the question of greeting arrangements for Chancellor Kohl (my letter of 24 April refers).

MR. D. BARCLAY

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

Foreign and Commonwealth Office

London SW1A 2AH

cc Mrs Goodchild
Mr Coles (o/r)

26 April 1984

Dear John,

Anglo-German Summit on 2 May

Please refer to my letter of 17 April about the programme. I write now mainly about participation by officials.

Chancellor Kohl is bringing (in protocol order):

Herr Peter Boenisch (Chief Government Spokesman)
Dr Immo Stabreit (AUS, Federal Chancellery)
Herr Heinz Weber (Interpreter)
Dr Neuer (Senior Counsellor, Federal Chancellery)
Miss Anfried Bayer-Fuchs (Personal Assistant, Federal Chancellery)

Herr Genscher will be accompanied by his press spokesman, Herr Paschke (a senior Counsellor); his Private Secretary, Herr Ischinger; and an interpreter.

Dr Stoltenberg will be accompanied by Dr Winfried Heck (AUS). We have made available Mrs Ilse Bloom as interpreter for discussions between Mr Lawson and Dr Stoltenberg.

Herr Woerner will be accompanied by Herr Karl Helmut Schnell (DUS) and Brigadier General Oppermann. The German DA in London, Admiral Fischer, will be in attendance.

Dr von Wuerzen will be accompanied by Herr Mueller Thuns (DUS) and an interpreter, Miss Scheben.

The Germans have asked that the Minister at the Embassy, Herr von Alten, should attend the plenary session. He would be available thereafter to escort the German Ministers to RAF Benson (Baron von Wechmar will be going with Chancellor Kohl to Oxford).

It is suggested that the British officials participating in the Summit should be:

/Sir J Taylor

CONFIDENTIAL

Sir J Taylor, Sir J Bullard and Private Secretary (Sir Geoffrey Howe);

Mr Littler or Mr Unwin, and Mr Peretz (Mr Lawson);

Mr Blelloch and Mr Mottram (Mr Heseltine);

Mr Gray and one other official (Mr Lamont).

We have worked on the assumption that the Prime Minister will be accompanied by Sir R Armstrong and yourself.

Mr Rudi Lederer is available as interpreter.

The Germans have told us that Chancellor Kohl hopes to have a substantial tête-à-tête with the Prime Minister, lasting until 1130. Thereafter they might be joined by Foreign Ministers and Ambassadors at 1145 and continue talks until 1245. Under this arrangement the pre-lunch drinks with other Ministers would last for a quarter rather than half an hour. We assume that Sir J Taylor and Baron von Wechmar should accompany the Foreign Ministers when they join the Prime Minister and the Chancellor.

The Germans would like Ambassador von Wechmar, Herr Boenisch and Dr Stabreit to be invited, together with the Ministers, to the Prime Minister's lunch. We would suggest that on our side, besides Ministers, Sir R Armstrong, Sir J Taylor, and Sir J Bullard should attend the lunch. We understand that lunch will be available for Private Secretaries and interpreters at North Lodging in Chequers and for all other officials at the "Rising Sun", Little Hampden.

The Ministers accompanying Chancellor Kohl will not attend the joint Press Conference at RAF Halton House.

The Germans have asked whether the Prime Minister intends to make a speech at lunch. We have said we think it likely that the Prime Minister would wish to say a few words very informally, but that this is not an occasion for set speeches. I should be grateful to know whether this is correct, and whether the Prime Minister is content with the arrangements set out above.

I have just seen David Barclay's letter of 24 April. We will comment separately on the Prime Minister's point about demonstrations in Oxford. I will consult the Secretary of State about the greeting arrangements for Chancellor Kohl at RAF Benson, but I would not expect David's suggestion to cause any difficulty.

I am copying this letter to the Private Secretaries of Ministers attending the Summit and to Richard Hatfield.

Yours ever

Roger Bone

A J Coles Esq
10 Downing Street

(R B Bone)
Private Secretary

DTI notified by telephone.
DMB
26/4

PRIME MINISTER

Anglo/German Bilaterals - DTI Representation

You asked whether Mr. Tebbit could attend the Anglo/German bilaterals after all, if Mr. Lamont were to answer Questions for him in the afternoon.

DTI's problem is that Mr. Channon will be in the USA on 2 May. Mr. Tebbit feels that he must therefore be at the despatch box himself to answer on trade matters.

It would of course be possible for Mr. Tebbit to cover also for Mr. Lamont. But DTI are not keen on this because their Ministerial team will already be depleted.

Count Lambsdorff will be represented by his Permanent Secretary. Agree in the circumstances that DTI may be represented by Mr. Lamont in the morning, and by one of the Department's Permanent Secretaries in the afternoon?

DMB

25 April 1984

CONFIDENTIAL

FCS 571

cc: Sir P Cradock

10 DOWNING STREET

From the Private Secretary

24 April, 1984

Anglo/German Bilaterals

Thank you for your letter of 17 April to John Coles.

The Prime Minister has two comments on the draft programme for the Anglo/German bilaterals. First, she considers it likely that there will be large demonstrations outside the Examination Schools where Chancellor Kohl will be delivering the Adenauer Lecture, and she wonders whether this danger has been taken into account in formulating our plans.

Second, it would be much more convenient for the Prime Minister if the Foreign and Commonwealth Secretary could meet Chancellor Kohl on arrival at RAF Benson. She would then herself greet all the participants at Chequers. I should be grateful to know whether you consider this arrangement to be acceptable.

I am sending copies of this letter to the recipients of yours.

DAVID BARCLAY

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

NR

CONFIDENTIAL

PRIME MINISTER

Anglo/German Bilaterals

Count Lambsdorff, the German Economics Minister, will not now be able to attend the Anglo/German bilaterals on 2 May. He will be represented by his State Secretary (Permanent Secretary equivalent), Dr. Dieter von Wuerzen. The Department of Trade and Industry are proposing that Dr. von Wuerzen's British counterpart should be Mr. Lamont, rather than Mr. Tebbit.

Agree? Mr Lamont will need to leave at lunchtime because DTI are First Order for Questions.

DAVID BARCLAY

24 April, 1984

But surely Mr. Tebbit can come & have Mr. Lamont do any other questions?

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

17 April 1984

Thank you for your letter of 11 April about the programme and arrangements for Ministerial and official participation.

The German Ministerial team will be Chancellor Kohl, Genscher, Woerner and Stoltenberg. We have just heard that Count Lambsdorff (Economics) is unable to attend and wishes to be represented by his official State Secretary (PUS equivalent), Dr Dieter von Wuerzen. The Department of trade and Industry are considering who would be the appropriate British counterpart.

On the basis that the entire event will take place at Chequers, we have agreed the folliwng outline programme with the Germans, ad referendum to the Prime Minister and Chancellor Kohl.

2 May

0915	Dr Stoltenberg, Herr Woerner and Dr von Wuerzen arrive at RAF Benson (meeting arrangements to be decided)
0925	Herr Genscher arrives at RAF Benson (met by Sir Geoffrey Howe)
0930	Chancellor Kohl arrives at RAF Benson (met by the Prime Minister)
1010	Tete-a-tete talks begin between the Prime Minister and Chancellor Kohl and between pairs of Ministers
1115	Coffee Break
1130	The Prime Minister and Chancellor Kohl are joined by Sir Geoffrey Howe and Herr Genscher. Other talks continue.
1230	Drinks with other Ministers attending the Summit
1300	Lunch given by the Prime Minister for Chancellor Kohl, the Ministers accompanying him and their British counterparts, the two Ambassadors,

/and a

CONFIDENTIAL

and a maximum of six other British and German officials (three a side).
Overflow lunch for remaining officials at a location to be decided.

1430	Plenary starts
1530	Plenary finishes
1540	Leave Chequers
1550	Arrive RAF Halton House
1600	Joint press conference by the Prime Minister and Chancellor Kohl
1645 approx	Leave Halton House
1745 approx	Chancellor Kohl and the Prime Minister arrive at Oxford
1800	Chancellor Kohl delivers the Konrad Adenauer Memorial Lecture at the Examination Schools after which the Prime Minister departs.
1900	Restricted discussion at New College
2000	Dinner at New College hosted by Vice Chancellor of Oxford University.
2115	Chancellor Kohl leaves
2140	Take off from RAF Benson.

Agree?

I should be grateful to know if the Prime Minister is content with these arrangements, in particular with the suggestion that she should meet Chancellor Kohl at RAF Benson. This follows the precedent of the 1982 Summit, when the Prime Minister met Herr Schmidt on his arrival there.

DMB 18/4

I shall write again about participation by officials when we have details of the German party.

The Foreign and Commonwealth Secretary will be speaking at the Lord Mayor's Banquet that evening, but Mr Whitney has accepted Oxford University's invitation to join the discussion after the Chancellor's lecture and attend the Vice Chancellor's dinner at New College. If it were

/possible

I would be much concerned for the Chancellor and I feel everyone at Chequers would want to accompany her.

possible for any of the British Ministers attending the Summit to attend the lecture and the Vice Chancellor's dinner we feel sure this would be greatly appreciated by the Germans. With this in mind I am copying this letter to David Peretz (Treasury), Richard Mottram (Ministry of Defence) and Callum McCarthy (Department of Trade and Industry).

Yours ever,

Roger Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

cc SY

DWB
18/4

Cabinet Office
70 Whitehall
London SW1A 2AS

17 April 1984

PS(84) 5

Dear Private Secretary,

Anglo-German Summit: 2 May 1984

The letter of 12 April setting out the briefing arrangements for the next Anglo-German Summit on 2 May included at Annex A a list of briefs to be prepared. This list has now been revised. I attach the revised list and should be grateful if briefs could be prepared as appropriate.

I am sending copies of this letter to the Private Secretaries to Sir Antony Acland, Sir Peter Middleton, Sir Brian Hayes, Sir Anthony Rawlinson, Sir Clive Whitmore, Sir Michael Franklin, Mr M E Quinlan, Mr P E Lazarus, Sir Kenneth Couzens, Sir Brian Cubbon, Mr D J S Hancock and Sir Kenneth Stowe, and to John Coles at No 10.

Yours sincerely,

(Signed) LINDSAY WILKINSON

REVISED ANNEX A

LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
2 MAY 1984

EMV(84)	Subject	Lead Department	In consultation with
1.	Index of Briefs	FCO(WED)	Cabinet Office
2.	General Brief (this will cover the subject matter of the briefs below and will have paragraphs on each of the following: Arab/Israel and Lebanon; Iran/Iraq; Falklands/Argentina; Cyprus; Southern Africa; Central America; UNLOSC; Hong Kong; Airbus; CERN)	FCO(WED)	Other FCO and Whitehall Depts
3. (a)	General Brief on the European Community (which will be mainly concerned with the post-Stuttgart negotiation but will contain paragraphs on enlargement (including Gibraltar); trade issues; internal market; industrial policy; employee participation; EC/ Turkey; EC/United States; EC/Hungary; EC/Cyprus; new policies)	FCO(ECD(I))	Treasury DTI MAFF Employment Transport as appropriate
(b)	Community Financing	FCO(ECD(I))	MAFF Treasury
(c)	Community Agricultural Matters	MAFF	FCO(ECD(I)) Treasury
4.	Political and Defence Co-operation in Europe	FCO(WED)	FCO(ECD(E) FCO(Def Dept) MOD Treasury
5.	International Economic Issues and the London Economic Summit (to include international debt and North/South issues)	Treasury	FCO(ERD) DTI

EMV(84)	Subject	Lead Department	In consultation with
6.	East/West and Inner German Relations (including Berlin, preparation for NATO meeting on 29-31 May, and Poland)	FCO(Sov Dept) FCO(WED)	FCO(Def Dept) FCO(TRED) MOD
7.	Arms Control and Disarmament (including CDE, MBFR, CW, INF/START and ~~emerging technologies~~ SDI ASAT)	FCO(Def Dept)	MOD FCO(ACDD)
8.	UNLOSC	FCO(MAED)	MOD Treasury
9.	Bilateral Relations (including review of Anglo-German relations and bilateral defence matters)	FCO(WED)	FCO(Def Dept) MOD Treasury and others
10.	German Internal Scene (background brief, covering both economic and political aspects)	FCO(WED)	FCO(ESID) DTI Treasury

Germany PT 8
KJMS results

FILE

10 DOWNING STREET

From the Private Secretary

MR MARTIN
CABINET OFFICE

PRIME MINISTER'S BRIEFING MEETING FOR ANGLO-GERMAN SUMMIT

Thank you for your minute of 13 April (A084/1175). I agree that you should invite those in your paragraphs 1 and 2 to the briefing meeting on Tuesday, 1 May.

PAUL COLES

16 April, 1984

Mr. Joce

May 2nd 1984 at Chequers notes on dicisions made by The Prime Minister

1. Menu for a set lunch in the Diningroom for not more than 18(Would prefer 16).

2. North Lodging can provide up to 10 Buffet type lunch.

3. Prime Minister will arrive at Chequers on Tuesday night. There will also be a room ready for The Private Secretary if needed.

4. Room allocation for the visit:-

a. The Greenhill Suite will be prepared for HE Dr Kholl ie:(Rooms 7 & 8 with Bathroom). 1st Floor.

b. The Long Gallery(Library) will be used for The Prime Minister and Dr Kholl talks, then used to serve pre-lunch drinks to the guests.(These will be housed in readiness in Cromwell Passage). 1st Floor.

c. The Great Parlour will be laid up for formal meeting, and extra chairs placed around the room. (22 max round the table) The Alcove in this room will provide an area to hold a small meeting for about 6 to 8 peaple.. 1st Floor

d. The Ante Room off The Great Parlour can be used for a small meeting area. There will not be any movement in this area at the time required. 1st Floor

e. The White Parlour is available for small meeting 8 or 10 persons. Ground Floor

f. The Prime Ministers Study is available for a UK Team. 6 persons. " "

g. The Hawtrey Room and the small Reading Room leading off The Hawtrey Room can be used for small meetings . 4 in the small room. Up to 10 in the Big room. Ground Floor.

h. Garden Cottage 3 is available for Communications Centre. 2 large rooms one up, one down. Also 1 other small room up stairs. Three direct Telephone Lines to the house and up to seven outside lines can be arranged. (near the Police Post).

j. Catering facilities in the NO IO staff room can only provide 3 visiting Security personnel with lunch. (Room in Varanda)

k. The "Big Drivers Room" can be used for other visiting personnel who need to wait. No catering facilities available.

5. The Bernard Arms Hotel can provide some catering for Dining Room and Bar Meals, but they need to book early. A direct Telephone Line is located in the Dining Room to Chequers.

V Thomas

V E Thomas,Curator,Chequers.
15th April 1984.

Ref. A084/1175

MR COLES

Prime Minister's Briefing Meeting for Anglo-German Summit: 2 May 1984

I should be grateful for your agreement to the following being invited to attend the Prime Minister's briefing meeting on Tuesday 1 May at 4.30 pm:

Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Secretary of State for Defence
Minister of Agriculture, Fisheries and Food
Secretary of State for Trade and Industry

2. You may wish to invite the following officials:

Sir Julian Bullard, Sir Crispin Tickell — FCO
Sir Jock Taylor, HM Ambassador, Bonn
Sir Peter Middleton, Treasury
Sir Clive Whitmore, MOD
Sir Michael Franklin, MAFF
Sir Brian Hayes, Sir Anthony Rawlinson — DTI
Sir Robert Armstrong, Mr Goodall, Mr Williamson — Cabinet Office

PETER MARTIN

13 April 1984

CONFIDENTIAL

Cabinet Office
70 Whitehall
London SW1A 2AS

12 April 1984

PS(84) 4

Dear Private Secretary,

Anglo-German Summit: 2 May 1984

This letter sets out the briefing arrangements for the Anglo-German Summit which is to take place at Chequers or in London on 2 May 1984.

The list of briefs to be prepared, with an indication of departmental responsibility, is at Annex A. In order to reduce the briefing as far as possible, fewer briefs are being commissioned than for previous Summits and many of the less important subjects or those unlikely to be discussed substantively between Heads of Government are being covered by means of paragraphs in the General Brief rather than in separate briefs. Instructions on format are at Annexes B and C. Those preparing briefs should note carefully the details on the format of briefs set out in Annex B. Departments should in particular aim to ensure that, apart from the General Brief, individual subject briefs are kept as short as possible.

70 copies of each brief should be sent to the Cabinet Office as soon as they are ready. They should reach the Cabinet Office by 12.00 noon on Friday 27 April and be addressed to Mrs M C Wagner in Committee Section (tel no 233 7343), who is to be consulted about any technical points arising.

Departments whose Ministers are attending the Summit may need to provide more detailed briefing for their own Ministers' bilaterals with their German opposite numbers. They should ensure that this briefing is adequately cleared with other interested Departments. In cases where a subject is likely to be raised in more than one of the bilateral Ministerial discussions, the Departments concerned should consider whether a joint brief for the Ministers involved would be appropriate.

I am sending copies of this letter to the Private Secretaries to Sir Antony Acland, Sir Peter Middleton, Sir Brian Hayes, Sir Anthony Rawlinson, Sir Clive Whitmore, Sir Michael Franklin, Mr M E Quinlan, Mr P E Lazarus, Sir Kenneth Couzens, Sir Brian Cubbon, Mr D J S Hancock and Sir Kenneth Stowe, and to John Coles at No 10.

Yours sincerely,

(Signed) PETER MARTIN

CONFIDENTIAL

ANNEX A

LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
2 MAY 1984

EMV(84)	Subject	Lead Department	In consultation with
1.	Index of Briefs	FCO(WED)	Cabinet Office
2.	General Brief (this will cover the subject matter of the briefs below and will have paragraphs on each of the following: Arab/Israel and Lebanon; Iran/Iraq; Falklands/Argentina; Cyprus; Southern Africa; Central America; UNLOSC; Hong Kong; Airbus; CERN)	FCO(WED)	Other FCO and Whitehall Depts
3. (a)	General Brief on the European Community (which will be mainly concerned with the post-Stuttgart negotiation but will contain paragraphs on enlargement (including Gibraltar); trade issues; internal market; industrial policy; employee participation; EC/ Turkey; EC/United States; EC/Hungary; EC/Cyprus; new policies)	FCO(ECD(I))	Treasury DTI MAFF Employment Transport as appropriate
(b)	Community Financing	FCO(ECD(I))	MAFF Treasury
(c)	Community Agricultural Matters	MAFF	FCO(ECD(I)) Treasury
4.	Political and Defence Co-operation in Europe	FCO(WED)	FCO(ECD(E)) FCO(Def Dept) MOD
5.	International Economic Issues and the London Economic Summit (to include international debt and North/South issues)	FCO(ERD)	Treasury DTI

EMV(84)	Subject	Lead Department	In consultation with
6.	East/West and Inner German Relations (including Berlin preparation for NATO meeting on 29-31 May, and Poland)	FCO(Sov Dept) FCO(WED)	FCO(Def Dept) FCO(TRED) MOD
7.	Arms Control and Disarmament (including CDE, MBFR, CW, INF/ START and emerging technologies)	FCO(Def Dept)	MOD FCO(ACDD)
8.	UNLOSC	FCO(MAED)	MOD
9.	Bilateral Relations (including review of Anglo-German relations and bilateral defence matters)	FCO(WED)	FCO(Def Dept) MOD and others
10.	German Internal Scene (background brief, covering both economic and political aspects)	FCO(WED)	FCO(ESID) DTI Treasury

ANNEX B

THE FOLLOWING INSTRUCTIONS ABOUT FORMAT SHOULD BE FOLLOWED CAREFULLY

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex C. Those preparing briefs should pay particular attention to ensuring that the following instructions are fully observed:

Content

(a) Briefs should be concise. Each brief should whenever possible be no more than two sides long.

(b) The main body of each brief should comprise three sections: a very brief statement of the United Kingdom Objective (normally no more than a couple of lines); a concise list of Points to Make; and a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.

(c) Briefs should be complete and self-contained with all the information required on that particular subject.

Layout

(d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.

(e) As shown in the specimen at Annex C, the top page only of each brief should contain the following details: the symbol and number of the brief in the top left-hand corner (eg EMV(84) 5) with the date of circulation below: a copy number in red at the top righ-hand corner; the visit heading; the title of the brief (in capitals) and the name of the Department responsible.

(f) At the foot of the last page and on the left-hand side, briefs should bear the name of the originating Government Department and the date of origin.

Reproduction

(g) Briefs should be reproduced throughout on plain white paper, with each page bearing a security classification at top and bottom (as in Annex C). Care should be taken that the reproduction method employed results in clear readable copies.

(h) It is important that, on arrival at the Cabinet Office, briefs should be complete in all detail - collated, stapled and copy numbered and ready for immediate circulation.

Updating

(i) If late developments require a brief to be amended or updated, a revise should be prepared. It should be set out in the form described at (e) above, with the brief number amended to show that it is a revise (eg EMV(84) 5 (Revise). Subsequent revises should be numbered (eg EMV(84) 5 (Revise 2), etc). If it is a question of adding material to the brief rather than revising its existing contents, an addendum may be prepared, in the form described at (e) above with the brief number (eg EMV(84) 5 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when a revise or an addendum is in preparation and also about corrigenda to briefs.

(j) Additions to the list of briefs in Annex A require the authorisation of the Private Secretary to the Secretary of the Cabinet.

[CLASSIFICATION]

ANNEX C

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

[Leave 1½" margin]

EMV(84) [Serial No as specified in Annex A] COPY NO [in red]

[Date]

ANGLO-GERMAN SUMMIT
2 MAY 1984

[SUBJECT] [Insert subject in capitals]

Brief by [name of originating Department, eg Foreign and Commonwealth Office]

[At foot of last page on left-hand side:-]

[Originating Government Department, eg Foreign and Commonwealth Office or Department of Energy, not a subordinate section or division]

[Date of origin]

[CLASSIFICATION]

AJC

10 DOWNING STREET

ANGLO/GERMAN SUMMIT : 2/5.

Peter Martin has suggested that the deadline for briefing should be noon on 27/4 (Friday). This would allow it to go into the PM over the weekend in readiness for the Briefing meeting scheduled for the Tuesday following.

Content?

told PPPS office.
MM
11/4

Yes.

"
11/4.

CONFIDENTIAL

file. ECC

10 DOWNING STREET

From the Private Secretary

11 April 1984

Anglo/German Summit

Would you please refer to my letter of 26 March. We agreed yesterday that I would have a word with Herr Neuer in Bonn about the arrangements for ministerial participation.

I told Neuer today that the Prime Minister would be accompanied by the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Defence and the Secretary of State for Trade and Industry. He said that he would now consult Chancellor Kohl about German participation but he was confident that they would match our arrangements. I stressed, and he accepted, that we could not accommodate more Ministers at Chequers.

I also asked that attendance by officials at the Chequers meeting should be severely restricted. I have it in mind that each Minister would be accompanied by up to two officials.

BF Neuer would now welcome a draft programme urgently. Could you produce this taking into account this letter and my letter of 26 March.

I am copying this letter to David Peretz (Treasury), Richard Mottram (Ministry of Defence) and Callum McCarthy (Department of Trade and Industry).

A. J. COLES

LST

Roger Bone Esq
Foreign and Commonwealth Office

CONFIDENTIAL



A.J.C. 12/4

h.a.

Mr Coles,

CABINET OFFICE

Re FCO forgot to copy the attached to you. I will be circulating the bidding letter for briefs shortly - if you have any comments you may like to feed them in then.

With the compliments of

Sir Robert Armstrong GCB, CVO

Secretary of the Cabinet

and Permanent Secretary to the

Management and Personnel Office

APS/PM

Peter Mark.

12/4

P.S. Please note that, as agreed with you, the number of briefs has been substantially reduced.

70 Whitehall, London SW1A 2AS

Telephone: 01-233 8319

Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO
Permanent Under-Secretary of State

6 April 1984

CABINET OFFICE
A 2632
6 APR 1984
FILING INSTRUCTION
FILE No. .....

Sir Robert Armstrong GCB CVO
CABINET OFFICE

cc- Mr Goodall
Mr Williamson
c- Miss Lambert
c. Mr Cole (No10)

My dear Robert,

ANGLO GERMAN SUMMIT : 2 MAY 1984

1. This letter sets the scene for the Anglo-German Summit which will take place either at Chequers or in London on 2 May.

2. In most respects Anglo-German relations remain close although the recent European Council in Brussels confirmed that over Community finances our interests coincide only up to a point. Britain and Germany agree on how to handle the fundamental issues of East/West and Transatlantic relations, security and defence. But as Chancellor Kohl explained to the Prime Minister when they met at Downing Street on 28 February, he has a broad idealistic concept of European unity and regards progress towards this as being intrinsically more important than reform of the European Community's financial arrangements. Kohl is sincere in wanting Britain to play a full part in the development of Europe, but he may be tempted to move ahead without us in cooperation with France and others to try to give the Community a new political impulse and strengthen the European pillar in the Atlantic Alliance.

3. The ordinary German continues to be concerned mainly with economic prospects. These are relatively encouraging. The Government in Bonn estimate that real GNP will grow by some 2.5% this year (1983 out-turn 1.3%), unemployment will average 9% (a slight fall on 1983) and inflation 3% (also a slight fall on 1983). Most independent observers think that the German Government is understating the likely growth in real GNP in 1984 but both Government and outside experts agree

that it is uncertain if the economic recovery will be sustained into 1985 and beyond. The unions' demand for a 35 hour week is currently a matter of lively controversy and, as Kohl's CDU has a strong trade union wing, he has to move carefully. There is also a continuing inconsistency between the Federal Government's plans to reduce public spending and taxation, and their ability to alleviate unemployment, support regions where declining smoke-stack industries are concentrated, introduce new technology and contribute generously to a solution of the European Community's financial crisis.

4. Some doubts have resurfaced about Kohl's qualities of leadership; there has even been speculation that he might not last a full four year term. There are a number of conspicuously weak links in Kohl's coalition team and a cloud hangs over two of his strongest Ministers, Count Lambsdorff, the FDP Economics Minister, and Herr Woerner, the CDU Defence Minister. Lambsdorff will have to resign if, as seems likely, the case against him on corruption charges comes to trial later this year. Woerner humiliated a four-star General (Kiessling) on the grounds that his alleged homosexuality made him a security risk. The evidence was flimsy. Kohl rehabilitated Kiessling but has kept Woerner (and for the time being Lambsdorff) so as to avoid restructuring his delicately balanced coalition, and thus giving an opening to Strauss. But Kohl has shown in recent months that he enjoys office and he will be difficult to shake. His tactic of sitting out crises patiently has been successful so far.

5. The CDU's convincing victory in Land Baden Württemberg (Woerner's home state) on 25 March lends support to Kohl's view that the voters are more interested in the improving economy than in causes célèbre. But the FDP's poor showing in Baden Württemberg where they were pushed into fourth place by the Greens has cast renewed doubt on the long term stability of the coalition in Bonn. We do not believe that the SPD, which made a poor showing in Baden Württemberg but has otherwise done well in local and regional elections, is a plausible alternative government in present German conditions. It poses no immediate threat to Kohl's coalition. The general expectation is that the SPD is unlikely to regain office at the next elections in 1987. A move back towards the centre ground on German defence policy prospects is already underway. This is central to the SPD's future prospects.

6. If the problems over Community finances remain unresolved by the time of the Summit, they will provide the backdrop, with discussion centreing on prospects for the next European Council in France on 25-26 June. Other important forthcoming events include the London Economic Summit on 9-10 June, and the NATO spring foreign ministers' meeting in Washington on 29-31 May.

7. The initiative for ministerial attendance lies with the Prime Minister. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry and Defence, and the Minister of Agriculture, Fisheries and Food have been alerted. Our initial informal soundings indicate that the Germans will be happy to match this team. Count Lambsdorff's (Economics) interests extend to energy but Mr Walker is unavailable.

8. The main areas of discussion are likely to be:

I <u>The European Community, particularly prospects for the Summit in France on 25/26 June</u>

Whatever the state of negotiations on Community finance at the time it will be vital on 2 May to convince Kohl that we share his concern for "Europe" in the broad sense. Recent meetings with the Germans, including that between the Prime Minister and Chancellor Kohl on 28 February, and German tactics at Brussels indicate that they think our approach to the Community is too much based on book-keeping. Their own policy is to make a generous but not excessive contribution, to solve the Community's financial problems and to enable it to move ahead politically. This approach is compatible with President Mitterrand's. Continuing failure to solve the Community's financial problems may bring the Germans and French still closer together: we need to convince Kohl that we must not be left out.

II <u>European political and defence cooperation</u>

French proposals to revive the Western European Union (WEU) are supported by the Germans, and can be made to coincide with Kohl's own ambitions to strengthen European political and security cooperation. Franco-German cooperation within the framework of their 1963 bilateral Treaty also has an important part to play. Kohl will be interested in the Prime Minister's views. We are preparing a paper as

promised by the Prime Minister when she met Chancellor Kohl in London on 28 February.

III Transatlantic and East/West relations, defence and arms control.

(a) Chancellor Kohl will want to discuss with the Prime Minister what he sees as the link between the reform of the European Community's financial structures; his vision of a political, economic and cultural federation of European democracies, and his long term objective of overcoming the division of Germany. He is clear that in defence, there can be no substitute for cooperation with the United States in NATO or for the US nuclear guarantee. Kohl's relations with Reagan are in excellent repair (he visited the United States from 3-6 March). He warmly welcomes renewed American interest in East/West dialogue which he sees as in harmony with the longstanding German policy of expanding relations with the Soviet Union and Eastern Europe. But he may feel that the US administration should be doing more. The Germans are urging on the US (rather to the irritation of the latter) the need for a Super-power Summit. Kohl has had particular success with the GDR, which seems to have developed with the acquiescence of the Russians some freedom of manoeuvre in inner-German relations. Kohl wishes the FRG to pursue this Ostpolitik from a position of strength within the NATO Alliance. Initial INF deployment was carried out successfully in Germany; the Peace Movement is now weak, divided and uncertain what to do next.

(b) Kohl is likely to engage the Prime Minister in discussion of future NATO strategy and how to meet the challenge of emerging military technologies. The Germans continue to attach great importance to being seen to be active in arms control. They may still be unhappy about US/UK opposition to their MBFR proposals. This will be the second summit at which National Armaments Directors will report through Ministers of Defence on Anglo-German cooperation in equipment collaboration. Both sides regard these arrangements as successful and wish them to continue.

IV International Economic Issues and the London Economic Summit

The Summit will take place two weeks before the OECD Ministerial meeting and a little over a month before

the London Economic Summit. Chancellor Kohl will have been kept informed of preparations for the Summit by his Personal Representative, Dr Tietmeyer. The UK and the FRG are likely to share similar attitudes to the major international economic issues, including debt, trade and the policies necessary to ensure that recovery is sustained. While both the Prime Minister and Chancellor Kohl are likely to want to emphasise to the Americans at the Summit the need to reduce the US structural budget deficit, they will also share a desire not to force the Americans into a corner over this or other issues.

9. In addition to these subjects, we may want to discuss other international issues, including probably the Middle East (Kohl's visit to Israel earlier this year was one of his less successful enterprises), Central America (Kohl's CDU heavily backed Duarte in the El Salvador elections) and Falklands/Argentina (Foreign Minister Genscher is due in Argentina this month and Kohl is planning a visit in July). We remain concerned that our allies should show understanding of our position on the Falklands and should not seek to consolidate their closer relations with Argentina by supplying major arms.

10. It was announced at the November 1981 Summit that officials would keep the bilateral relationship under review. We and the Germans have prepared separate reports on Anglo-German relations and are now considering joint conclusions. We shall recommend to the Prime Minister and Chancellor Kohl a statement on Anglo-German relations which could be issued at their joint Press Conference after the Summit.

11. Chancellor Kohl will travel to Oxford after the Summit to deliver the Konrad Adenauer memorial lecture. He is delighted that the Prime Minister will attend his lecture which, together with a forward-looking statement on the extent of Anglo-German cooperation, should ensure that the Summit is not seen by the media and public opinion as just another episode in the haggling over reform of the European Community's finances.

11. The attached draft list of briefs takes account of latest Cabinet Office proposals to simplify the briefing arrangements for bilateral summits.

Yours ever

Antony

Antony Acland

/CC:

cc: Sir Peter Middleton KCB, HM Treasury
Sir Brian Hayes KCB, DTI
Sir Clive Whitmore KCB CVO, MOD
Sir Anthony Rawlinson KCB, DTI
Sir Michael Franklin KCB CMG, MAFF
M E Quinlan Esq CB, Dept of Employment
P E Lazarus Esq CB, Dept of Transport
Sir Kenneth Couzens KCB, Dept of Energy
Sir Brian Cubbon KCB, Home Office
D J S Hancock Esq, DES
Sir Kenneth Stowe KCB CVO, DHSS

LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT, 2 MAY

	Subject	Lead Dept	In Consultation with
1.	Index of Briefs	FCO (WED)	Cabinet Office
2.	General Brief (this will cover the subject-matter of the briefs below and will have paragraphs on each of the following: Arab/Israel and Lebanon; Iran/Iraq; Falklands/ Argentina; Cyprus; Southern Africa; Central America; UNLOSC; Hong Kong; Airbus; CERN)	FCO (WED)	Other FCO and Whitehall Departments
3.	(a) General Brief on the European Community (which will be mainly concerned with the post-Stuttgart negotiation but will contain paragraphs on enlargement (including Gibraltar); trade issues; internal market; industrial policy; employee participation; EC/Turkey; EC/US; EC/Hungary; EC/ Cyprus; New policies.	FCO (ECD(I))	Treasury, DTI, MAFF, Dept of Employment, Dept of Transport, as appropriate
	(b) Community financing	FCO (ECD(I))	Treasury
	(c) Community agricultural matters	FCO (ECD(I))	MAFF, Treasury
4.	Political and Defence Cooperation in Europe	FCO (WED)	FCO (ECD(E)), Defence Dept, MOD
5.	International Economic issues and the London Economic Summit (to include international debt and North/South issues).	FCO (ERD)	Treasury, DTI
6.	East/West and inner German relations (including Berlin preparation for NATO meeting on 29-31 May, and Poland)	FCO (Soviet Dept, WED)	FCO (Defence Dept, TRED) MOD
7.	Arms Control and Disarmament (including CDE, MBFR, CW, INF/ START and emerging technologies)	FCO (Defence Dept)	MOD, FCO (ACDD)

8.	UNLOSC	FCO (MAED)	
9.	Bilateral relations (including review of Anglo-German relations and bilateral defence matters).	FCO (WED)	FCO (Defence Dept) and others
10.	German internal scene (background brief, covering both economic and political aspects).	FCO (WED)	FCO (ESID), Treasury

CONFIDENTIAL

DC PC

10 DOWNING STREET

From the Private Secretary

26 March 1984

ANGLO/GERMAN SUMMIT: 2 MAY

Thank you for your letter of 14 March in which you ask whether the Prime Minister would be content for the Summit to be held in London rather than at Chequers.

We have considered this carefully but am inclined to think that, subject to satisfactory arrangements over numbers, it will be more convenient for the Summit to take place at Chequers. We have in mind, in particular, that Chancellor Kohl is to deliver a lecture at Oxford University after the Summit (and I confirm that the Prime Minister will attend the lecture, though not the dinner which will follow it). It will be very much more convenient to go to Oxford from Chequers than from central London.

I quite take the point about the travelling time of other Ministers who will be involved. We are inclined to meet this point by arranging for all the bilateral meetings to take place at Chequers. The Ministers concerned would then be able to stay on for the plenary and lunch and leave after the joint press conference which will follow the lunch. To achieve this, however, it is desirable that there should be no more than three bilateral meetings in addition to the bilateral between the two principals. It will also be important that officials accompanying their Ministers for bilaterals are again very limited in number. It will be necessary for a lunch for officials to be arranged at a nearby hotel.

It may be that this arrangement would necessitate more reduced Ministerial participation than we would ideally like but on balance it seems the best solution.

Incidentally, of course, the whole German team could then arrive at, and leave from, RAF Benson.

I should be glad to know whether you think that the above arrangement is workable. If so, perhaps you could kindly let me have a revised draft programme.

/ On a separate

On a separate point, as I told you on the telephone, I believe that the arrangements for the lecture are being handled by Dr. L. Eling of 21 Suffolk Street, SW1 (839 2843). I hope that the Department are in touch with him (I have not been myself).

A.J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

(i).

PRIME MINISTER

Anglo-German Summit: 2 May

There is one point about the above which it would be helpful to settle now, namely whether it should take place at No.10 or at Chequers. 2 May is a Wednesday.

The particular complication is that at 1800 hours on 2 May Chancellor Kohl is to deliver the Adenauer Memorial Lecture in Oxford. You said earlier that you would attend.

I think it would be more convenient for you and the Chancellor if the Summit took place at Chequers which would give you a comparatively short car journey to Oxford.

But there is the question of the other Ministers, both British and German. If, as usual, they hold their bilateral talks in London and then come down to Chequers for the plenary they will spend a great deal of time travelling. I think we can get round this if you are prepared to allow the individual Ministers to conduct their own bilaterals in the various rooms at Chequers. We would try to keep the number of Ministers down and would insist that accompanying officials be very limited in number. The officials could all be taken off for lunch to a restaurant.

Would you therefore be content to have the Summit at Chequers?

Chancellor Kohl is staying on to dinner in Oxford as guest of honour of the Vice Chancellor. But since you have Questions and Cabinet on the next day I suggest that you come back to London after the lecture. Agree?

A.J.C.

23 March 1984

RESTRICTED

cc PC

CF

Await other replies

D

19/3

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

16 March 1984

A J Coles Esq
10 Downing Street

Dear John,

ANGLO/GERMAN SUMMIT

Thank you for sending me a copy of your letter of 15 March to Roger Bone reporting that provisional agreement has been reached with the Germans on 2 November as the date for the next Anglo/German Summit.

The Chancellor has a speaking engagement in Leicestershire that day. If your Summit date is confirmed, he will clearly have to cancel it. But he will not do so until you confirm, in the light of reactions from other recipients of your letter, that the plan stands.

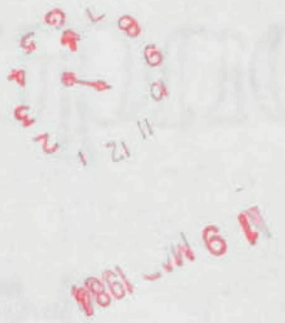
Copies of this letter go to Roger Bone (FCO), Callum McCarthy (DTI), Richard Mottram (MOD), and Ivor Llewelyn (MAFF).

Yours ever

John Kerr.

J O KERR

Germany Chancellors
visits pt 8



MR. COLES

Anglo/German Summit: 2 May

I have had a lengthy discussion with David Barclay and on balance we both feel that it is better if the talks take place at No. 10.

Can I take it that the Prime Minister is not expected to stay on for the dinner at Hertford College and can return to London as soon as the Adenauer Lecture is over?

15 March 1984

10 DOWNING STREET

Mr. Ryder.

Whilst – Chequers or No. 10 –
would be most convenient to
the Prime Minister bearing in mind
that

(a) she will want to go to
Oxford for the lecture

(b) she will want to be back
at No. 10 as early as possible
on Wednesday evening
?

2. How long does it take to drive
from Chequers to Oxford?

A. F. C. 15/3

ecPC

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

14 March 1984

Dear John,

Anglo-German Summit: 2 May

You wrote on 18 November 1983 about the arrangements for the next Anglo-German Summit. I write now to ask if the Prime Minister would be content for the Summit to be held in London rather than at Chequers.

We held our first meeting with the Germans on 8 March to plan logistics. It was evident that it will be difficult to make satisfactory arrangements for Ministers other than the Prime Minister, Dr Kohl and Foreign Ministers, if the Summit is confined to a single day at Chequers. The German Ministers (apart from Herr Genscher) would spend much of their time travelling - Northolt to London for talks with their British opposite numbers; London to Chequers for the plenary; and Chequers to Northolt for the return flight to Germany.

It would be impossible for Count Lambsdorff, the Economics Minister, who will wish to meet three British Ministers (Mr Tebbit, Mr Walker and Mr Lawson) to accomplish three meetings, the plenary and travelling in a single day. We therefore suggested to the Germans that he might arrive on 1 May to allow time for meetings with his three British interlocutors. Our Embassy in Bonn have now reported that this will not be possible.

The convenience of Count Lambsdorff and other German Ministers is not of course the decisive consideration in arranging the Prime Minister's meeting with Dr Kohl, who appreciates the informality and quiet of Chequers. But the Prime Minister welcomed Kohl's suggestion at their meeting on 28 February that he might come over to Chequers sometime this autumn. The German Embassy anticipate that in the circumstances the Chancellor would be content for the Spring Summit to be held in London. The Chancellor will be travelling to Oxford afterwards to deliver the Adenauer Memorial Lecture.

If this alternative is acceptable to the Prime Minister the arrangements for 2 May could be revised as follows:

/0930

CONFIDENTIAL

0930	-	Chancellor Kohl arrives at Northolt, met by the Foreign and Commonwealth Secretary;
1010	-	Arrive at No 10;
1015	-	Tête-à-tête talks between the Prime Minister and Dr Kohl;
1115	-	Talks continue, joined by Foreign Ministers;
1215	-	Plenary;
1300	-	Lunch;
1430	-	Lunch ends;
1440	-	Joint Press Conference (No 12 Downing Street is a possibility);
1530	-	Joint Press Conference ends;
1545	-	Chancellor Kohl leaves by road for Oxford;
1715 approx	-	Chancellor arrives at Oxford;
1800	-	Chancellor Kohl delivers Adenauer Memorial Lecture in the Examinations Hall;
1900	-	Chancellor Kohl dines as Guest of Honour of the Vice-Chancellor of the University in Hertford College;
2030	-	Chancellor Kohl leaves Oxford;
2100	-	Chancellor Kohl leaves RAF Brize Norton.

The Germans have asked if it is the Prime Minister's intention to attend Chancellor Kohl's lecture at Oxford (I enquired about this in my letter to you of 31 October).

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Germany Chancellors
visits pre

10 DOWNING STREET

From the Private Secretary

13 March 1984

Would you please refer to my letter of 18 November 1983 about the Adenauer Lecture and the next Anglo/German Summit.

It would be helpful if you could now let me have details of the arrangements for the Lecture so that I can seek confirmation from the Prime Minister that she would like to be present.

A. J. COLES

Michael Kaser, Esq.,
St. Anthony's College,
Oxford.

With AJC (2)

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

Prime Minister.

FOREIGN AND COMMONWEALTH SECRETARY

A.J.C. 13/3.

IEA EXECUTIVE DIRECTOR

Thank you for sending me a copy of your minute of 2 March to Peter Walker.

2. I am content with your proposal on the IEA post. This is, however, only one of a number of similar posts in international organisations which are under consideration at the moment, and which need to be looked at together.

3. The other three are the OECD Secretary-General, the President of the European Investment Bank and the Secretary to the Development Committee. The UK has a candidate for OECD Secretary-General, but not for either of the others.

4. I very recently agreed - reflecting an agreement which you had reached with your German opposite number a couple of years ago - that we would support a German banker who is being offered for the Presidency of the EIB. He has support from other Community countries also and there seems to be no rival in the field. For the Development Committee Secretary there are several candidates, but two front-runners have emerged: a German (Fischer) and a Dutchman (Looijen). I have no preference between them: I am sure that either would do the job adequately.

5. It seems to me that, whether we end up with two Germans and one Dutchman (for the IEA as you propose), or one German and two Dutchmen, we should say to each of those countries that we have given them fair support, in return for which we look for support for our candidate for the OECD post. Similarly, in joining the Community consensus for the IEA post, we ought I think to express our hope of Community support in the OECD case, explaining that we believe that our candidate has all the right qualifications for the job. The time has I think come to press his claims pretty hard: the Americans have confirmed this week that he is their preferred candidate.

6. I am copying this to the Prime Minister and to Peter Walker.

N.L.
9 March 1984

GERMANY: Chancellor Kohl's visit: Pt 8

CONFIDENTIAL

DSS

10 DOWNING STREET

From the Private Secretary

9 March 1984

INTERNATIONAL ENERGY AGENCY

As I told you on the telephone earlier today, Herr Neuer of the Federal German Chancellery rang me today to say, in connection with the voting which would take place on 12 March, that Chancellor Kohl hoped that the United Kingdom would vote for Herr Kittel as Executive Director of the IEA. He said that the Chancellor had mentioned this point to the Prime Minister.

I told Herr Neuer that I did not think that the Chancellor had made this particular point to the Prime Minister (he had instead suggested that we had failed to follow an agreed policy of voting for a European rather than a US candidate), but that I had noted the latest request which we would examine.

I am sending copies of this letter to Michael Reidy (Department of Energy) and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

TOP COPY

CONFIDENTIAL

3640 - 1

DD 060800Z BONN
GRS 355
CONFIDENTIAL
DESKBY 060800Z
FM FCO 052013Z MAR 84
TO IMMEDIATE BONN
TELEGRAM NUMBER 136 OF 5 MARCH
INFO UKREP BRUSSELS, UKDEL OECD

Mol 161/640/1
RECEIVED No.76
6 MAR 1984
DESK OFFICER | REGISTRY
INDEX | PA | Action Taken

IEA EXECUTIVE DIRECTOR

1. WHEN CHANCELLOR KOHL SAW THE PRIME MINISTER ON 28 FEBRUARY HE COMPLAINED THAT THE GERMANS COULD NOT UNDERSTAND WHY, DESPITE EARLIER COMMUNITY AGREEMENT TO PUT FORWARD AN EC CANDIDATE FOR THE POST OF EXECUTIVE DIRECTOR OF THE IEA, THE UK HAD VOTED AT THE POLITICAL CO-OPERATION MINISTERIAL MEETING IN PARIS ON 27 FEBRUARY FOR THE AMERICAN CANDIDATE. THE PRIME MINISTER SAID SHE WOULD ENQUIRE INTO THIS AND LET THE CHANCELLOR HAVE AN EXPLANATION.

2. PLEASE NOW GIVE THE FOLLOWING EXPLANATION TO THE CHANCELLOR'S STAFF IN WHATEVER FORM YOU CONSIDER APPROPRIATE:

(I) SIR GEOFFREY HOWE HAS CONSISTENTLY TAKEN THE LINE IN DISCUSSIONS ON THIS SUBJECT IN THE COUNCIL OF MINISTERS THAT IF A COMMUNITY CANDIDATE WERE TO BE SUCCESSFUL AGAINST THE AMERICAN IT WAS IMPORTANT THAT THE COMMUNITY SHOULD SELECT THE BEST MAN AVAILABLE FOR THE JOB. IT WAS ALSO IMPORTANT THAT THE SUCCESSFUL CANDIDATE SHOULD
ENJOY A WIDE MEASURE OF SUPPORT WITHIN THE IEA AS A WHOLE.

(II) WE HAVE NOT BEEN AWARE OF AN AGREEMENT WITHIN THE COMMUNITY THAT THERE SHOULD AT ALL COSTS BE A COMMUNITY CANDIDATE. WHEN THIS WAS DISCUSSED BY MINISTERS ON 23 JANUARY AND AGAIN ON 20 FEBRUARY, IT WAS AGREED TO CONSULT URGENTLY WITH A VIEW TO SEEING WHETHER AGREEMENT COULD BE REACHED ON A COMMUNITY CANDIDATE. BUT IT HAS ALSO BEEN RECOGNISED FROM THE BEGINNING THAT THE US CANDIDATE WAS WELL QUALIFIED.

(III) THREE COMMUNITY CANDIDATES HAVE BEEN PUT FO-WARD. NONE HAS WITHDRAWN DURING THE CONSULTATIVE PROCESS: ON 20 FEBRUARY SIR GEOFFREY HOWE MADE CLEAR THAT HE WAS UNABLE AT THAT STAGE

TO CHOOSE BETWEEN THE THREE COMMUNITY CANDIDATES WHO ALL SEEMED EQUALLY WELL QUALIFIED. WHEN THE MATTER WAS PUT TO THE VOTE ON 27 FEBRUARY WE THEREFORE ABSTAINED. THERE WAS NO QUESTION OF OUR 'VOTING FOR' A US CANDIDATE. IN THE EVENT, NONE OF THE CANDIDATES WAS SUPPORTED BY A MAJORITY OF MEMBER STATES.
(IV) OUR ABSTENTION WAS, THEREFORE, IN LINE WITH THE COMMENTS OF SIR GEOFFREY HOWE AT SUCCESSIVE FOREIGN AFFAIRS COUNCILS.

HOWE
NNNN
DISTRIBUTION
LIMITED
ESSD
WED
ECD(1)
PS
PS/MR WHITNEY
SIR C. TICKELL
MR ADAMS
MR HANNAY

FILE
dg

10 DOWNING STREET

From the Private Secretary

5 March 1984

Executive Director of the International Energy Agency (IEA)

Thank you for your letter of 1 March which the Prime Minister saw over the weekend.

We agreed this evening that the telegram of instructions enclosed with your letter should be despatched.

I am copying this letter to Michael Reidy (Department of Energy).

A. J. COLES

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

(2)

Prime Minister

I am not supposed to know this but the real reason why we are in some difficulty is because Mr. Walker unilaterally told the Americans we would support their candidate.

A.J.C. 2/3.

FCS/84/67

SECRETARY OF STATE FOR ENERGY

IEA Executive Director

I.a. AA 6/3.

1. We are running into difficulties in the Community over the nomination of the new IEA Executive Director. Chancellor Kohl raised the issue with the Prime Minister on 28 February. You will have heard of the awkward proposals for a vote made in Coreper on 1 March. The issue will resurface in Coreper early next week. Voting is likely to take place on Tuesday 6 March, and we believe the voting process will continue until one candidate achieves a majority.

2. We have so far taken the view that the US candidate probably has the best qualities. I had hoped that by now, a month since candidates were formally proposed, we would be able to see whether a consensus was emerging round the American, or at least whether opposition to the American was such that he could not hope to be selected. As it is, the position is unresolved. Indeed, the latest indication is that the American may be withdrawn. If he is, that will resolve our tactical problem.

3. We cannot however count on this, and need to make plans against the possibility that the American may still be in the field next week. As is clear from Chancellor Kohl's mention of the matter to the Prime Minister, some at least of our partners attach considerable importance to this issue. Were we to dissociate ourselves from any Community consensus, it would I believe do us considerable damage in their eyes: they are always ready to trot out the old "Trojan horse" idea. This would not be helpful to us in the big negotiations. Nor would our dissociating ourselves make a material difference to the chances of a European candidate or Bosworth.

/4.

4. We have done our best to avoid matters coming to a head in this way, but I now see no prospect of preventing a vote next week. I do not believe that we can any longer decline to take part in a Community voting process. Plainly we have an interest in seeing the best man for the job chosen. I propose we vote for the Dutchman as the best of the three Europeans. If, as we would expect in these circumstances, a clear Community candidate emerges, we shall have to fall in behind him.

5. I realise that you will be in Washington from 6 to 8 March. I hope you would be able to explain to the Americans that we could not prevent the emergence of a Community candidate and could not dissociate ourselves from the process without unacceptable damage.

6. I am copying this minute to the Prime Minister and to the Chancellor of the Exchequer.

GEOFFREY HOWE

Foreign and Commonwealth Office

2 March 1984





(1)

Prime Minister.

Agree attached telegram in response to Chancellor Kohl's enquiry?

A.J.C. 2/3.

Foreign and Commonwealth Office

London SW1A 2AH

1 March 1984

Dear John,

Executive Director of the International Energy Agency (IEA)

When Chancellor Kohl saw the Prime Minister on 28 February (your letter of the same date to Brian Fall), the Chancellor said that he could not understand why, despite earlier Community agreement to put forward an EC candidate for the Executive Director post, the UK had on 27 February voted for an American candidate.

This is an appointment over which the Foreign Secretary and the Secretary of State for Energy have been in close touch. It is an important job; a considerable burden would fall to the holder should the IEA emergency oil sharing scheme be implemented.

There are four candidates - from the US, FRG, Denmark and the Netherlands. All have lobbied us assiduously. We are satisfied that the American (Mr Bosworth) is the best candidate. A number of European countries (outside as well as inside the EC) would prefer a European to an American. The American seems to have the support of Japan, Norway, Canada, New Zealand and probably Australia.

There has predictably been considerable pressure among the Ten to select a European candidate, but no agreement on who that candidate should be. At the Foreign Affairs Council in Brussels on 23 January the Foreign Secretary said that in order to be chosen, a candidate would need to have a wide measure of support within the IEA. He added that the Americans had a strong candidate; if the Community candidate was to be successful against the American it was important that the Community should select the best man available. At the Council on 20 February, where the matter was brought up again, the Foreign Secretary said that he was with regret unable to express a preference among the three equally-qualified Community candidates at that stage. Others, including M. Cheysson, agreed with this, and thought that more consultation at the OECD in Paris was required.

/The subject

The subject came up again over lunch at the Political Cooperation Ministerial meeting in Paris on 28 February, which Mr Rifkind attended. Ireland, Luxembourg, Belgium and Italy all agreed that Bosworth was a good candidate. Herr Genscher referred to his earlier comments on the suitability of the German candidate; the Dane repeated his support for the Danish contender; and the Dutchman spoke in support of his compatriot. Mr Rifkind said that Bosworth had strong personal qualities. After discussion, M. Cheysson insisted on a vote. Consistent with the Foreign Secretary's earlier unwillingness to distinguish between the Community candidates, Mr Rifkind abstained (there was no question of our ''voting for the Americans'' as Chancellor Kohl suggested).

The Prime Minister undertook to let the Chancellor have an explanation. We suggest that the best way to do this would be for HM Ambassador Bonn to be instructed to go over the ground with the Chancellor's office. I enclose a telegram of instructions.

I am sending a copy of this letter to Mike Reidy at the Department of Energy.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

OUT TELEGRAM

Classification and Caveats	Precedence/Deskby
CONFIDENTIAL	PRIORITY

ZCZC 1 ZCZC
GRS 2 GRS
CLASS 3 CONFIDENTIAL
CAVEATS 4
DESKBY 5
FM FCO 6 FM FCO
PRE/ADD 7 TO PRIORITY BONN
TEL NO 8 TELEGRAM NUMBER
9 INFO UKREP BRUSSELS, UKDEL OECD
10 IEA EXECUTIVE DIRECTOR
11 1. When Chancellor Kohl saw the Prime Minister on 28 February
12 he complained that the Germans could not understand why, despite
13 earlier Community agreement to put forward an EC candidate for the
14 post of Executive Director of the IEA, the UK had voted at the
15 Political Co-operation Ministerial meeting in Paris on 27 February
16 for the American candidate. The Prime Minister said she would
17 enquire into this and let the Chancellor have an explanation.
18 2. Please now give the following explanation to the Chancellor's
19 staff in whatever form you consider appropriate:
20 (i) Sir Geoffrey Howe has consistently taken the line in
21 discussions on this subject in the Council of Ministers that if a
/// 22 Community candidate were to be successful against the American it
// 23 was important that the Community should select the best man
/ 24 available for the job. It was also important that the successful
25 candidate should

NNNN ends telegram	BLANK	Catchword: enjoy
File number	Dept	Distribution
Drafted by (Block capitals): PRIVATE SECRETARY		
Telephone number: 233 4641		
Authorised for despatch		
Comcen reference	Time of despatch	

AY 48

	Classification and Caveats		Page
	CONFIDENTIAL		2

<<<<

enjoy a wide measure of support within the IEA as a whole.
(ii) We have not been aware of an agreement within the Community that there should at all costs be a Community candidate. When this was discussed by Ministers on 23 January and again on 20 February, it was agreed to consult urgently with a view to seeing whether agreement could be reached on a Community candidate. But it has also been recognised from the beginning that the US candidate was ~~technically~~ well qualified.
(iii) Three Community candidates have been put forward. None has withdrawn during the consultative process: on 20 February Sir Geoffrey Howe made clear that he was unable at that stage to choose between the three Community candidates who all seemed equally well qualified. When the matter was put to the vote on 27 February we therefore abstained. There was no question of our voting for a US candidate. In the event, none of the candidates was supported by a majority of Member States.
(iv) Our abstention was, therefore, in line with the comments of Sir Geoffrey Howe at successive Foreign Affairs Councils.

HOWE
NNNN

NNNN ends telegram	BLANK	Catchword

XY 48 A

GERMANY : KÖLN VIENNA
PAG

CHANCELLOR KOHL

FUTURE OF EUROPE

His Lubeck speech.
Mitterrand's Hague speech.
Interested in these ideas. Firmly rooted in NATO.
But Europe does have distinct voice.
Britain's role in defence of Europe crucial.
So we must discuss together.
We have similar positions on "new policies", international trade and major economic questions.
Can work together for better Community.
But no Renaissance without Reformation.

STUTTGART PACKAGE

1. Want solutions in March so that we can have a stronger Community.
But solutions must be right.

2. Effective financial control one essential condition for own resources increase. Some progress towards guideline incorporated in budgetary procedures.

/ 3.

3. Budget: no question of ad hoc solution. Incorporate in revised Own Resources Decision - system must continue unless unanimous agreement to change it.
Some progress made - but new system must give satisfactory result for net contributors.
French suggestion of net UK contribution of 1200-1300 million ecu absurd. Parliament would reject. (We suggested around 450 million ecu in first year).

4. You still want a limit on your net contribution? We do want a system containing limits.

5. Some thinking of unrealistic increase in own resources. For us 1.4 per cent VAT a maximum (if conditions met). Your position?

6. We have similar interests as major net contributors with similar political orientation.

/ CAP

CAP

We agree on:

(a) limit milk to 97.2 million tonnes, if super-levy, no exceptions;

(b) guarantee thresholds;

(c) no oils and fats tax;

(d) approach to US over cereal substitutes - no formal talks under GATT Article 28 until we can offer US firm decision on CAP reform.

MCAs

Talks with French?

Vital solution is not inflationary.

/ ENLARGEMENT

ENLARGEMENT

Want Spanish negotiations completed by 30 September.

EC's opening position on agriculture unbalanced and harsh. France has problems but there will be tensions in EC of 12 if interests of all 12 not properly reflected.

SECRET

GVO

2

Foreign and Commonwealth Office

London SW1A 2AH

28 February 1984

Jon John,

Chancellor Kohl's Visit: MBFR

In case Chancellor Kohl should raise the subject the Prime Minister should be aware of the latest developments on MBFR.

UK officials held a trilateral consultation in Bonn yesterday with their German and American counterparts about whether a new Western move in MBFR would be desirable. UK officials continued to express considerable reservations about the proposed new German approach approved by Chancellor Kohl: this would concede the principle of prior agreement on existing force levels before any reductions or other obligations are undertaken in an MBFR treaty; and would seek instead to establish this information on Eastern force strengths by verification measures applied during a two-year freeze.

Although some Americans (not excluding Mr Shultz and the US chief negotiator on MBFR) seemed initially attracted by the German approach, the Administration's position as finally authorised last week by President Reagan strikes a much more careful balance. It reflects the British view that no MBFR agreement would be worth having which did not proceed from a basis of initial confidence as to the size and shape of the forces to be reduced. Nevertheless the American approach does have some features which could enable the West to retain the high ground in negotiating terms.

Sir Geoffrey Howe will wish to minute more fully to OD(D) colleagues on all this in the next day or so. His officials are likely to recommend that in the further intensive consultation with both Germans and Americans over the next few weeks the American approach provides a better basis for discussion than that of the Germans.

/I am

SECRET

SECRET

I am sending a copy of this letter to Richard Mottram (MOD) and David Goodall (Cabinet Office).

Yours ever

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

SECRET

28 FEB

SECRET

SUBJECT

cc Master

10 DOWNING STREET

From the Private Secretary

28 February 1984

Dear Brian,

Visit of Chancellor Kohl

I enclose a record of the conversation between the Prime Minister and Chancellor Kohl at 10 Downing Street this afternoon.

I am copying this letter and enclosure to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office). The contents of the record should be closely protected.

Yours ever

Charles.

Brian Fall Esq
Foreign and Commonwealth Office.

SECRET

CST

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY AT 1550 HOURS ON TUESDAY, 28 FEBRUARY 1984, AT 10 DOWNING STREET

Present:

Prime Minister	Chancellor Kohl
Mr. Coles	Herr Stabreit
Interpreter	Interpreter

****

Chancellor Kohl said that he would like to discuss the immediate European Community issues, the future political development of Europe and East/West relations. The Prime Minister asked whether the Chancellor had obtained from his recent meeting with President Mitterrand a clear picture of how the current negotiations were progressing. Chancellor Kohl said that President Mitterrand was investing much personal effort in this matter. He had told Mitterrand that it was of the greatest importance that France, Germany and the United Kingdom should stick together - though they must do so in a psychologically discreet way. The other Members of the Community would have to be handled carefully. For example, it was impossible to do anything about Mr. Papandreou. The Prime Minister said that Signor Craxi's attitudes also presented difficulty. She agreed that Germany, France and the United Kingdom should stick together - that meant that the three countries must reach conclusions about the financing of the Community and measures to deal with the Common Agricultural Policy.

/Chancellor Kohl

Chancellor Kohl said that he would give an account of his interim position - it was not final. He remained attached to the Stuttgart concept that it was the package as a whole which counted. He was prepared to make concessions. He could see that Mitterrand, who was in domestic difficulties, needed a success.

There was a Franco-German problem relating to MCAs. The Prime Minister commented that the United Kingdom was also affected by this issue. Chancellor Kohl explained that Germany wanted a solution. Basically, they envisaged a 5 per cent reduction in German MCAs by 1 January 1985. But this could only be achieved if action was taken on the national level to cushion the reduction in agricultural prices. This would cost Germany DM 2,000m. This national aid would have to be approved by the European Community.

The Chancellor then said that in the first phase German MCAs would move from +3 to -3. Then there would be a real reduction of 5 per cent. The Prime Minister asked what effect this move would have on inflation in the rest of the European Community. We should have to consider the effect of this. Chancellor Kohl stated that this solution would have no inflationary effects. He suggested that experts from the United Kingdom and Germany should get together to discuss this matter. The Prime Minister agreed.

Chancellor Kohl said that Germany's position on the increase in own resources was to accept a figure of 1.4 per cent - not 1.8 per cent. The Prime Minister agreed that 1.4 per cent was the maximum. Chancellor Kohl said that he was delighted to hear this. He had heard elsewhere that we were moving away from our insistance on 1.4 per cent. President Mitterrand had said that he would also support this figure.

/France

France appeared to have moved since Athens on the question of milk. President Mitterrand was now prepared to accept a reduction in production to 97 million tonnes over two years. This was a great step forward. It was illusory to imagine that this figure could be reached in one year. The problem was Italy - Signor Craxi was strongly opposed to this solution. The Prime Minister commented that Ireland was too. Chancellor Kohl observed that the Irish problem was containable because the amount involved was small.

Germany was strictly opposed to an oil and fats tax. The Prime Minister confirmed that we were too. Chancellor Kohl said that President Mitterrand did not seem so convinced but he believed that he would go along with this position. A solution also seemed possible on the question of cereal substitutes. The Prime Minister asked whether the Chancellor envisaged talks with the United States to agree upon voluntary arrangements. Chancellor Kohl confirmed that he did.

A much more difficult point was that of Mediterranean products. President Mitterrand argued that this problem could be dealt with through the mechanism of overall financial control. But we were moving towards enormous surpluses in these products and the situation would be made worse by Spanish and Portuguese accession. This was a very sensitive matter in Germany. The Community would effectly be financing and then destroying food - an extraordinary procedure given the needs of the Third World. He was open-minded as to how these products should be controlled, whether through a system of guaranteed thresholds or some other device, but the moment of truth had come and it could not be evaded. Agreeing, the Prime Minister pointed out that at Athens Italy had virtually refused to consider guaranteed thresholds. She was strongly opposed to the present surpluses.

/She understood

She understood that we now had one million tonnes of butter in cold storage representing nine months' consumption. Chancellor Kohl commented that this was madness.

With regard to the sharing of the financial burden, his impression was that President Mitterrand had moved somewhat since Stuttgart. The Prime Minister said that she had discussed this matter at length with President Mitterrand. She had made it clear that she would not accept a temporary solution, even one lasting for five years. It was clear that most Members of the Community were demanding a change in the own resources system which had been established in 1970. She was not prepared to agree to an increase in VAT unless the burden of contributions was fairly shared and the new system was based on the ability to pay. That was the key to a new system of financing the Community. France would become a net contributor - a new experience for her. There could be no increase in own resources without a change in the system of financing. She believes that the coming generation in the Federal Republic would want a fair deal from the Community. To repeat, her condition for increasing own resources was that there should be a fundamental change in the method of financing and limits on net contributions. President Mitterrand had told her that he was prepared to consider a system based on ability to pay.

There were rumours that France was suggesting that the United Kingdom should pay a contribution in excess of 1,000m. ecus. That was absurd. Parliament would never agree to it. We were much more likely to think in terms of a contribution of the order of 500m. ecus. If our GDP increased proportionately to Community GDP then of course we would pay more. But the system she had described was a sticking point for Britain. We had earlier suggested that in the first year of operation of the new system the United Kingdom and France should pay about the

/same.

same. But there should be a limit for each Member State. It was fundamentally wrong that Germany should contribute so much.

Chancellor Kohl asked what response the Prime Minister had given to the French suggestion that Britain would receive compensation of 750m. ecus over five years. The Prime Minister replied that she was not thinking in terms of a fixed period. The Community was seeking a permanent change in the system of own resources. There could be no question of accepting a permanent change in return for temporary relief. Any increase in own resources had to be linked to a fundamental change in the financing system, based on ability to pay. The Community could not have one without the other. Chancellor Kohl commented that this problem was embedded in the overall financial problem. The French idea was that the smaller budgetary increases were, the smaller would be the increases in individual contributions. For the moment the United Kingdom and Germany were net contributors. In a Community of 12 they would be joined by France, Spain and Portugal.

The Prime Minister said that it was necessary to have strict control both of total expenditure and also of individual categories of expenditure. Policies had to be designed to achieve that result. But that in itself would not solve the problem of imbalance. The present system was fundamentally inequitable. It was no good regarding it as a British problem. It was a fundamental problem affecting the financing of the Community.

She repeated that these were absolute sticking points. She had earlier experience of temporary solutions and would not accept one again. We could not afford to go on financing

/benefits

benefits for other Members of the Community. We accepted that we should pay a modest net contribution since there were countries poorer than the United Kingdom and since it was right to pay a fair share of administrative costs. Unless this fundamental problem was tackled, progress would not be made. In her view Europe should be playing a much fuller role than it was at present. But it could not run away from the fundamental problems.

Chancellor Kohl said that after the Prime Minister had met President Mitterrand on 5 March contact between Britain and Germany should be maintained. In the second half of next week a British and a German expert should get together to compare notes. If France, Britain and Germany could agree to a reasonable compromise there was a good chance of success at Brussels. He had already shown his goodwill by clearing away the problems between France and Germany. This was not easy in a year when German farmers were being asked to accept zero price increases.

In response to a question from the Prime Minister Chancellor Kohl said that Germany's current inflation rate was 2.8 per cent. The question was whether the up-swing in the economy could be sustained. 1984 would see 2.5 per cent growth in GDP. This should continue into 1985 but that would depend on the US economy. The Prime Minister commented that she hoped that any change in the world economic situation would not be sudden. We still had a considerable problem with unemployment but she did not see the figures falling over the next year. The new technology allowed us to produce the same amount of goods with fewer people.

/Chancellor Kohl

Chancellor Kohl said that Germany faced the same problem. He believed that unemployment could be brought down through the creation of new businesses. He would count on small rather than large industries to achieve this. Daimler Benz would produce more cars if it had one-third fewer workers. In German research laboratoriesthere were seven assistants for each chemist - whereas in the United States the proportion was 3:1.

The Prime Minister said that comparisons with Japan and the United States suggested that the unemployment problem was a Western European disease. Unlike America and Japan we did not have an enterprise culture. There were inbuilt structural rigidities which stopped the movement of labour to where the jobs could be found. Nor had we kept up with the latest technology.

She was pleased to see that Esprit had been approved in Brussels this morning (Chancellor Kohl nodded).

Chancellor Kohl said that the problem in Germany was moral and intellectual rather than economic. People spoke of rights but not duties.

/Reverting to

Reverting to the Brussels Summit, the Prime Minister asked whether Germany still wanted to have a fixed limit to its budgetary contribution. Chancellor Kohl confirmed that this was the case. He repeated that British and German collaborators should meet in the middle of next week. The Prime Minister said that Mr. Williamson of the Cabinet Office would represent her. She began to wonder whether agreement would be possible on 19 March even if France, Britain and Germany had reached agreement before then. She would do her best but Chancellor Kohl had his requirements for a settlement and so did she. If we judged that solutions were not possible, it would still be important that President Mitterrand had a successful Summit. This might mean devoting some time to communiques on international issues. It would be unhelpful if the Council ended with nothing to show for it. Chancellor Kohl agreed.

He wished to raise the question of the future of the Community beyond the March European Council. He would like to visit Chequers in the autumn and spend a day in discussing the question: "where do we go from here?" This for him was the decisive issue.

German policy had two bases which were unchangeable - its links with the Alliance and its links with the European Community. Germany had special need of both. In no circumstances could it afford to find itself in a no-man's land. Much of the misery of this century had been caused by a lack of clarity in Germany's position. It would be fatal to pose a choice between the United States and Europe. Neutralism was spreading through Europe. Soviet expansionism was described as harmless. There was confusion in people's minds. What was portrayed as peace was no more than neutralism - and for Germany that meant leaving the Western camp.

The European Community was politically stagnant. The concept of a bridge across the Atlantic was flawed. For a bridge needed a pylon at both ends and the European pylon was

/ not strong

not strong enough. The Rome Treaty was not just about a common market but also about political integration. The most important aspect of the latter was security policy: Europe should speak with one voice on this.

There had been an important change in the United States. The centre of intellectual and economic power had moved from the Atlantic to the Pacific. Then the United States was investing huge sums in weapons systems for space. If by the 1990s America felt secure against missile attacks, there was a danger of the mentality of "fortress America" regaining ground. So it was vital that America and Europe should be close. All these things were more important to him than the current issues under discussion in the Community. Mitterrand was also beginning to realise that the United States was turning towards the Pacific. Britain, France and Germany should work together to make progress on the future of the Community. In the Soviet Bloc there was movement due to the "Polish virus". This could not be reined back. Ideology had lost its force.

During February the German Democratic Republic had allowed 1600 people to leave permanently (following on a January figure of 1200). This was an enormous increase over previous years but the reason was not clear. He believed that 150,000 people had applied to emigrate to the Federal Republic from the German Democratic Republic. There were opportunities here but we should not deceive ourselves into thinking that the authorities were not firmly in the saddle.

Europe must be resolute. We should choose our policy and hold fast to it. He believed that the Soviet Union wished to negotiate and to agree to arms reductions. But they would not do so if Europe was not firm. Difficulties in Denmark, the Netherlands and Greece betrayed a lack of firmness at present.

The Prime Minister commented that in strengthening the European pillar we must be very careful not to undermine the

/ arch over

arch over the Atlantic. She and the Chancellor shared the same objectives. Because of the trends in the United States to which reference had been made, she believed that Europe needed to move closer to America and to be seen to do so. She preferred to work through NATO. The best step would be for France to accept full military integration into NATO. Her worry was that in trying to intensify the unity of Europe we might be seen by the United States as attempting to act independently of them. This was not Chancellor Kohl's intention, as was apparent from his Lubeck speech, with every word of which she agreed. She and he had resisted anti-Americanism in Europe and should now turn this into pro-Americanism. If European countries were now to discuss defence together we should keep the United States in touch at every stage.

But before taking these ideas further, one of us should produce a paper on what we would be likely to achieve. We clearly needed to keep certain strategic capabilities in Europe. Chancellor Kohl observed that we must oppose United States protectionism. The Prime Minister agreed but pointed out that the United States would say, with truth, that the European Community was the worst case of protectionism, viz the CAP. She believed that Europe should be outward-looking. President Mitterrand tended to see it as an inward-looking protectionist club. Chancellor Kohl agreed. That was his permanent argument with Mitterrand. The British tradition of Empire and Commonwealth was different from that of Germany - the present generation in Germany was the first to be outward-looking. The Prime Minister said that our tradition had been to send people out of Britain to serve. Frenchmen had been sent out to rule. She did not wish to see the Community developing into a protectionist club. She wanted it to have links across the world with all free democracies.

Turning to East/West relations, the Prime Minister said that she believed that both Germany and the United Kingdom could have a useful influence.

/Chancellor Kohl

Chancellor Kohl having stated that he expected to visit Hungary in May, the Prime Minister said that her own visit had been very interesting. The Hungarians had made it clear at the outset that they regarded the visit as part of a new phase in East/West relations and welcomed it as such. But they wished it to be understood that Hungary was a Socialist country and would stay that way. She had concluded that the present system in Hungary was 90 per cent Socialist. She had accepted the basis posited by the Hungarians for dialogue. Both sides had to have self-respect and security but they could seek a lower level of weaponry provided balance was maintained. She believed that she had made more progress by this approach than if at the outset she had emphasised human rights questions. She had taken a similar line with Chernenko.

It was not easy to adopt this approach because we all wished to see fuller human rights in the Eastern Bloc. But she was convinced that we could not bring about such changes from outside.

Chancellor Kohl said that he shared the Prime Minister's assessment of Hungary. Kadar had had a close relationship with Andropov. But Honecker's relationship with Andropov had been bad. His only quarrel with the Prime Minister's account was that he believed that Hungary was less Socialist. The Hungarians were more European than any other East European people. The regime was oppressive but human beings did not change. History moved along. Hungarians understood that if they tried to escape from the system, disaster would ensue. He was very much in favour of establishing relationships between the European Community and Eastern Bloc countries. This task should not be left to accountants in Brussels. The Prime Minister agreed. We should indeed use the Community to forge new links with the countries of Eastern Europe.

The Prime Minister said that she had been encouraged to hear Chancellor Kohl say that President Mitterrand realised the necessity of staying close to the United States. For years

/ France

France had pursued the mistaken policy of playing Europe off against America. We would produce a paper on how to take Europe forward and use its influence to greater advantage in the wider world. It might be that these matters should be discussed not in the European Community but in the Berlin four. She would be glad to discuss these questions with Chancellor Kohl at Chequers after the summer holidays.

Chancellor Kohl then said that an event had occurred yesterday which the Germans did not understand. It concerned the appointment of an Executive Director for the IAEA in Paris. It had been earlier agreed that the EC countries would put forward an agreed candidate. Yesterday other EC countries had voted for three candidates (a German, a Dutchman and a Dane) but the United Kingdom had voted for an American. The Prime Minister said that she would enquire into this immediately and let Chancellor Kohl have an explanation.

The Prime Minister then asked Chancellor Kohl whether he was considering putting forward a candidate for the presidency of the European Commission. Chancellor Kohl replied that he would do so and that he would be in touch with the Prime Minister in good time.

The discussion ended at 1755.

A.J.C.

28 February 1984

Prime Minister has seen

PRIME MINISTER

Chancellor Kohl

He was apparently worried that we would block Esprit today for technical reasons. He will be delighted that we have not done so.

You could take some credit for this at the beginning.

The Foreign Secretary also thinks that you should make a good deal of the point that British and German interests and political orientation (under present Governments) are similar.

A.J.C.

28 February 1984

No 10

ADVANCE COPIES | IMMEDIATE | FRAME ECONOMIC | 23 | 20 XEROX COPIES

FCO
PS/REFKIND
~~PS/PUS~~
SIR G TICKELL
MR HANNAY

PRESIDENT CLERK
ED/ECD(I) (3)
ED/NEWS D
ED/ERD
ED/
ED/

PLUS FCO
Mr Wall (ECD(I))

CABINET OFFICE
MR D WILLIAMSON
MR G STAPLETON
MR J N PEARSON
MR D R C DURIE

D O T

PLUS OGDS
MR P KENT
H M CUSTOMS EXCISE

H M TREASURY
MR J B UNWIN
MISS J E COURT
MR J G LITTLER
~~MR J E MORTIMER~~
Mr Fitchew

M A F F
PERMANENT SECRETARY
Mr Andrews
Mrs Attridge

GRS 300
CONFIDENTIAL
FRAME ECONOMIC
DESKBY 271915Z
FM BONN 271845Z FEB 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 222 OF 27 FEBRUARY
INFO IMMEDIATE UKREP BRUSSELS, PARIS

MY TELNO 219: KOHL/MITTERRAND MEETING 24 FEBRUARY

1. TELTSCHIK, KOHL'S DIPLOMATIC ADVISER, HAS THIS EVENING GIVEN US MORE INFORMATION ABOUT THIS MEETING.

2. TELTSCHIK BEGAN BY SAYING THAT DUMAS HAD JOINED THE KOHL/MITTERRAND MEETING ON THE EVENING OF 24 FEBRUARY AND HAD DESCRIBED HIS MEETING WITH YOU (YOUR TELNO 155 TO PARIS). THE GERMANS GAINED THE IMPRESSION, FROM DUMAS'S RATHER UP-BEAT REPORT, THAT THE POSITIONS OF THE UK, FRANCE AND THE FRG HAD COME NOTICEABLY CLOSER. THIS APPLIED PARTICULARLY TO BUDGETARY DISCIPLINE.

3. TELTSCHIK SAID THAT THE GERMANS AT PRESENT WERE NOT INSISTING ON REFUNDS TO THEMSELVES, BUT WERE EXPECTING THEIR PROBLEM TO BE DEALT WITH THROUGH THE OVERALL ARRANGEMENT FOR BUDGETARY DISCIPLINE. BUT THEY WERE RESERVING THEIR POSITION ON THIS, AND ON THE QUESTION WHETHER/HOW MUCH THEY SHOULD CONTRIBUTE TO BRITISH REFUNDS, UNTIL THE SHAPE OF THE OVERALL POST-STUTTGART PACKAGE WAS CLEAR.

4. TELTSCHIK SAID THAT KOHL HAD PUT TO MITTERRAND A NEW GERMAN POSITION ON MCAS. THE GERMANS HAD AGREED TO SOME REAL REDUCTION

4. TELTSCHIK SAID THAT KOHL HAD PUT TO MITTERRAND A NEW GERMAN POSITION ON MCAS. THE GERMANS HAD AGREED TO SOME REAL REDUCTION IN THEIR MCA AND TO COMPENSATE GERMAN FARMERS PARTLY FROM THE NATIONAL BUDGET. THE GERMANS CONSIDERED THEIR PROPOSAL GENEROUS AND WERE CONFIDENT THAT IT WOULD BE ACCEPTED.

5. KOHL AND MITTERRAND HAD AGREED THAT IRELAND SHOULD BE EXEMPTED FROM NEW ARRANGEMENT FOR MILK (WE EMPHASISED TO TELTSCHIK THAT THIS WAS UNACCEPTABLE IN LONDON). TELTSCHIK IMPLIED THAT KOHL AND MITTERRAND HAD AGREED THAT THERE SHOULD BE NO FATS TAX AND THAT NO ACTION SHOULD BE TAKEN AT PRESENT ON CEREAL SUBSTITUTES.

6. TELTSCHIK SAID THAT GERMANY WAS STILL INSISTING THAT ANY INCREASE IN OWN RESOURCES SHOULD BE 1.4 PER CENT. BUT THE GERMANS HAD HEARD A RUMOUR (SOURCE UNSPECIFIED) THAT THE BRITISH WOULD GO TO 1.5 PER CENT. WE SAID THAT YOU HAD BEEN FIRM WITH DUMAS THAT 1.4 PER CENT WOULD BE THE MAXIMUM POSSIBLE.

7. FCO PLEASE ADVANCE TO:
WILLIAMSON, DURIE: CAB OFF
SIR C TICKELL, HANNAY, FAIRWEATHER, WALL: FCO
UNWIN, FITCHEW, MORTIMER: TSY
ANDREWS, MRS ATTRIDGE: MAFF

TAYLOR

NNNN

SENT AT 271920Z GU

PSE QSL LATER

HERE DD

PRIME MINISTER

VISIT OF CHANCELLOR KOHL

I am afraid that we shall have to leave the House of Commons as soon as Questions are over, since he arrives at 1545. He is not expecting a Minister to meet him at the Airport since this is simply a working visit.

I have asked Sue Goodchild to arrange tea.

You saw the main brief over the weekend. David Williamson has now done a useful summary of the points to make on the Stuttgart package. It is becoming increasingly difficult to reduce this negotiation to a few words on cards, but I attach some in case they are useful.

A.J.C.

27 February 1984

Qz.03602

MR COLES

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL, 28 FEBRUARY

You have received from the Foreign and Commonwealth Office full briefs for the Prime Minister's meeting with Chancellor Kohl on 28 February. I had the opportunity in Bonn on Friday to discuss with Dr Grimm of the Federal Chancellery certain questions which Chancellor Kohl will certainly have in mind, particularly following his meeting with President Mitterrand on 24 February. This minute takes account of that.

2. Our Ambassador in Bonn reports that there now appear to be very close Franco-German discussions about the settlement of the post-Stuttgart negotiation and new moves thereafter on Franco-German initiatives, eg on security and on political cooperation, in Europe. German briefing is stressing that cooperation with France is central to Chancellor Kohl's approach to the European Council in March and to his wish to give a new political impulse to Europe. From this we conclude that

- it is important to stress to Chancellor Kohl that, when the twin issues of budget inequity and effective control of Community spending have been settled, the broad identity of interest between the United Kingdom and Germany on many Community issues will be even more apparent. Experience has shown again and again that, in the development of new policies, on international trading issues and on the major questions of economic policy British and German positions in the Community are normally close;

- there is some risk that the French, by holding out the prospect of greater Franco-German cooperation on new (not well defined) initiatives, will seduce the Germans

into coming into line, against our interest, on figures to be inserted in a budget correction system giving a net contribution which would be unacceptably high for the United Kingdom. The Germans have stayed broadly in line with the United Kingdom so far because they have also been demanding a limit to their own net contribution but we know that some German advisers may now be more willing to abandon their request for a limit and to rely only on a strong control of agricultural and other spending. In order to encourage this tendency, the French are hotting up their ideas on control of spending (to our advantage also) but canvassing figures on the budget correction which are quite unacceptable for us.

3. The Germans share our view that the French Presidency does now seem to be making an effort to come to a solution at the European Council on 19-20 March, although the French are playing their hand in such a way that in the event of failure they can blame the United Kingdom. The Germans take the view that in a failure they too would be criticised.

4. The best course for the United Kingdom in these circumstances is simply to try to build on the progress which may now be achievable on the control of agricultural and other spending; to stress that there now seems to be a large measure of agreement on some features of the system of budgetary correction (ie that it would be incorporated in a revised Own Resources Decision and thus last as long as the problem; that the system should set a limit on the amount of money transferred from a member state to the Community based on relative prosperity and ability to pay; that the correction should be made by adjusting a member state's VAT contribution in the following year; that the system should be suitable for application in an enlarged Community; and that it should come into effect in time for a correction to apply to the 1984 imbalance); and to make clear that we are not prepared to accept a result which would leave the United Kingdom with an

/unacceptably

unacceptably high net contribution. The Prime Minister will recall the figures which she has given for an acceptable United Kingdom adjusted net contribution at the outset of a new system and using the relative prosperity of a Community of 12. The French have been canvassing an application of the system which would give a United Kingdom adjusted net contribution of 1200-1300 million ecu (relief of about 750 million ecu), which is plainly absurd. The Germans are more realistic but, in view of the fact that the French have proposed these figures to the Germans, it will be important once again to stress to Chancellor Kohl that the European Council should agree on a new budget correction system but the system must give a defensible result in terms of our adjusted net contribution.

5. I would recommend, therefore, that in her discussion with Chancellor Kohl the Prime Minister should take the opportunity to make these points -

(1) The next European Council can be the opportunity to establish a lasting and fairer basis for a Community which will have a stronger influence in the world. But the content of the settlement must be right.

(2) The United Kingdom and Germany often take similar positions on new policies, international trade and the major questions of economic policy. Therefore important to put the Community right, so that it can develop as we want. Enlargement negotiations have also dragged on too long and need new impetus.

(3) Effective control of agricultural and other spending is one of the conditions for any increase in own resources. There are now some signs that the Community may be able to set a guideline on the control of spending which, at least in relation to agricultural expenditure, will be incorporated in the budgetary procedures of the Community. This is essential. Some swing of opinion towards

/United Kingdom/German

United Kingdom/German insistence on the need to ensure effective control of expenditure as precondition of other decisions. Recognise that there will be no immediate agreement on amending the Treaty provisions on the European Parliament's powers but we ought to leave this option open.

(4) On the correction of the budget inequity there is no question of a short term, ad hoc solution. The new system must be incorporated in a revised Own Resources Decision and hence last as long as the problem lasts. That is what Stuttgart was about: a fundamental attempt to "relaunch" the Community on the basis of lasting changes in its financing. Some limited progress on the elements of the new system (limits on money transferred to the Community, based on relative prosperity and ability to pay; correction through the VAT contribution; system must be suitable for application in an enlarged Community; revised system should come into effect in time to apply to the 1984 imbalance). But system must give equitable and satisfactory result for net contributors. French suggestion that United Kingdom would agree to a net contribution of 1200-1300 million ecu is absurd.

(5) Interests of the major two net contributors, as well as our political orientation, are similar. Not in our joint interest that quarrels about the budget and misuse of resources should drag on. Wider common objectives and benefits to be gained from a bigger role for the Community.

6. I am sending copies to Roger Bone (FCO), John Kerr (Treasury) and to Sir Robert Armstrong.

D F Williamson

D F WILLIAMSON

27 February 1984

Annexed: Latest statement of United Kingdom objectives in the post-Stuttgart negotiations.

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL, 28 FEBRUARY

Summary speaking note on the main elements in the budget negotiation

I have been encouraged by the way in which President Mitterrand has now undertaken so many personal contacts in preparation for the next European Council. It is clear that he is putting a good deal of his personal credit into an attempt to reach a settlement. For the United Kingdom what is most important is that the content of this settlement should be right. We have a unique opportunity to settle on a lasting basis some of the problems which have plagued the Community in recent years and to provide a sound and fair basis for a stronger role for the Community in the world.

Need for a lasting and fair settlement

I am particularly conscious of the fact that, when the twin issues of budget inequity and more effective control of Community spending have been settled, the broad identity between the United Kingdom and Germany on Community issues will be even more apparent. I have been struck by the fact that, in discussions in the Community on the development of new policies, on international trading issues and on the major questions of economic policy, British and German positions are normally very close. Thus we both have a national as well as a wider Community interest in a sound and lasting settlement in the post-Stuttgart negotiations which you launched.

/We, too, have

We, too, have had a large number of bilateral contacts in recent weeks and more are planned. It seems that the core of the discussion at the next European Council in Brussels will be the central financial issues - the control of spending, the budget inequity and the level of own resources. The enlargement negotiations have dragged on too long in ouw view and we need to find a new impetus to settle our internal problems and to complete the accession negotiations.

The budget issues: control of spending

There is now, in our view, a much wider recognition in the Community that the sort of discplines which we are all having to apply in our national budgets must also apply to the Community budget. I have some confidence, therefore, that we shall be able to arrive at a guideline on the control of spending which, at least in relation to agricultural expenditure, will be incorporated in the budgetary procedures of the Community. There seems now to be a wider acceptance within the Community that we may later need to go even further and look again at the text of the Treaty in relation to the European Parliament's powers. This should remain an option, even if we cannot get agreement to any change in the Treaty in relation to the Parliament's budgetary powers in the period immediately before the European elections.

The budget inequity

On the correction of the budget inequity - that is what some member states sometimes refer to as the British and German problem, although it is, in fact, the problem

/of all the

of all the other member states - we have had some setbacks which I hope to be temporary. We have made quite clear that the post-Stuttgart negotiation is quite different from the earlier ad hoc discussions. Consequently, we believe that the post-Stuttgart negotiations must lead to a lasting system of budget correction which would be included in a revised Own Resources Decision. There is no question of a short term solution. All our latest contacts with the French indicate that they have understood that this must be so. Accordingly, I believe that there is now at least a good measure of agreement on these features of the revised budgetary system:

- the system must be incorporated in a revised Own Resources Decision and thus last as long as the problem;

- that the system must set a limit on the amount of money which a member state transfers to the Community, based on relative prosperity and ability to pay;

- that the correction should be made by adjusting a member state's VAT contribution in the following year;

- that the system should be suitable for application in an enlarged Community;

- that it should come into effect in time to apply to the 1984 imbalance (ie in 1985).

We have perhaps made some progress on these points. It is, however, essential that the new system should

/give an equitable

give an equitable and satisfactory result for the net contributors. For the United Kingdom we have made clear that we are prepared to remain a modest net contributor and, of course, the system we proposed would increase our limit as our relative prosperity rose, which would be the situation in an enlarged Community. The paper which we tabled would have left the United Kingdom with a net contribution of 437 million ecu in 1982, based on the relative prosperity of a Community of 12. It follows from this that certain suggestions which the French Presidency have been making that we would be prepared to accept a net contribution of about 12-1300 million ecu are absurd. I do believe that other member states must be realistic on this point.

We have been working on the assumption, based on the statements which the Federal Republic has made, that you do yourselves wish to have a limit on your net contribution. This is, of course, a matter for you but, in any event, we are advocates of a system containing limits and one which would give an equitable result for us.

We agreed at Stuttgart that the question of own resources could only be decided when the other elements of the package were clear. I myself made absolutely clear

Own resources

the conditions on which the United Kingdom would be prepared to consider an increase in own resources. I remain ready to do so subject to the conditions. I have been a little concerned, however, to hear that some

/member states seem

member states seem to be still aiming for an unrealistically large increase in own resources, even if the conditions are met. I had concluded that the Federal Republic, France and the United Kingdom were all thinking in terms of a maximum new VAT ceiling of 1.4%, if the whole negotiation were successful. I hope that this remains your position.

I remain convinced that in the last analysis the interests of the major two net contributors to the Community budget, as well as our political orientation, are similar. I do not believe that it is in our joint interest that these quarrels about the budget and misuse of resources within the Community should drag on. We have wider common objectives and benefits to be gained from a bigger role for the Community in the world.

UK POSITION IN THE NEGOTIATIONS ON THE STUTTGART DECLARATION

1. The overall objective is to re-launch the Community.

Budgetary Issues

2. On budgetary imbalances we seek a solution designed to 'avoid the constantly recurrent problems between the Member States over the financial consequences of the Community's budget and its financing'. This solution should consist of a corrective mechanism which would:

- be incorporated in the revised own resources decision and last as long as the problem it was designed to correct;

- be based on an objective measurement of the full budgetary burden borne by a Member State. The basis of calculation would be the current allocated budget (calculated on the basis used by the Commission in its note XIX/480/80 and its subsequent note of 16 June 1983);

- correct the measured burden by setting a threshold. This would vary in relation to each Member State's relative prosperity. It would be expressed as a percentage of a Member State's gross domestic product;

- provide net relief to that Member State for sums paid in excess of that threshold. The relief would take the form of a deduction on the revenue side of the budget in the year following that for which it was granted;

- operate in respect of 1984 and subsequent budget years.

3. We also seek greater budgetary discipline, to ensure effective control over the rate of growth of agricultural and other expenditure. To this effect we wish to see:

- the management of EC resources based on the same strict rules as those governing the management of public finance in the Member States ie expenditure must be determined by available finance.

- The establishment by the Council, at the beginning of the budgetary procedure, of a frame of reference ie the maximum overall resources available in the following financial year.

- Observance of this maximum throughout the budgetary procedure by all three institutions.

- Within this overall control, the setting of a financial guideline for FEOGA Guarantee Section expenditure which would hold its growth markedly below that of the own resources base defined on a three year moving average.

These provisions to be incorporated in the Community's budgetary procedures.

4. On the basis of decisions taken under paras 2 and 3 above, we are ready to decide on the future financial requirements of the Community.

CAP

5. We want to bring about changes in the operation of the CAP which will adapt it 'to the situation facing the Community in the foreseeable future, in order that it can fulfil its aims in a more coherent manner'. To this end we are seeking agreement on:

- commitment to a rigorous price policy, and to implementation of effective guarantee thresholds for all sectors which are, or are likely to be, in surplus; or where such measures prove necessary because of a significant increase in expenditure or where production is increasing more rapidly than consumption.

- Effective measures to control milk production. We would prefer to operate through price and, in any case, would like

these measures to include at least a freeze on common prices for the next three years. They could also include a super-levy, on the line of the Commission's papers of July and September 1983 (COM(83)(500) and COM(83)(508)), subject to there being no significant exemptions; no unfair discrimination and an appropriate base arrangement.

- A decision to narrow progressively the gap between the Community's cereals prices and those in other producer countries over the next five years.

6. If decisions are taken on milk and cereals on the basis set out in the preceding paragraph, we are ready to authorise the opening of negotiations under Article XXVIII of the GATT with the United States and other principal suppliers designed to achieve the stabilisation of the Community's imports of cereals substitutes (corn gluten feed and citrus pellets). The results of the negotiation would be reported to the Council which would then decide whether to unbind the tariff.

7. We are not prepared to agree to the Commission's proposal for an oils and fats tax.

New Policies

8. We attach great importance to early agreement on a substantial list of measures designed to bring about improvements in the internal market and the strengthening of the Community's industrial competitivity. To this end we would like to see agreement reached on:

- adoption of the blocked Article 100 directives designed to lead to harmonisation of industrial standards.

- Adoption of a Single Adminstrative Document for customs clearance.

- Adoption of the proposed Common Commercial Policy Regulation

CONFIDENTIAL

which would enable the Community to respond rapidly to unfair trading practices by third countries.

- Implementation of a genuinely liberal regime for Non-Life Insurance Services.

- A programme for the abolition of road haulage quotas.

- Progress towards liberalisation of air transport services in the Community.

- A date no later than 1990 for the introduction of unleaded petrol.

- A solid fuels policy.

- The ESPRIT programme.

9. We are ready to work constructively on proposals for increasing industrial cooperation, particularly in the areas of high technology.

Structural Funds

10. We are working for early agreement on revised FEOGA Structure and Regional Funds. More work is needed on the Commission's proposals for Integrated Mediterranean Programmes which must be examined in close relation to the Community's structural funds.

Enlargement

11. We want to see the accession negotiations with Spain and Portugal effectively concluded by the end of September 1984, so that these two countries can enter the Community, as they wish to do, on 1 January 1986.

27 FEB 1984

Foreign and Commonwealth Office

London SW1A 2AH

24 February 1984

Dear John,

Visit of Chancellor Kohl: 28 February

I enclose briefing for the Prime Minister's talks with the Chancellor on:

European Community topics

European Political and Defence Cooperation

East/West Relations

The Internal Scene

I have already sent you briefing for the FRG Ambassador's call on the Prime Minister at 1030 on 28 February.

Chancellor Kohl is bringing with him from Bonn Herr Teltschik and Dr Neuer from the Federal Chancellery and Frau Gisela Siebourg (interpreter). He will be accompanied at the talks by Herr Teltschik and Frau Seibourg.

We are enquiring whether a Minister of State might be available to meet Dr Kohl (no FCO Minister of State is, unfortunately, able to do so). In addition, the Foreign Secretary's Special Representative, Sir David Muirhead, will meet Dr Kohl at Northolt at 1455. The talks are due to begin at No 10 at 1545. Dr Kohl plans to return directly to Bonn from Northolt after the talks conclude at 1800.

Mr Rudi Lederer is available to interpret for the Prime Minister.

The Prime Minister will be talking to the Chancellor at a time when the Germans, including Dr Kohl himself, are developing and discussing with the French ideas on the future of Europe, including defence cooperation. The talks therefore represent an important opportunity not only to put across our points on the post-Stuttgart package, but also to get over to the Chancellor that we play a key part in all the major issues

/facing

facing Europe, including security and defence and have positive ideas for the development of the Community; we therefore cannot be left out.

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

EUROPEAN COMMUNITY:GENERAL BRIEF

INTRODUCTION

1. We remain close to the Germans on most of the issues in the negotiations particularly the need for budget discipline, and reform of the CAP. It is less clear where the Germans now stand on budget imbalances: they want a lasting solution but we do not know whether they have responded to the French tactic of trying to persuade them that they cannot have an upper limit on their own net contribution and should be satisfied with the control implicit in a mechanism for budget discipline. If the Germans have bought this apparent French suggestion, then they will be tempted by the French scheme for budget imbalances, which would limit reliefs to the UK to about 750 mecus in the first year, leaving us with an unacceptably high net contribution of between 1200 and 1300 mecus.

2. The Germans have also been developing ideas on the future of Europe, though these have not yet taken a concrete form. In a private speech to party members, shortly after the Athens summit, Chancellor Kohl appeared to be favouring a two-speed Europe with the original six proceeding at a faster pace than the more recent members. It was subsequently denied that Kohl had in mind a two-tier Europe, though it is clear that, when they met on 2 February, Kohl and Mitterrand did talk about giving a new political impulse to Europe through Franco-German cooperation on security policy. There has also been speculation in German quarters about closer Franco-German cooperation in other fields, eg, foreign policy, national and international economic policy and the introduction of new technologies. Kohl developed these ideas in a speech on 15 February (see separate brief on political and defence cooperation). Kohl tended to speak in rather general terms but we have been advised by the German Ambassador that Kohl is likely to respond if the Prime

FLAG E

/Minister

Minister is able to pitch the conversation in something like the key which Kohl and Mitterrand have recently been using. It may therefore be helpful to presenting the specifics of our case on the Community if the Prime Minister could indicate at the outset that we are concentrating on the difficult issues, not because they are the beginning and end of our European interests, but because the process of reform is essential to creating the kind of Europe which can focus on new areas of cooperation and can look beyond immediate difficulties.

OBJECTIVES

(i) To convince Kohl that there can be no agreement on the post-Stuttgart package unless we get a lasting settlement on budget imbalances which leaves the UK with a net contribution in the region of 400 to 500 mecus.

(ii) To build on the common ground in the negotiations and persuade Kohl that we must stand firm on the need for a binding mechanism for controlling Community expenditure with special arrangements for agricultural expenditure.

(iii) To bring home to Kohl that the UK's key role in the defence of Europe, as well as our own far reaching ideas on the development of new Community policies, means that we must be closely involved in any discussion about giving a "new political impulse to Europe".

(iv) To convince Kohl that our attitude towards enlargement is constructive and to express concern at the position adopted by the Community (at French instigation) in the negotiation of Spanish agriculture (brief (d)).

/POINTS TO MAKE

POINTS TO MAKE

General

1. Must make decisive progress at March European Council. At a time when we are all thinking about future of Europe, essential that we establish sound basis for future developments. The one is an essential prerequisite of the other. There cannot be a Renaissance without a Reformation.

2. The Future of Europe

We have all been thinking about the shape of Europe in the future. UK has put forward practical ideas for completion of many of the provisions of the Treaty. Taken individually they are comparatively small practical steps. Taken together, they would significantly affect the shape of Europe: an important factor politically and economically. I have read your recent speech in Lubeck and President Mitterrand's speech at the Hague. Both have common theme that the European pillar in the Transatlantic Partnership must be strengthened. We have been thinking on similar lines, eg, Sir Geoffrey Howe's speech in Brussels on 20 February when he called on the 10 to develop a fuller political role which would better balance our extensive economic relations and our position in the Atlantic Alliance. (He also warned of damage to Europe's political and security objectives if Community problems are not solved.)

We are very interested indeed in your ideas and would like to discuss the whole subject further. Our security policy is firmly rooted in the NATO Alliance. But Europe does have a distinct voice and Britain's role in the defence of Europe is central eg British Forces in Germany, Berlin, size of our contribution to NATO etc. This aspect and future development of the European Community are not separate issues viz ideas we have in mind for developing industrial collaboration which clearly have potential implications for the security field. The agenda for our discussions, once post-Stuttgart negotiations have been successfully concluded,

/is

is almost unlimited: "the future of Europe" in its widest sense.

You have referred to the dangers arising from the present paralysis in the Community for Germany's European commitment. You set a far reaching and realistic agenda for reform at Stuttgart. We must continue to work together to achieve decisive progress in March. May therefore be helpful if I give you an account of our thinking on the main issues in the negotiation.

3. Budget Discipline

The Community has come a long way since Stuttgart - and even since Athens. Now generally accepted that discipline which we all apply at national level must be applied at Community level too: finance must determine expenditure, not expenditure, finance. President Mitterrand's speech at the Hague confirmed this.

You and we have always seen eye-to-eye on this. Community must establish framework for expenditure at the start of the year. The three institutions (Council, Commission and Parliament) must observe this maximum throughout the budgetary procedure. Within overall control, there must be guideline for CAP spending, holding its growth markedly below that of the own resources base. Must also ensure there is no bidding up of Commission proposals.

We are not saying that Treaty amendment is only way to secure this mechanism. But provisions must be incorporated in Community's budgetary procedures if whole scheme is to have any meaning at all (see recent history of action by the European Parliament). Commission recent paper on the subject inadequate but believe that you, we and the French will make common cause in the Council in insisting on stricter mechanism. If we do so, we can achieve framework agreement at the March European Council with detailed implementation to

/be

be worked out between March and June.

4. CAP (Brief (b))

Growing realisation within the Community that we must put paid to surplus production. President Mitterrand recognised this too in his speech at the Hague. You and we are once again in firm agreement on central issues:

(a) Need to curb milk production in accordance with Commission's target of 97.2 million tonnes. Prefer operating through price but if super-levy preferred by others there must be no exemptions to it. Any exemptions would lay us open to demands not only from Ireland but others - Italy, Greece, Luxembourg - and would make the whole idea of the super-levy unacceptable.

(b) Guarantee thresholds: we agree on need for effective guarantee thresholds for all sectors which are or are likely to be in surplus, or where such measures prove necessary because of a significant increase in expenditure or where production is increasing more rapidly than consumption.

(c) We share opposition to Oils and Fats Tax.

(d) We have a common approach to talks with the US over cereal substitutes, ie, we must not engage in formal talks under article 28 of the GATT before we can offer the US firm decision on CAP reform.

On MCAs

I understand MCAs is a crucial issue for you and the French. Interested to know where your discussions have got to. The vital thing for us is that whatever proposals you may be able to agree on should not be inflationary and should be consistent with our objectives on budget discipline.

/5.

5. Budget Imbalances (Brief (a))

This remains trickiest area of the negotiations. Not now sure of your position. We understood and accepted earlier German view that there must be an upper limit on FRG's net contribution albeit at a high level, consistent with relative prosperity. Would continue to support you in that view. If, however, you are now content to achieve limit of burden on FRG through budget discipline, we could live with that too, though it would not make our own position any less difficult or reduce our need for a limit on our net contribution. Now widespread agreement on need for system rather than annual solutions; objective measurement of the size of the problem and need for the correction to be on the revenue side. Would like to leave you in no doubt on two points in particular:

(a) We could not agree to a time limited solution. We could consider solution linked to duration of any new own resources decision on assumption that such a decision would last for a very long time and presumption that any budget imbalances scheme should last as long as the problem it is designed to correct.

(b) Figure of reliefs for the UK in first year of new scheme of approximately 750 million have been bandied about. This would be quite unacceptable. The Community (not just UK) has consisently used basis of net contributions for its calculations. UK Parliament will judge outcome of the negotiations not on amount of reliefs but on adjusted net contribution for UK. An adjusted net contribution of 1200 mecus (taking 1982 figures) would be rejected out of hand. UK Parliament would not ratify any agreement on that basis. Nor would the Government recommend it. How sensitive this issue is is illustrated by pressure on ministers in UK Parliament over failure of Community to pay us £42 million risk-sharing element still outstanding from our 1982 refunds.

/That

This is why I suggested at Athens, that a scheme which left UK with a net contribution of 400 to 500 mecus in first year should be considered. Have looked at German proposal for scheme based on gap between our VAT share and our expenditure share. Should not however kid ourselves that we can overlook the fact the the scheme treats as if they were VAT the duties and levies element in our net contribution which has averaged about 350 mecus over last 4 years. Inadequacy in this respect is shown up by the fact that while, for France and Germany, own resources/expenditure share gap is actually smaller than VAT/expenditure share gap (and thus the scheme is attractive for you), for us the opposite is true: you are over protected, we are underprotected. Question we are however willing to explore is whether it is possible to build up a scheme based on VAT/expenditure shrae gap so that it gives equitable results on a sustainable basis.

We conclude that only basis on which we could consider a scheme based on VAT/expenditure share gap would be if parameters were very strictly drawn. This must mean a very high level of compensation above our threshold and no undermining of allocated budget as currently defined.

6. Level of own resources

Should mention level of own resources at this point. In accordance with Stuttgart declaration, on the basis of decisions taken on control of expenditure and on budget imbalances we would then decide on future financial requirements of the Community. But large increase to 1.8% or 2% now being banded about would be unnecessary and unacceptable.

Know your view that any increase in own resources should coincide with Spanish and Portugeuse accession. We see correct link as being not with date of accession but with date of substantive completion of enlargement negotiations. This would protect you from any danger of having to pay twice

- once for overall settlement and again for enlargement. Common point for us is that any new mechanism for budget imbalances must come into effect in 1985 in respect of 1984, as part of an amended own resources decision, even if any agreed increase in own resources comes into effect at a later stage.

Foreign and Commonwealth Office
24 February 1984

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

a) EUROPEAN COMMUNITY: BUDGET IMBALANCES/BUDGET DISCIPLINE

POINTS TO MAKE

Budget Imbalances

1. Fundamental British requirement that solution should last as long as problem it was designed to correct. Share Dr Stoltenberg's desire for a "long lasting automatic compensation system that would apply to all Member States". We have no objection to the idea that scheme should last as long as Own Resources Decision or to a review clause subject to one vital proviso: that the system should continue unless there was unanimous agreement to change it.

2. We have been looking carefully at German proposals tabled in Athens. Our main concern is that by measuring VAT expenditure gap alone it treats levies and duties element in our burden as if they were VAT. On the basis of VAT/ expenditure share gap, UK would have been uncovered to tune of about 350 mecu in each of last 4 years, ie the amount of our levies and duties. Whereas for Germany the own resources/expenditure share gap is actually smaller than the VAT expenditure share gap, for us the opposite is true: you are over-protected, we are under-protected. However, we are willing to explore whether it is possible to build up a system based on VAT expenditure share gap so that it could give equitable results on a sustainable basis.

3. Problem is that your proposal not only measures just part of the burden but only compensates for part of it. We see no reason why level of correction should not be 100% for anything over the limit. If Community agrees a measurement of what constitutes an unfair burden, only right that it should correct for that burden. A system based on GDP and relative prosperity would automatically ensure increasing UK

/contribution

contribution in enlarged Community. Nevertheless, we have already said that we are prepared to consider a modest contribution above our limit given the political importance which other Member States attach to it. But this would add to burden we are asked to bear.

4. We conclude that only basis on which we could consider a scheme based on VAT/expenditure share gap would be if parameters were very strictly drawn. This must mean a very low financing limit, a very small contribution above our limit and no undermining of the allocated budget as currently defined.

5. In last resort, important to look at outturn figures. "Net contribution" might be an unpopular term for other Member States but it is a political reality. Community has been talking about budget issue in terms of net contributions for the last 5 years. This means that our Parliament will judge the outcome of any agreement on budget imbalances by reference to the size of our remaining net contribution. Have to say that figure of 750 or 1000 mecu for our relief on 1982 figures is totally unacceptable. If I went to the House of Commons and said that I had negotiated a solution which would give us relief of 1000 mecu leaving us with a net contribution of 1000 mecu, Parliament would reject the package. That is why I come back to the figures I suggested at Athens as an indication of the kind of figures which it would be reasonable to expect.

6. On timing of the entry into force of the corrective mechanism and the increase in own resources, we share your desire to see completion of accession negotiations for Spain and Portugal by 30 September and to keep Community spending clamped down in 1985. But key point for us is that new Own Resources Decision incorporating budget mechanism with revenue-side reliefs should come into effect in 1985 in order to allow payment of our 1984 refunds in that year. Problem

/of

of Germany being asked to "pay twice", could be overcome by making your agreement to increase in Own Resources conditional on completion of enlargement negotiations. It is not necessary that both decisions should be implemented simultaneously.

[If Kohl insists on linkage] Any mechanism for budget imbalances needs to come into effect as part of a revised own resources decision, in 1985, ie operating in respect of 1984 and subsequent years. Any agreement to an increase in own resources would need to form part of the same revised decision, but this does not necessarily mean that the two elements (the mechanism for budget imbalances, and the increase in own resources) need be implemented on the same time scale.

Budget Discipline

7. Both equally determined on need to seek economies. Encouraged by President Mitterrand's Hague speech and by progress made by Foreign Ministers at La Celle Saint Cloud. Now generally accepted that finance must determine expenditure; that Community budget must be subject to same strict discipline as public expenditure in Member States; that budgetary discipline should apply to all expenditure; and that there should be separate constraint on agricultural spending. Control of agricultural spending remains our major concern because it absorbs two-thirds of the budget. But effective control of all EC spending was one of my two conditions at Stuttgart for considering an increase in Own Resources. This too is an area where House of Commons will look critically at whatever is agreed. Must have watertight assurance that guideline will be effective.

8. Our first priority at March European Council should be to take outline decisions on ends we are aiming to achieve and then to consider appropriate means to achieve them. Not possible for us at this stage to decide what precise

/procedures

procedures are needed and on what legal base. Best way forward is for March European Council to invite Council of Ministers to take necessary decisions for embodying whatever framework is agreed in the Community's budgetary procedures.

9. Not looking for confrontation with the European Parliament but need to consider how to improve and clarify relationship between Council and the Parliament. Cannot be good for Community that Council is each year overridden by the Parliament over increase in maximum rate. Important that maximum envelope for budget as a whole should be established by Council at the beginning of budgetary procedure, and observed by all three institutions. Would be possible for Council to leave Parliament room for manoeuvre within overall ceiling so that it could exercise its powers in relation to maximum rate. Provision could also be made for Council to consult Parliament before fixing the annual framework. Problem with Commission's latest proposal is that they are too lax in treatment of non-obligatory expenditure. Not sufficiently binding on the Parliament. Important to keep all procedural options, including Treaty amendment, open at this stage. The important thing is to ensure that the mechanism binds all three institutions.

10. Commission proposals on agricultural expenditure are step in right direction. Willing to consider guideline based on three-year moving average, provided guideline is worked on a consistent basis, but we still have a number of problems with the Commission approach: must have firm commitment that Commission itself will observe the guideline in its proposals and the Council will be bound by it throughout price fixing - there cannot be any bidding up of the Commission's proposals; formula for growth of agricultural expenditure must specify rate "markedly below" growth of Own Resources; must be stringent provisions for clawback; and cannot accept Commission's attempt to redefine agricultural expenditure.

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

EUROPEAN COMMUNITY TOPICS

ESSENTIAL FACTS

BUDGET IMBALANCES

Recent Developments

1. Teltschik (the Chancellor's Diplomatic Adviser) has confirmed that at Chancellor Kohl's meeting with President Mitterrand on 2 February, President Mitterrand had proposed compensation for Britain in the region of 750 mecu to which the FRG would contribute 250 mecu. This would be for a period of 5 years, subject to review. President Mitterrand had made no proposals with regard to an upper limit for the FRG but had indicated that the German position would be eased if budgetary discipline reduced the rate of increase in the budget. (It is clear from the latest French ideas, shown to us in confidence, that the French envisage no upper limit for the FRG). The Germans are concerned that the French proposal could add up to a substantial bill for the FRG which could affect their medium term financial plan. German officials are doubtful that a German position will be agreed in time for Chancellor Kohl's meeting with President Mitterrand on 24 February.

2. At La Celle Saint Cloud on 18/19 February, the German proposal for measurement of the VAT/expenditure share gap emerged as the front runner. Disadvantages of German proposal are that it ignores levies and duties element in our net contribution (350 mecu a year on average in period 1979-82), and that it also proposes a surcharge on our contribution above the threshold. In order to get adequate relief we would need to negotiate a very low financing limit and a very low surcharge to offset loss from excluding levies and duties.

/Duration

Duration

3. There were some disturbing signs after Chancellor Kohl's meeting with President Mitterrand on 2 February, when Chancellor Kohl shared French illusions that the UK would accept a time-limit solution. The Germans now appear to recognise that such a solution would be totally unacceptable to the UK and have been looking for ways of bridging the gap between us and the French by a technical revision clause for whatever system is adopted. At La Celle Saint Cloud, there was strong support for a mechanism which would last as long as the New Own Resources Decision. If this was agreed there would be no need for a revision clause. In a speech in Frankfurt on 13 February to mark the fifth anniversay of the European edition of the Financial Times, Dr Stoltenberg called for a "long lasting automatic compensation system that would apply to all Member States".

Size of Compensation

4. The Germans are discouraging about the size of compensation we could expect to achieve. At Athens they indicated that 1000 mecu was the right level of compensation for us and that we could not possibly expect more. The figure of 750 mecu mentioned at the Kohl/Mitterrand meeting on 2 February now seems to be gaining ground. We shall need to leave Kohl in no doubt that this figure is absurd and unacceptable.

Timing of entry into force of corrective mechanism

5. The Germans insist that any increase in Own Resources could only take effect at the same time as Spanish and Portuguese accession, ie January 1986. The standard German line is that:-

(i) The Bundestag would not agreed to new Own Resources without at the same time ratifying Spain and Portugal's accession.

/(ii)

(ii) The FRG did not want to be asked to pay twice, once for a post-Stuttgart package and once for enlargement.
(iii) Desirability of keeping Community spending clamped down in 1985.

They may also calculate that shortage of headroom in 1985 could be used to screw down our relief in respect of 1984 and thus to prejudice the scale of relief and subsequently get under any corrective system.

But Teltschik has hinted that the Germans may be prepared to give ground on timing of an increase in own resources.

Budget Discipline

6. The Germans share our insistence on the need for effective control of agricultural and other spending as a precondition for considering an increase in own resources. But they set their sights much lower in terms of what can be achieved. The main points of difference between us are:

(i) Treaty Amendment: The Germans insist that Treaty amendment is not negotiable. They would be satisfied with a change in the Council's rules of procedures as the Commission has suggested. They fear that if we press too hard for a legally binding commitment we might end up with nothing. However, the Germans may have been impressed by the dispostion at the La Celle Saint Cloud (even by Cheysson and Andreotti) to amend the Treaties should the European Parliament refuse to cooperate.

(ii) Agricultural Expenditure

The Germans support the Commission's latest proposals on agricultural expenditure, with the exception of the redefinition of expenditure to exclude ACP sugar and food aid restrictions. They do not support our "markedly below" formula for the growth of CAP spending and do not think that the French will accept it. They believe that a formula stipulating that CAP spending should grow less than spending as a whole is probably as much as can be achieved.

Foreign and Commonwealth Office
24 February 1984 CONFIDENTIAL

3

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY

b) EUROPEAN COMMUNITY: COMMON AGRICULTURAL POLICY

Points to Make

1. A lot of common ground between UK and FRG on CAP:
   - Need for urgent decisions in the Agriculture Council on a package to put to the European Council in March.
   - Savings on CAP crucial to rest of Stuttgart package.
   - An effective financial guideline for agricultural expenditure.
   - Tight controls over milk, in particular, through immediate application of a 97.2 million tonne threshold.
   - A balanced CAP package including thresholds for 'other products' which are, or are likely to be, in surplus, or where expenditure is rising fast.
   - No oils and fats tax, which would destroy chances of an accommodation with the US over: cereals substitutes.

   Firm decisions on CAP reform an essential precondition for formal talks with US.

2. Worth going over some points of possible disagreement:
   (a) The latest texts on budgetary discipline are a great advance, but we continue to believe a financial guideline will only be effective if it can be formally embodied in the Community's budgetary procedures (if necessary through a Treaty amendment). Do FRG now agree?
   (b) Prices are crucial. The FRG position of "no nominal price reductions" seems to us an obstacle to progress, and conflicts with wider FRG philosophy of balanced markets and need to secure savings. If they really cannot show flexibility on this point they should at least warn their farmers of the necessity for extended price freezes.
   (c) On MCAs we are concerned about inflationary and budgetary implications of the "DM solution". Have FRG talks with the French made progress? How do FRG see this coming out?

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY

b) EUROPEAN COMMUNITY: COMMON AGRICULTURAL POLICY

Essential Facts

1. Germany generates 18% of EC agricultural production, to the UK's 13%. Her largest sectors are milk (24%), pigmeat (20%), beef and veal (17%) and cereals (9%). German farmers represent a powerful political lobby - particularly with the CDU Government: (who tend to see the small farmer as the backbone of the nation, and the guardian of traditional virtues). Partly as a result, German performance in CAP negotiations falls systematically short of their free market principles. The German Ministry of Agriculture (Kiechle) has outflanked the Ministry of Finance in achieving a commitment to "no nominal price decreases for German farmers". This has created a conspicuous division between German philosophy and her detailed positions in the present agricultural negotiations. It strengthens the usual predisposition not to jeopardise Franco-German relations by pressing to radical CAP reforms (the battle with the French over MCAs, however, has proved unavoidable).

Strict Financial Guideline

2. Until recently FRG had been lukewarm, at best, over our Strict Financial Guideline proposal. Now much more receptive. Latest Commission text (see also brief (a)) is an improvement on earlier version. It provides for a guideline which relates a moving average rate of growth of expenditure to the rate of growth of the Own Resources base. The Commission's paper implies (and this is an improvement) that the Commission will always observe the guideline for agricultural spending in making its price proposals. To be effective, this will need to be made watertight, and formally incorporated into EC budgetary procedures. FRG need stiffening on what this means in practice.

/3.

3. What we know of French ideas suggests that their thinking is now quite close to our own. If so, the Germans will agree to that approach. But they do show a tendency to be weak on the need for all three institutions to be formally bound by any mechanism for budget discipline, of which the FRG would be a part.

Monetary Compensatory Amounts (MCAs)

4. Still no compromise in sight despite intense Franco-German negotiation. FRG have totally rejected the (French-backed) Commission proposals (phased Green Rate revaluation over four price-fixings, with the possibility of degressive aids to ease the transition). They have proposed instead a 3-stage process for eliminating their existing (+10%) MCA through a combination of the "DM Solution" (linking MCAs to the strongest currency) and the Commission's proposals. The "DM Solution" would apply to future MCAs.

5. UK interest is that the solution should be neither inflationary nor expensive (as we believe the "DM Solution" would be). We also want to maintain maximum discretion over our own variable MCA (currently +6.2%).

Milk

6. FRG are firm on need for a super-levy to enforce a threshold of 97.2 million tonnes. But:

(i) They are hostile towards intensive farms, and may want to build in discriminatory elements.

(ii) They oppose a sustained price freeze for milk which we see as an essential condition for the super-levy's effectiveness.

Oils and Fats Tax

7. The Germans have strongly opposed, with us, the Commission's proposal for an oils and fats tax, and now argue that if it was imposed there would be no chance of a deal with the US on:

/Cereals

Cereals/Cereal Substitutes

8. FRG have recently hardened their line in favour of UK position and against French. [That is, present informal talks must be without commitment. Must not catapult EC into formal Article 28 talks before we can offer the US firm decisions on CAP reform.] On cereals prices FRG could probably accept some form of price restraint, though nothing as tough or specific as we would wish.

'Other Products'

9. FRG are particularly firm on need to achieve a balanced package including Mediterranean products. We entirely agree.

CAP Finances in 1984

10. CAP spending increased some 30% last year. 16.5 billion ecu for EAGGF in this year's budget. Latest estimates are for claims of some 18 billion ecu. Using Commission's (3-year moving average) calculations there is no way in which the financial guideline can be met this year. Conclusions:

(a) Urgent need for decisions on savings.

(b) Even with progress on CAP savings there will be a financial squeeze later this year. Danger is that Commission will defer spending (eg allow stocks to accumulate).

(c) Commission's methodology for calculating guideline is shaky.

Foreign and Commonwealth Office
23 February 1984

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

c) EUROPEAN COMMUNITY: NEW POLICIES/STRUCTURAL FUNDS

Points to Make

New Policies

1. New Policies are a key section of post Stuttgart negotiations: disappointing so little achieved on this before and at Athens. But we must maintain momentum. UK and German approaches very similar.

2. Despite current financial constraints, the Community can move forward in important and worthwhile ways:

. by implementing policies which involve little or no expenditure (eg removal of obstacles to trade in goods and services eg insurance; introduction of Community standards; reduction of frontier formalities; liberalisation of road and air transport);

. by concentrating on more economic use of existing resources (eg by application of strict criteria for cost effectiveness of Community action when measured against action at national level).

ESPRIT (if raised)

3. We attach importance to ESPRIT and want it to succeed. Hope that Research Council today can give it the go ahead.

Airbus (if raised)

4. Mr Tebbit is carrying out further discussions with British Aerospace on the financing of the project:- we hope that it will be possible to conclude this successfully soon.

Structural Funds

5. Two main issues:

. size of funds: we could support modest increase in the size of the Funds, but this must be related to available resources and real needs.

/IMPs

. IMPs: must be looked at in context of Structural Funds review. Substantial overlap with other funds (ERDF, FEOGA). Implications of enlargement. Budgetary implications must be properly considered.

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

c) EUROPEAN COMMUNITY: NEW POLICIES/STRUCTURAL FUNDS

Essential Facts

New Policies

1. Our priorities:

. internal market: removal of barriers to intra Community trade in goods and services; Community standards initiative; reduction in frontier formalities for goods traffic (adoption of Single Administrative Document for customs clearance).

. liberalisation of lorry movement (road haulage quota) and air transport services;

. environment: introduction of unleaded petrol no later than 1990;

. energy: solid fuels policy to promote economic production and use of coal.

2. The Germans entirely share our concern with budgetary restraint and cost effectiveness. They are keen on development of the internal market in goods - holding four Internal Market Councils under their Presidency - but not in services, particularly insurance.

Airbus

3. Discussions between the DTI and British Aerospace began on 7 February: it is not yet clear whether these will be successful.

Structural Funds

4. Like us the Germans are keen to control expenditure in areas other than agriculture and have taken a tough stand on the growth of the structural funds. Our position on this and on IMPs is close. FEOGA structures and ERDF revisions are under discussion in Working Group. Early agreement unlikely.

Foreign and Commonwealth Office
23 February 1984

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY

(d) **ENLARGEMENT**

POINTS TO MAKE

1. Welcome impetus that French Presidency has now decided to give to accession negotiations. Will give Presidency full support in any effort to complete substantive part of negotiations by 30 September 1984.

2. Glad negotiations have now begun on Spanish agriculture. But we believe Community's opening position to be unjustifiably unbalanced and harsh. Community will have to move a long way before the outlines of a deal can emerge. Understand France's problems. But what we would need to end up with is an enlarged Community in which interests of all twelve members are properly and fairly reflected. Otherwise Community will simply store up trouble for itself. We speak from experience.

3. Spaniards tell us that they have reached a general understanding in bilateral contacts with France on transitional arrangements in agriculture which Spaniards believe France will present to EC as basis for Community position. If so, the sooner the Communty knows what they are the better.

ESSENTIAL FACTS

4. After long dragging their feet on Spanish accession, the French Presidency are now trying to accelerate the negotiations and for the first time appear prepared to accept a timetable for their completion. They pushed through the first substantive Community declaration on Spanish Agriculture (presented to the Spaniards on 21 February) which was protectionist and largely designed to suit French interests; we tried to add balance and element of reciprocity but received no support even from Germans.

5. Behind the new French approach appears to be a private understanding reached between France and Spain in Ministerial level talks at Rambouillet on 11/12 February on the way forward on Spanish agriculture, although the French claim to their EC partners that they met the Spaniards only as France and not as Presidency - a distinction evidently not properly appreciated at the time by the Spaniards whose account of the deal struck on agriculture has yet to be reflected in any change in the French position in Brussels. The likelihood is, however, that a deal on terms favourable to France will be struck, though probably not for some months yet. The French are unlikely to want to press the Spaniards on a slow

dismantlement of their high industrial tariffs during the transitional period; the French have substantial industrial investment in Spain. The Germans should be as reluctant as we are to see maintenance at high levels during the transitional period and of protectionist barriers either for EC agriculture or Spanish industry, but cannot be relied on to stand up to the French on this (as on almost anything else).

6. There are increasing signs that the French - who may not be ready to make many more concessions in the enlargement negotiations this side of the European elections - hope to shift responsibility for any delays in the negotiations on to the UK, whether by spotlighting any points of difficulty for the UK in the accession negotiations; or - more generally and against the possibility of failure at the March/June European Councils - by exploiting our rejection of the immediate increase in own resources required by enlargement in the absence of agreement or post-Stuttgart. The Spaniards may be all too ready to swallow this specious line. The line the Prime Minister is recommended to take with Kohl is designed to help make him more resistant to French propaganda.

Foreign and Commonwealth Office
24 February 1984

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

GERMAN VIEWS ON EUROPEAN POLITICAL AND DEFENCE COOPERATION

POINTS TO MAKE

1. Interested in your thinking on European security policy. FLAG F I have read your speech at Luebeck on 15 February, and President Mitterrand's speech at The Hague on 7 February. Understand you envisage an initiative after the European elections. We should all be thinking about the shape of Europe in the future, and this includes the defence dimension. We are agreed that the European pillar in the Transatlantic partnership should be strengthened, and that nothing should be done to undermine NATO.

2. There has also been renewed interest in the Western European Union as a forum for discussion of European security perhaps by Foreign Ministers. Herr Genscher discussed this recently with Sir G Howe. The French also have ideas on strengthening WEU.

3. We are interested to know more about these ideas. It is essential that you, we and the French should be in basic agreement. We have a vital interest as a major contributor to Western security, through eg British forces in Germany.

4. How do you see the way forward? What subjects should European security consultations cover, and what institutional form should they take? President Mitterrand's views?

5. Important not to arouse American suspicions that we Europeans will present them with fait accompli and to avoid any step which might threaten transatlantic link. European security depends on NATO. But we are willing to look seriously at any opportunity to strengthen European cohesion on security matters and will consider partners' ideas with an open mind.

/6. [If raised]

6. [If raised] We can agree to lifting WEU restrictions on German conventional arms production.

7. [If raised] We support reunification of Germany in peace and freedom on the basis of all German elections as laid down in the Bonn-Paris conventions.

Foreign and Commonwealth Office

24 February 1984

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

GERMAN VIEWS ON EUROPEAN POLITICAL AND DEFENCE COOPERATION

ESSENTIAL FACTS

Kohl's Ideas

FLAG F 1. Extracts of Kohl's speech at Luebeck on 15 February are attached.

2. There is extensive recent evidence that Kohl fears that the European idea could perish by the end of this century if a new impetus is not given. He believes that idealism for Europe in Germany has diminished and that Europe and America are drifting apart (for which, Kohl believes, the Americans are mainly to blame). He fears that the Germans could be enticed towards neutralism by some Soviet initiative designed to give the impression of opening the way towards reunification. We know also that Kohl and Mitterrand have discussed ways of giving a new impetus to Europe, including impetus in the defence field.

German Proposals

3. The Germans have recently floated a number of ideas for closer European consultations on security matters. They say they want European Ministers to discuss defence and security so as to make a more concerted input in NATO. Kohl has suggested that this be done in Political Cooperation; those countries which preferred not to participate could be allowed not to do so. At his meeting with Sir G Howe on 6 February Genscher suggested using the WEU (whose seven members are the UK, FRG, France, Italy and the Benelux countries). This approach would cut out Ireland, Denmark and Greece; the countries whose attitudes meant that the proposal for security discussions among the Ten which formed part of the Genscher-Colombo scheme emerged in much more restrictive form than Genscher wanted. The Germans were frustrated at the failure of this proposal.

/French Proposals

French Proposals

4. The French have also recently shown a new interest in ideas for a 'European' dimension to defence cooperation. In his speech at The Hague on 7 February President Mitterrand, while making clear that there was no prospect of a European substitute for NATO, emphasised the value of Franco-German and Franco-British security links and suggested the idea of a European manned space station for defence.

5. The French have also recently circulated ideas for giving the WEU a higher political profile. These include giving more importance to the WEU Assembly; eliminating discriminatory controls on German production of conventional weapons; and finding new functions for the WEU including the verification of arms control agreements and collaboration on arms procurement.

UK Position

6. Our chief concerns are to prevent any action which would weaken NATO or the transatlantic link, and to bring home to Kohl that the UK's key role in the defence of Europe, and our far reaching ideas on the development of new Community policies, mean we must be closely involved in any discussion about giving ''new political impulse'' to Europe.

WEU

7. In 1954, the 1948 Brussels Treaty was modified to allow the FRG and Italy to accede (name changed to Western European Union). Membership now comprises Belgium, France, the FRG, Italy, Luxembourg, the Netherlands and the United Kingdom.

8. Under the Treaty:

- Member States commit themselves to aid others suffering an armed attack in Europe
- The United Kingdom agrees to maintain on the mainland of Europe four divisions and the Second Tactical Air Force

/ - All

- All the continental members agree to keep force levels within specified limits
- The FRG agrees not to produce atomic, biological or chemical weapons; and to accept limitations on the production of missiles, and bomber aircraft (original limitation on the production of warships was cancelled in 1980)
- Controls on the level of stocks of certain listed armaments held by the member states on the mainland of Europe are imposed.

Franco-German Treaty

9. The Elysée Treaty was signed in January 1963 by Adenauer and de Gaulle. It cemented Franco-German reconciliation and provided for cooperation between the two countries in every field and for meetings twice a year between the FRG Chancellor and the French President. In 1983, the French and Germans gave renewed impetus to their cooperation under the Treaty on security issues by putting into effect the following provisions: twice yearly meetings of Foreign and Defence Ministers to prepare a defence input to the Summits; a permanent commission of senior officials to prepare these Ministerial meetings; and three sub-commissions on strategy, military cooperation, and equipment collaboration

The Reunification of Germany

10. The objective of the UK, the US, France and the FRG as laid down in the Bonn/Paris Conventions which came into force in 1955 is a Germany reunited in peace and freedom on the basis of all German elections. The final communique of the North Atlantic Council Heads of Government meeting in Bonn on 10 June 1982 reaffirmed NATO support for the political objective of the Federal Republic of Germany to work towards a state of peace in Europe in which the German

/people

people regains its unity through free self-determination.
We take it as axiomatic that there can be no permanent stability
in Europe as long as the German people remain divided
against their will.

Foreigh and Commonwealth Office

24 February 1984

TRANSLATION OF EXTRACTS FROM A SPEECH BY CHANCELLOR KOHL ON 15 FEBRUARY IN LUEBECK TO A MEETING OF BUNDESWEHR COMMANDERS

II

. . . I should now like to consider the perspectives of German security policy in the 1980s.

After the debate on the NATO dual track decision and all the events which accompanied it our security policy requires consolidation. In this phase we must focus on two goals. Firstly, the INF problems must be restored to the politico-strategic context, where they properly belong. Secondly, future tasks which require a political answer, must now be addressed.

- The atlantic alliance must be adjusted to the conditions and demands of the future.
- The European pillar in the trans-atlantic partnership must be strengthened.
- NATO needs stronger conventional forces; the Bundeswehr will thus become even more important.
- East/West relations must be conducted in a positive spirit. . . . .

(In INF) The Soviet Union could not achieve its goals. The Soviet Union tried to construct a conflict of interest between the US and the European allies and to employ the conflict as a means of pressure on the US.

/III

. . . First, the preservation of peace in freedom remains the highest policy objective of the Federal Government.

Second, the North Atlantic Alliance, and friendship and partnership, with North Americans are the fundamental basis of German security policy. Only a strong and united Alliance can ensure peace in freedom. The Alliance guarantees our independence; it serves peace in Europe and the world; and remains the basis for a policy of genuine relaxation of tension. Good relations with the USA based on confidence and partnership remain of vital importance for us Germans.

Third, the unification of Europe strengthens western security, and stability in Europe

Fourth, Franco-German friendship and the close cooperation between the two states in security policy increase Europe's weight in the North Atlantic Alliance and enhances the latter's defence capability.

Fifth, the political concept of the Alliance, namely political solidarity and adequate military strength combined with efforts at progress in east/west dialogue and arms control, remains valid.

Sixth , the stabilisation and development of east/west relations, dialogue, and cooperation, are the basis and pre-condition for successful arms control and disarmament. The two

/states

states in Germany have a particularly important shared responsibility for peace in Europe.

Seventh, plausible deterrence remains a legitimate and morally justified means of preventing war. It embraces the totality of political, military, economic and other forces.

Eighth, the proven strategy of flexible response, a strategy which is exclusively defensive, remains valid. We shall also continue in the future to make a strong contribution to NATO in order to improve the ability of the Alliance to implement its strategy.

IV

What Europe does for its own security is relevant to the credibility of this strategy. Europeans must combine their efforts in defence so that a European security policy arises. It is worth strengthening the European pillar supporting the bridge between North America and Europe.

Franco-German efforts to overcome the crisis in the European Community also serve this goal, as do Franco-German efforts to deepen further their cooperation in the field of security policy. Such endeavours play a key role in the strengthening of the European pillar in the Atlantic Alliance. They are an expression of European solidarity in defence.

/The

The contemporary requirements of security in Europe and throughout the world require western Europe to maintain its influence outside the region, not only in its relations with the United States and dialogue with the east, but also in its relations with Japan and its responsiblities towards the third world.

The deepened Franco-German cooperation in defence has already lead to remarkable successes. Coordination in strategic and operational questions and arms control; close cooperation in arms production; and numerous varied exchanges of information in defence matters - all these are an expression of our conviction that only together can we secure the future of our two peoples. We shall at the same time be doing justice up to our special responsiblity for Europe.

The Federal Government is making efforts to ensure that all European friends join in this cooperation on the road to European unity.

V

At the same time we do not wish to forget that we Europeans can only safeguard our security together with the North Americans. We Europeans need the protection of American world and sea power. Conversely the Americans and Canadians know that the defence of their freedom begins in Europe.

Our Alliance's conception of deterrence and defence is based on the principle of the balance of forces. Deterrence should force a possible aggressor in the decision between war and peace, to

/decide

decide for peace. Thus deterrence is a means of maintaining peace. It is sensible in military terms and morally justified.

The balance of military forces must be seen in the context of political geo-strategic, economic, and demographic factors.

You all know that the conditions for the preservation of the balance of forces and effective deterrence have become more difficult. I list here only the most important factors.

- The Soviet Union is continually improving its conventional capabilities for world wide strategic intervention. The Soviet Union is forcing through the development of nuclear armaments in short and intermediate range weapons in the name of maintaining nuclear strategic parity.
- The dependence of the west on energy and raw materials from crises regions is growing. At the same time our ability to bring about stability in these vitally important regions has declined.

Economic problems are making the burden of defence expenditure heavier, and this at a time when in fact greater expenditure on stronger conventional forces and exploiting modern technology is required.

In this situation there are two particular requirements for us. On the one hand we must further stabilise East/West relations by numerous confidence building measures and efforts at arms control. On the other hand we have to make a decisive effort to strengthen our defence capability. And above all we have to impart

/the

the conviction that the democratic state, based on the rule of law which preserves our freedom, is worth defending.

Our fellow citizens have to understand the alliance strategy and know that they can have confidence in it. This strategy is neither exclusively nor primarily dependent on nuclear weapons. In the first instance an appropriate conventional defence capability is at one and the same time essential, both for the credibililty of deterrence, and for the maintenance of our freedom of political decision taking in the case of an acute threat.

For us there are three basic criteria for alliance strategy. Firstly, for the Federal Republic of Germany the defence of all our territory has absolute priority. I shall mention here only the concept of coordinated forward defence close to our borders and air defence as means of defending our territory. Secondly, the rapid ending of conflict and limitation of material damage are further basic elements in our strategy. Thirdly, the principle of a multinational alliance is not only an expression of NATO solidarity for us, it is something we cannot afford to give up under any circumstances. The fundamental elements of a multinational alliance are the stationing of forces from six NATO countries (on FRG territory) and integrated NATO air defence. The German army has a special responsibility to maintain operational freedom for all NATO forces stationed on our territory.

In all this concentration of our strategic thinking on the defence effort in central Europe we should not overlook the fact that increasingly, conflicts arise in other parts of the world. The expansionist activities of the Soviet Union play an

/increasingly

increasingly significant role in these developments. In my government declaration on 4 May 1983 I said, "everybody knows that our vital interests extend beyond the NATO area. Crises which develop in other parts of the world also have an effect on us. So we need and practise solidarity and close coordination with those of our allies who have taken on world wide responsibilities.

I wanted to make clear in this way that we also see clearly the changing aspects of security problems both within and beyond the territory of the Federal Republic of Germany . . ..

VIII

. . . The task for the present is to preserve peace and freedom. The task for the future is to preserve the nation. Peace in Europe which transcends East/West antagonisms is the necessary precondition for overcoming the division of Germany

To overcome the division of Germany we need support in the alliance and in the European Community. We need the alliance and a united Europe more than others do.

In my Government declaration I said: "We stand in a long line of German patriots who sought German unity in a greater European homeland. A policy of peace in Europe is part of our history and is in our national interest".

In spite of their less satisfactory aspects the recent controversies about security policy have also produced encouraging

/signals

signals: the shared responsibility for peace of the two Germanies has been a proven, constant regulating factor in East/West relations.

I place my hope on the good sense of all those who bear responsibility for the fate of the entire German nation. In this spirit I also call on you to make your contribution to safeguarding the future of our German fatherland in peace and freedom.

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

EAST/WEST RELATIONS

POINTS TO MAKE

Chernenko succession

1. Chernenko looks like another interim leader, but too soon to pass judgement.

2. Not yet clear what effect his election will have on policy. Collective decision making in Politburo will continue. Gromyko (Foreign Affairs) and Ustinov (Defence) will have considerable influence.

3. Your impressions of Chernenko? Plans to invite him to Bonn?

East/West Policy

4. Important for West to maintain consistent approach over long term. Avoid overstimulating public expectations.

5. No compromise on principles. Will make clear our concerns about Soviet behaviour. But as same time argue for broader dialogue.

6. Important to avoid misunderstanding between East and West and to achieve better mutual understanding without which arms control negotiations unlikely to succeed. Recognise progress will be gradual.

7. Undiminished need to maintain close coordination in NATO, especially in US election year. Coordination before and at CDE showed what can be achieved. NATO East/West study offers a significant opportunity to agree general guidelines for a common approach.

Visit to Hungary

8. Surprisingly forthcoming. Hungarians keen to conclude agreement with EC. Sound political reasons for pressing ahead with this.

Poland: Western Policy

9. Have broadly similar views about Poland. Sanctions hurting Polish people more than Polish Government. Should build on Ten's agreement to gradual resumption of official and technical contactss. US hard line policy a problem.

Polish Church Scheme to Aid Private Agriculture

10. Useful that commission will now make detailed study of scheme and possible sources of funding. Latter is likely to be difficult.

TIMAAJ

ESSENTIAL FACTS

Succession of Chernenko

1. Chernenko's claim to post of General Secretary based on seniority in Party Secretariat. Not best qualified candidate; lack of experience in international field. Next generation (Gorbachev and Romanov) presumably decided not to risk political futures by mounting serious challenge. Gromyko's position improved; spoke with authority at Andropov's funeral.

East/West Policy

2. No change of direction apparent in Chernenko's acceptance and funeral speeches but notable that US not singled out for criticism. Andropov's first speeches in 1982 more pointed.

3. Contradictions in Soviet position on arms control. Profess to be peace-loving but walked out of negotiations. Privately seem keen to stabilise superpower relationship, but do not want to help Reagan's re-election; want arms control agreements, but not to make first move.

US/Soviet Relations

4. Some signs of movement in US/Soviet relations. Reagan 16 January speech made clear US ready to improve East/West relations. Russians have taken constructive approach to discussions over a number of technical questions: hot line, demarcation of boundary in Bering Straits.

FRG/Soviet Relations

5. At Stockholm Genscher renewed suggestion of further meeting in 1984 in either Bonn or Moscow. Gromyko has since raised subject with German Ambassador in Moscow, but without fixing dates. When they meet in Moscow Kohl may have invited Chernenko to visit FRG (thus renewing invitation made to Andropov).

Poland

6. Situation in Poland generally stable. Internal situation still difficult but not as represssive as, eg Romania, Czechoslovakia.

7. US policy towards Poland remains hard-line and out of step with Ten who agreed (September 1983) on desirability of re-engaging Western influence and gradual resumption of official and technical contacts.

8. UK objective to engage in a touch, critical dialogue with Polish leadership and restore contact with Polish people. Germans also anxious to re-engage in Poland and extend contacts. (Not for use: we understand that Kohl has recently instructed his Finance and Economic Ministries to "revitalise" relations with Poland). Germans have pushed a scheme to channel money and political assistance from the West (specifically the European Community) to Polish Private Farmers via the Catholic Church in Poland. Whatever the overall merits of this scheme might be the financial implications need careful examination before any commitments are given.

Prime Minister's Visit to Hungary

9. We briefed Germans at official level in London on 8 February. Mr Unwin gave EC briefing in Budapest following visit.

TIMAAJ

VISIT OF CHANCELLOR KOHL: 28 FEBRUARY 1984

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.

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

24 February 1984

ADVANCE COPIES FRAME ECONOMIC No 10
20 XEROX COPI

FCO

PS/RIFKIND
~~SIR I SUTHERLAND~~
SIR G TICKELL
MR HANNAY

RESIDENT CLERK

ED/ECD(I) (3)
ED/NEWS D
ED/ERD
ED/
ED/

PLUS FCO

CABINET OFFICE

MR D WILLIAMSON
MR G STAPLETON
MR J N PEARSON
MR D R C DURIE

D O T

PLUS OGDS

MR P KENT
H M CUSTOMS
EXCISE

H M TREASURY

MR J B UNWIN
MISS J E COURT
MR J G LITTLER
~~MR EDWARDS~~
MR J E MORTIMER

M A F F

PERMANENT SECRETARY

IMMEDIATE

GRS 650

ADVANCE COPY

CONFIDENTIAL
FRAME ECONOMIC
FM PARIS 272000Z FEB 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 265 OF 27TH FEBRUARY
INFO PRIORITY BRUSSELS, BONN, ROUTINE ATHENS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, UKREP BRUSSELS,
INFO SAVING MADRID, LISBON.

MY TELNO 249: POST-STUTTGART NEGOTIATIONS: KOHL/MITTERRAND MEETING, PARIS, 24 FEBRUARY.

SUMMARY.

1. ACCORDING TO THE ELYSEE THERE WAS SOME MOVEMENT ON THE GERMAN SIDE ON MCAS, WHICH SEEMS WELCOME TO THE FRENCH. SOME SYMPATHY ON BOTH SIDES FOR THE IRISH REQUEST FOR SPECIAL TREATMENT ON MILK.

DETAIL.

2. NALLET (CONSEILLER TECHNIQUE FOR AGRICULTURE AT THE ELYSEE)

DETAIL.

2. NALLET (CONSEILLER TECHNIQUE FOR AGRICULTURE AT THE ELYSEE) TOLD US THAT THE MEETING HAD BEEN FIRMLY PLACED BY MITTERRAND WITHIN THE CONTEXT OF HIS CONTINUING CONSULTATIONS AS PRESIDENT OF THE EUROPEAN COUNCIL: HE HAD EMPHASISED TO THE PRESS THAT THERE WAS NO QUESTION OF A BILATERAL NEGOTIATION. MITTERRAND AND KOHL HAD REVIEWED THE POSITION OF OTHER MEMBER STATES. THEY NOTED IN PARTICULAR THAT THE ITALIANS WERE LIKELY TO PROVE DIFFICULT, SINCE THEIR APPROACH DID NOT MEASURE UP TO THE SPIRIT OF RIGOUR REQUIRED IN PRESENT CIRCUMSTANCES.

3. ON THE CONTROL OF EC EXPENDITURE, NALLET SAID THAT MITTERRAND'S POSITION REMAINED AS HE HAD EXPLAINED TO US IN JANUARY - VIZ THAT HE WAS OPEN TO A REVIEW OF THE DETAIL OF THE EC'S BUDGETARY SYSTEM WITH A VIEW TO CONTROLLING EXPENDITURE, AND EXAMINING THE BUDGETARY SITUATIONS OF INDIVIDUAL COUNTRIES. ACCORDING TO NALLET, KOHL HAD SAID NOTHING NEW BUT HAD RESTATED THE GERMAN CONCERN THAT THERE SHOULD BE A BUDGETARY SYSTEM WHICH ALLOWED THE GERMANS TO KNOW WHERE THEY STOOD IN TERMS OF THE BUDGET.

4. ON MCAS, NALLET SAID THAT THE GERMANS HAD ADVANCED A PROPOSAL WHICH WOULD INVOLVE REDUCING THEIR MCAS BY 4 OR 5 POINTS WITH EFFECT FROM 1 JANUARY 1985. THIS WOULD INVOLVE A DROP IN PRICES PAID TO GERMAN FARMERS WHICH WOULD BE COMPENSATED AT LEAST PARTIALLY BY ADJUSTMENTS IN VAT LEVELS, AT SOME COST TO THE GERMAN BUDGET. A FURTHER 3 PERCENT WOULD BE DEALT WITH BY CONVERTING POSITIVE MCAS INTO NEGATIVE MCAS - THIS COULD BE DONE AT ANY TIME. THE REMAINDER WOULD BE DISMANTLED IN ACCORDANCE WITH THE TERMS OF THE GENTLEMEN'S AGREEMENT OF 1969, IN THE COURSE OF 1986-87. MITTERRAND HAD SAID THAT HE WOULD WANT TO STUDY THE PROPOSAL IN MORE DETAIL. NALLET COMMENTED THAT THIS WAS A POSITIVE MOVE ON THE GERMAN PART, NOTING THAT UNDER THESE PROPOSALS THE GERMANS WOULD THEMSELVES BEAR THE COST OF DISMANTLING HALF THEIR CURRENT MCA STOCK.

5. NALLET SAID THAT THE QUESTION OF MILK HAD BEEN RAISED BRIEFLY, MAINLY WITH REFERENCE TO ITALIAN AND IRISH REQUESTS FOR SPECIAL TREATMENT. HE SAID THAT THERE WAS NOT MUCH SYMPATHY FOR THE ITALIAN CLAIMS, BUT MITTERRAND, AND HE THOUGHT KOHL, WERE SYMPATHETIC TO IRISH PROBLEMS.

6. BRICHAMBAUT (DUMAS CABINET) HAS TOLD US SEPARATELY THAT WHILE HE WAS NOT FULLY BRIEFED ON THE CONTENT OF THE TALKS, HE DID NOT BELIEVE THAT THERE HAD BEEN ANY EXTENSIVE DISCUSSION OF THE

6. BRICHAMBAUT (DUMAS CABINET) HAS TOLD US SEPARATELY THAT HE WAS NOT FULLY BRIEFED ON THE CONTENT OF THE TALKS, HE DID NOT BELIEVE THAT THERE HAD BEEN ANY EXTENSIVE DISCUSSION OF THE BROAD POLITICAL QUESTIONS OF FRANCO-GERMAN PARTNERSHIP AND A TWO-SPEED EUROPE OF WHICH THE PRESS MADE MUCH PLAY IN THEIR CURTAIN-RAISERS (MY TELNO 248). LEGRAS (QUAI) (ALSO WITHOUT FULL BRIEFING) HAS TOLD US THAT HE HAD THE IMPRESSION OF SOME POSITIVE MOVEMENT, NOT ONLY ON MCAS.

FCO PLEASE PASS SAVING ADDRESSEES.

FRETWELL

NNNN

LSENT AT 270

SENT AT 272024Z BRH

OO PARIS

GRS 1426
CONFIDENTIAL
FM FCO 242055Z FEB 84
TO IMMEDIATE PARIS (PERSONAL FOR AMBASSADOR)
TELEGRAM NUMBER 155 OF 24 FEBRUARY
INFO UKREP BRUSSELS (PERSONAL FOR AMBASSADOR
INFO BONN (PERSONAL FOR AMBASSADORS)

EUROPEAN COMMUNITY: TALKS IN LONDON WITH M DUMAS

SUMMARY

1. I HAD A WORKING BREAKFAST WITH DUMAS ON 24 FEBRUARY. LEGRAS AND HANNAY WERE PRESENT. THIS WAS A FOLLOW-UP TO MY MEETING WITH HIM ON 8 FEBRUARY (MY TEL NO 120), HANNAY'S MEETING WITH LEGRAS (PARIS TEL NO 197 NOW BEING COPIED BY BAG TO BONN) AND LAST WEEKEND'S MEETING AT LA CELLE ST CLOUD. ON BUDGET DISCIPLINE, OUR AND FRENCH POSITIONS ARE CLOSE (THE FRENCH WILL PRODUCE A PRESIDENCY TEXT WHICH THEY WILL SHOW US). ON BUDGET IMBALANCES, I MADE CLEAR OUR OBJECTIONS TO THE FRENCH SCHEME BASED ON THE VAT/EXPENDITURE SHARE GAP. THE FRENCH ARE WILLING TO IMPROVE THE PARAMETERS OF THE SCHEME. BUT THE CRUNCH WILL CLEARLY COME ON NUMBERS AND/OR ON THE ISSUE OF WHETHER GERMANY IS INCLUDED. ON CAP, DUMAS ARGUED FOR A PHASED REDUCTION OF MILK PRODUCTION OVER 3 YEARS AND SPECIAL TREATMENT FOR FMALL FARMERS. I OPPOSED BOTH. I GAVE DUMAS A PAPER ON OUR NEW POLICIES PRIORITIES AND URGED A PASSAGE ON NEW POLICIES IN THE TEXT FOR THE MARCH EUROPEAN COUNCIL. OVERALL, THE MEETING MADE SOME USEFUL PROGRESS AND DUMAS AND I HAVE AGREED TO MEET AGAIN FOLLOWING PRESIDENT MITTERRAND'S VISIT HERE ON 5 MARCH.

DETAIL

BUDGET DISCIPLINE

2. DUMAS MADE CLEAR THAT, LIKE US, HE WISHES TO KEEP OPEN THE POSSIBILITY OF TREATY AMENDMENT THOUGH THE EUROPEAN COUNCIL TEXT SHOULD NOT BE EXPLICIT. WE AGREED THAT THE LATEST COMMISSION

TEXT WAS TOO DETAILED FOR THE EUROPEAN COUNCIL WHILE, AT THE SAME TIME, NOT BEING SPECIFIC ENOUGH, PARTICULARLY ON THE CONTROL OF NON-OBLIGATORY EXPENDITURE. I URGED THE NEED FOR A FRAMEWORK TEXT ON THE LINES OF OUR POSITION PAPER. IT WAS PARTICULARLY IMPORTANT TO BIND ALL THREE INSTITUTIONS. DUMAS SAID THAT THE PRESIDENCY WOULD PRODUCE A TEXT AND INDICATED THAT LEGRAS WOULD SHOW IT TO HANNAY. I STRESSED THAT A MECHANISM FOR BUDGET DISCIPLINE SHOULD PROVIDE FOR THE RATE OF INCREASE OF AGRICULTURAL EXPENDITURE TO BE MARKEDLY BELOW THAT OF THE OWN RESOURCES BASE. DUMAS ARGUED FOR QUOTE NO HIGHER THAN UNQUOTE BUT SEEMED PREPARED TO SETTLE FOR QUOTE LOWER THAN UNQUOTE.

BUDGET IMBALANCES

3. DUMAS SAID A SCHEME BASED ON NET CONTRIBUTIONS WAS UNACCEPTABLE TO THE OTHER NINE MEMBER STATES. I POINTED OUT THAT THE COMMUNITY HAD BEEN USING NET CONTRIBUTIONS SINCE 1978 AND THAT THE EXTENT OF OUR ADJUSTED NET CONTRIBUTION WAS THE MEASURE WHICH THE HOUSE OF COMMONS WOULD USE IN DECIDING WHETHER WE HAD NEGOTIATED AN EQUITABLE DEAL. THE FRENCH SCHEME FAILED TO TAKE ACCOUNT OF THE LEVIES AND DUTIES ELEMENT OF OUR NET CONTRIBUTION, WHICH HAD AVERAGED ABOUT 350 MECUS A YEAR OVER THE LAST 4 YEARS. THE PRIME MINISTER HAD SPOKEN AT ATHENS OF A SCHEME WHICH IN AN ENLARGED COMMUNITY WOULD GIVE THE UK AND FRANCE NET CONTRIBUTIONS OF 4-500 MECUS IN THE FIRST YEAR. THAT WAS AN ADJUSTED NET CONTRIBUTION FIGURE. IF THE FRENCH WERE PROPOSING A SCHEME THAT SCORED OUR LEVIES AND DUTIES AS VAT IN THE MEASUREMENT OF THE BURDEN, THEN SOME 350 MECUS WOULD HAVE TO BE ADDED TO ANY RESIDUAL FIGURE WHICH EMERGED FROM SUCH A SCHEME. I EXPLAINED WHY A RELIEF OF 750 MECU, AS PROPOSED UNDER THE FRENCH SCHEME, WAS QUITE UNACCEPTABLE. I REALISED IT WAS CLOSE TO THE FIGURE AGREED AT STUTTGART BUT THAT HAD ONLY BEEN ACCEPTABLE BECAUSE IT COMPENSATED FOR THE MORE FAVOURABLE THAN EXPECTED RELIEFS WE HAD RECEIVED IN 1980 AND 1981. I WENT ON TO INDICATE OUR DETAILED OBJECTIONS TO THE FRENCH TEXT (ARBITRARY AND PUNITIVE STEP SYSTEM FOR ESTABLISHING LEVEL OF COMPENSATION, ALLOCATION OF ADMINISTRATIVE EXPENDITURE ETC). ALL THESE ELEMENTS IN THE FRENCH SCHEME WERE DESIGNED TO WHITTLE AWAY THE APPARANT SIZE OF

THE GAP AND THE AMOUNT OF OUR RELIEFS WHEREAS, IN OUR VIEW, THE ONLY CIRCUMSTANCES IN WHICH A SCHEME BASED ON THE VAT/EXPENDITURE SHARE GAP MIGHT BE MADE TOLERABLE WAS IF THE PARAMETERS WERE VERY GENEROUSLY DRAWN. I GAVE DUMAS A TECHNICAL NOTE ON SOME OF THESE POINTS (TEXT BY BAG). I ADDED THAT ANY SCHEME MUST PROVIDE FOR NET FINANCING IE OUR RELIEFS SHOULD BE NET OF ANY CONTRIBUTION TO OUR OWN RELIEF OR THAT OF OTHERS. DUMAS ACCEPTED THIS IN RESPECT OF OUR OWN RELIEFS BUT SAID THAT WE WOULD HAVE TO CONTRIBUTE TO RELIEFS FOR GERMANY IF GERMANY WAS TO BE INCLUDED I THE SCHEME. IT WAS HOWEVER MITTERRAND'S INTENTION TO TRY TO PERSUADE KOHL AT THEIR MEETING LATER TODAY TO AGREE TO A SCHEME WHICH DID NOT APPLY TO GERMANY. I POINTED OUT THAT IT WAS POSSIBLE TO DEVISE SATISFACTORY SCHEME LEAVING GERMAN WITH A HIGH LIMIT ON ITS NET CONTRIBUTION. WE WOULD GIVE LEGRAS SOME EXPLANATORY TABLES. I MADE IT QUITE CLEAR THAT, WHILE WE WOULD ACCEPT IT IF GERMANY HERSELF OPTED NOT TO HAVE A LIMIT, WE WOULD NOT BE A PARTY TO ANY EFFORT TO REFUSE HER ONE.

4. DUMAS SHOWED HIMSELF WILLING TO MAKE CHANGES IN THE DETAILS OF THE FRENCH SCHEME BUT HE WAS UNYIELDING IN HIS REFUSAL TO ACCEPT ONE BASED ON NET BALANCES, ADDING THAT THE REALLY DIFFICULT ISSUE REMAINED THAT OF FIGURES WHICH COULD ONLY BE SETTLED BY THE PRIME MINISTER AND PRESIDENT MITTERRAND.

DURATION OF SCHEME/NEW OWN RESOURCES

5. WE AGREED THAT IT WOULD BE ACCEPTABLE IF THE SYSTEM FOR BUDGET IMBALANCES LASTED AS LONG AS ANY AGREED NEW OWN RESOURCES, AND THAT ANY REVIEW PROCEDURE WOULD NEED TO BE BASED ON PRESUMPTION OF CONTINUITY SO LONG AS THERE REMAINED A PROBLEM. DUMAS STARTED TO ARG THAT AN INCREASE IN OWN RESOURSES TO 2 PERCENT WOULD BE ADVANTAGEOUS TO THE UK BECAUSE THE CEILING WOULD NOT BE REACHED QUICKLY AND THE SYSTEM WOULD THEREFORE LAST LONGER. I DISPUTED THIS SAYING THAT TH WE AND THE GERMANS WOULD ANYWAY HAVE NO CHANCE OF PERSUADING OUR PARLIAMENTS TO ACCEPT A NEW CEILING HIGHER THAN 1.4 PERCENT DUMAS SAID THAT FRANCE TOO MIGHT HAVE TROUBLE ACCEPTING A CEILING ANY HIGHER THAN THAT.

CAP

6. DUMAS ACCEPTED THE NEED FOR A EUROPEAN COUNCIL TEXT COMMITTING THE COMMUNITY TO EFFECTIVE GUARANTEE THRESHOLDS FOR ALL SECTORS WHICH WERE OR WERE LIKELY TO BE IN SURPLUS OR WHERE THERE WAS A SIGNIFICANT INCREASE IN EXPENDITURE OR WHERE PRODUCTION WAS INCREASING MORE RAPIDLY THAN CONSUMPTION. I COMMENDED TO HIM THE GERMAN TEXT TABLED AT ATHENS AND HE AGREED TO LOOK AT IT AS A POSSIBLE BASIS FOR A PRESIDENCY TEXT.

7. DUMAS ARGUED FOR A PHASED REDUCTION IN MILK PRODUCTION TO ACHIEVE 97.2 MILLION TONNES OVER THREE YEARS. I SAID WE COULD NOT AGREE. EVERY 1 MILLION TONNES OF MILK PRODUCTION OVER THE LIMIT WOULD COST THE COMMUNITY AN ADDITIONAL 235 MECUS, ACCORDING TO COMMISSION FIGURES. WE WERE THEREFORE TALKING OF AN ADDITIONAL COST OF 2 BILLION ECUS OVER THE THREE YEARS. DUMAS THEN SAID THAT THE FRENCH WOULD CONSIDER A TWO YEAR PHASING. I SAID WE WOULD CONTINUE TO OPPOSE THIS. I ALSO ARGD AGAINST SPECIAL MEASURES FOR SMALL PRODUCERS AND AGAINST AN INTENSIVE LEVY. MEASURE OF THIS KIND WERE OPEN TO ABUSE AND DIFFICULT TO ADMINISTER. THERE COULD BE SOME FLEXIBILITY OVER THE BASE YEAR IE COUNTRIES COULD TAKE 1981 PLUS OR 1983 MINUS. THE UK NEEDED TO USE 1983 AS THE BASE YEAR. BUT THERE SHOULD BE NO EXEMPTIONS. DUMAS SAID THAT, AT ATHENS, HE THOUGHT THAT AN EXEMPTION FOR IRELAND HAD BEEN VIRTUALLY AGREED. I EXPLAINED THAT IT HAD NOT AND THE DANGERS OF CONCEDING IT. IF IT WERE CONCEDED WE WOULD NEED A SIMILAR EXEMPTION FOR NORTHERN IRELAND. IF ANYTHING WAS TO BE DONE FOR IRELAND THIS SHOULD BE IN THE FORM OF SPECIAL MEASURES OUTSIDE THE MILK SECTOR. DUMAS THOUGHT THIS A GOOD IDEA. I PRESSED DUMAS TO ACCEPT A PROGRESSIVE REDUCTION IN CEREAL PRICES OVER THE YEARS AHEAD.

ENLARGEMENT

8. DUMAS ASKED ME WHAT SHOULD GO INTO THE TEXT FOR THE EUROPEAN COUNCIL. WE AGREED THAT THERE SHOULD BE REFERENCES TO THE COMMUNITY'S COMMITMENT TO COMPLETION OF SUBSTANTIVE NEGOTIATIONS BY 30 SEPTEMBER WITH A VIEW TO ACCESSION ON 1 JANUARY 1986. HE SUGGESTED, AND I AGREED, THAT IT WOULD ALSO BE HELPFUL IF THE TEXT COULD INCLUDE LANGUAGE ON THE NEED TO AVOID THE CREATION OF NEW AGRICULTURAL SURPLUSES IN THE ENLARGED COMMUNITY.

NEW POLICIES

9. I GAVE DUMAS A PAPER ON NEW POLICIES BASED ON OUR STANDARD POSITION PAPER (TEXT BY BAG). DUMAS APPEARED TO ACCEPT MY SUGGESTION THAT THERE SHOULD BE SOMETHING ON NEW POLICIES IN THE EUROPEAN COUNCIL STATEMENT, COMMITTING THE COMMUNITY TO AN AGREED PROGRAMME. I SAID WE NEEDED TO MADE DEDAILED PROGRESS IN THE SPECIALIST COUNCILS EG INTERNAL MARKET COUNCIL. DUMAS SAID THAT HE HAD TAKEN THIS POINT ON BOARD FROM OUR LAST MEETING. THERE WOULD BE AN INTERNAL MARKET COUNCIL ON 8 MARCH. WE ALSO SUGGESTED THE VALUE OF AN EARLY TRANSPORT COUNCIL WHICH COULD BE POLITICALLY VALUABLE IN THE PRESENT DIFFICULT CIRCUMSTANCES. DUMAS SAID THAT HE WOULD LOOK AT THIS.

HOWE

NNNN

DIST:
LIMITED
ECD(I)
ECD(E)
PS
PS/MR RIFKIND
PS/PUS
SIR C TICKELL
MR HANNAY

COPIES TO:
MR HOUSTON, MR WILLIAMSON CAB OFF
MR UNWIN TRSY
MR ANDREWS MAFF
MR LACKEY DTI

From: Sir J Bullard
Date: 24 February 1984

CONFIDENTIAL

WED

VISIT OF CHANCELLOR KOHL 28 FEBRUARY

Copies to:
Private Secretary
PS/Mr Rifkind
PS/PUS
Sir C Tickell
Mr Hannay
Mr Jenkins
ECD (I)
ECD (E)
Sir J Taylor (care of WED)

A.J.C. 24/2
1.a.

The FRG Ambassador invited me to breakfast today to go over the main lines of the scemesetting telegram which he was planning to send to Bonn in advance of Kohl's visit.

2. He said he proposed to pick out three themes. The first was Britain's new policy on East-West relations. He had read press accounts of the Secretary of State's briefing (not that he was aware that it had come from Sir G Howe personally) and gave a longish exposition of our current approach. I did not need to do more than correct one or two points of emphasis, eg to explain that our approach was more the result of a considered analysis of the Soviet Union than the sign of any wish to distance ourselves from the United States.

3. The Ambassador's second theme was what he called Britain's tendency to self-isolation in the Community. He saw the EC moving towards a clash this spring and summer, as a result of which the British Prime Minister would as always be as good as her word, the British contribution would start to be withheld, other partners would take Britain to the European Court and this country would end up in a position of isolation which many of its inhabitants would actually relish. The Ambassador had been struck by the number of people in the FCO and elsewhere who had opened the conversation with him by giving assurances of Britain's commitment to Europe. He wondered whether they did so out of a guilty conscience.

4. I rejected the term 'self-isolation' and went over the whole history of the question of 'unacceptable situations': how we had foreseen that these would arise, how our partners had assured us that they would not, how a formal promise had been given that effective action would be taken if they did, how events had fallen out exactly as we had foreseen, how we had tried for years to get corrective action taken, how the Community had time after time failed to take the necessary decisions, and how therefore the Community of Nine/Ten had never established the equitable balance of internal interests which the Six had been able to enjoy. What mystified us was the persistent failure of Germany to speak up in the Community in support of the right cause and of German interests. Schmidt had repeatedly put his finger on what was wrong with the Community, but this had never been translated into instructions to the German delegation in Brussels. Kohl had not spoken up in Athens as the Prime Minister had assumed he would.

/...

If the habit of evasion and postponement continued during the coming months, there would indeed be a clash and a crisis, and there should be no doubt of Britain's determination to protect her own interests. But 'self-isolation' was the wrong term. As to the British commitment to Europe, the point was that some people were still casting doubt on this notwithstanding the unmistakable verdict of the British people in the last General Election and the speeches made by British Ministers in recent months.

5. The Ambassador's third theme was Franco-German relations. Here he seemed to be inviting me to confirm that any kind of Franco-German axis would be much resented in London. I said that the current French working methods based on bilateral diplomacy did rather encourage suspicions. This was why the Secretary of State had argued so strongly last weekend that the package for the March European Council must be brought together and unveiled in good time beforehand. As to Franco-German relations, we had welcomed the Treaty of 1963 and fully understood that it put the relationship on a special footing. The question was how this would be interpreted. Some people thought that the French were skillfully playing on Kohl's vision of a better Europe to induce the FRG to make private concessions to France in the Community field, for example by an expensive arrangement on MCAs which would leave little in the German treasury to finance anything else. It would help if Kohl could assure the Prime Minister that there would be no Franco-German deal at British expense.

6. The Ambassador took note of my comments, which he said would not require very much amendment of the draft already on his desk. But he added a last point, which was that we should not see anything suspicious in the fact that Kohl tended to speak of Europe in very general terms. This was simply the way his mind worked. The Ambassador would warn him that the Prime Minister was a master of detail and that he himself should try to master it too. But von Wechmar ventured the suggestion that on the British side there should be a deliberate attempt to pitch the conversation on the European Community in something like the key which Kohl and Mitterrand had recently been using. Otherwise, he seemed to be implying, there was a risk of Kohl drawing the conclusion that Britain saw nothing in Europe except material interests.

JLB

J L Bullard

24 February 1984

24 JAN 1984

Mr. Hawley.

I think we have told Chancellor Kohl 1545 not 1600 on 28 Feb.

Could you please check the file?

A.S.. C. 17/2 ..

Mr Coles

It is 1545 and I have corrected the diary. This will mean the PM leaving the House immediately after Questions.

JMS
17/2

CONFIDENTIAL

FILE

RJ

10 DOWNING STREET

15 February, 1984

From the Private Secretary

VISIT OF CHANCELLOR KOHL

I have now agreed with Mr. Neuer in the Federal German Chancellery that Chancellor Kohl will visit London for talks with the Prime Minister from 1545 hrs to 1800 hrs on Tuesday, 28 February. Neuer and I agreed that the detailed arrangements would be made in the usual way and I should be grateful if you could set these in hand.

The Chancellor will be accompanied by Mr. Teltschick and Mr. Neuer but Neuer will not take part in the talks.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

(1)

BF // Now arranged for 28 February. MR

PRIME MINISTER

16. 2 f.a.

You will remember that we invited Chancellor Kohl to visit London for talks and a working lunch on Monday 27 February.

He has now said that the only possible day for him is Tuesday, 28 February. He would like to have a long talk in the afternoon but does not expect to be entertained.

Could we suggest talks beginning at about 1545 hours (after Questions) and going on till 1800 hours (you have an Audience at 1830)?

A.J.C. Is this really necessary?

If so will do it. But I do not think things have gone sufficiently far for another talk yet

9 February 1984

FCE 84

cc: BELGIUM: Visit of Mr Martens June
NETHERLANDS: UK/Dutch Relations Sept 83

10 DOWNING STREET

From the Private Secretary

1 February, 1984

European Inward Visits

I promised to try to let you have the Prime Minister's decisions today on the various European inward visits which have been proposed.

The Prime Minister is prepared to give Mr. Lubbers a working breakfast on 2 March. Timings are to some extent flexible. But she envisages it beginning at 0815 and continuing until 0930 or, if Mr. Lubbers prefers, 1000.

This would leave 27 February free for a working lunch with Chancellor Kohl. I have seen no account from Bonn of the response to the Prime Minister's recent message to Chancellor Kohl. I should be grateful if you could confirm that this has been delivered. Although the message said that Private Secretaries would be in touch about a date for a meeting with Chancellor Kohl, I would have no objection to the Embassy offering 27 February at the appropriate moment. I shall take it that they will be doing so unless you advise me to the contrary.

You also wrote on 20 January about a possible visit by the Belgian Prime Minister. Mrs. Thatcher's diary is now extremely full and the only way in which she could accommodate Mr. Martens before the European Council is by giving him a working lunch on 2 March, i.e. on the same day on which she is giving Mr. Lubbers a working breakfast. I think this would amount to an extensive demand on the Prime Minister's time and do not propose to take it any further unless you wish to press very strongly.

A J COLES

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

(1)

PRIME MINISTER

EUROPEAN INWARD VISITS

You have already agreed in principle to offer Chancellor Kohl, and Mr. Lubbers a short working visit before the European Council. The Foreign and Commonwealth Secretary would also like you to invite the Belgian Prime Minister for such a visit.

Mr. Lubbers

We offered Mr. Lubbers a working lunch on either 27 February or 2 March. He cannot do either. But he asks whether you could manage a working breakfast on Friday, 2 March. He is prepared to fly over early with Mr. Van den Broek and would then have to get back for the Dutch Cabinet meeting.

Caroline tells me that 2 March falls in a lightish week and that the weekend (3/4 March) is practically free. Would you be prepared to give Mr. Lubbers a working breakfast from say 0815 to 0930 hrs?

Yes - but it seems ridiculous to come over for that. Sunday? MT

Chancellor Kohl

We could then offer Chancellor Kohl a working lunch on 27 February.

Mr. Martens

This is more problematic. We can only manage a working lunch on 2 March (the same day that you give Mr. Lubbers a working breakfast). The argument is that an invitation to Mr. Martens is long outstanding and that it will be useful to see him before the European Council. But I do not press this strongly. Do you want to give him lunch on 2 March?

Is he seeing one?

31 January, 1984

A.F.C. 31/1

MT

MR. COLES o.r.

Dutch and Belgium Prime Ministers

Please see The Hague telegram no. 019 attached. The Prime Minister could not manage a working dinner on 2 March since she is committed to evening engagements in her constituency. As Mr. Lubbers could not make lunch on either 27 February or 2 March the only possibility (unless we look for another date entirely) is a working breakfast on 2 March. This will give the Prime Minister a very long day, and my view is that it would be better for us to start again and look for a new date.

You will wish to consider, and seek the Prime Minister's view, on the possibility of our now offering either 27 February or 2 March to the Belgian Prime Minister.

DMB

26 January 1984

GRS 200

CONFIDENTIAL

CONFIDENTIAL

FM THE HAGUE 251500Z JAN 84

TO PRIORITY FCO

TELEGRAM NUMBER 019 OF 25 JANUARY

INFO ROUTINE UK REP BRUSSELS

YOUR TELNO 7: POSSIBLE VISIT BY DUTCH PRIME MINISTER

1. MR LUBBERS WOULD BE GLAD TO ACCEPT THE PRIME MINISTER'S INVITATION FOR A WORKING VISIT TO LONDON FOR DISCUSSIONS OF MATTERS OF MUTUAL INTEREST, PARTICULARLY EUROPEAN COMMUNITY QUESTIONS. AS IS NORMAL DUTCH PRACTICE, HE WOULD LIKE TO BRING MR VAN DEN BROEK WITH HIM.

2. THIS UNFORTUNATELY RULES OUT 27 FEBRUARY BECAUSE OF THE POCO MINISTERIAL MEETING IN PARIS, WHICH VAN DEN BROEK WILL BE ATTENDING. THE PROBLEM WITH 2 MARCH IS THAT THE DUTCH COUNCIL OF MINISTERS ALWAYS MEETS ON FRIDAYS. THEY START AT 10 A MEETING WHICH USUALLY LASTS 6 HOURS WITH A BREAK IN THE MIDDLE.

3. MR LUBBERS HAS THEREFORE ASKED WHETHER IT MIGHT BE POSSIBLE FOR THE PRIME MINISTER TO SUBSTITUTE A WORKING DINNER FOR THE PROPOSED WORKING LUNCH ON 2 MARCH. IF THIS IS NOT POSSIBLE, LUBBERS COULD COME FOR A WORKING BREAKFAST ON THAT DAY. HE IS PREPARED TO MAKE AN EARLY START FROM THE HAGUE (HE GAINS AN HOUR ON THE FLIGHT) AND VAN DEN BROEK WOULD BE ABLE TO ARRIVE IN LONDON FROM NEW YORK BY 7 AM. THE DEPUTY PRIME MINISTER (VAN AARDENNE) WOULD START THE COUNCIL OF MINISTERS MEETING AND LUBBERS WOULD TAKE IT OVER ON HIS RETURN.

4. OF THESE ALTERNATIVE TIMINGS, LUBBERS WOULD PREFER THE FIRST.

COPIES SENT TO
No. 10 DOWNING STREET

MANSFIELD

LIMITED
ECD(I)
ECD(E)
WED
PS
PS/MR RIFKIND
PS/PUS
SIR J BULLARD
SIR C TICKELL
MR HANNAY
MR JENKINS

COPIES TO:-
MR UNWIN - TREASURY
MR ANDREWS - MAFF
MR WILLIAMSON CABINET OFFICE

CONFIDENTIAL

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

20 December 1983

A J Coles Esq
10 Downing Street

A.J.C. 22/12

L.A.

Dear John,

BILATERAL SUMMITS

I am most grateful for your letter of 16 December, commenting on mine of 15 December to Roger Bone about the timing of the next Anglo-German Summit. I confirm that it should on future occasions meet my point, and prevent even mild complaints, if the FCO, when first contacting you about the proposed timing for a bilateral Summit, could copy their letter to the Chancellor's office, and if you could allow his watchdogs 48 hours to bark if they see a potential problem.

A copy of this letter goes to Roger Bone.

Yours ever,
John Kerr.

J O KERR
Principal Private Secretary

GERMANY.
Visits of Ambassador
Kent
Part 8

CONFIDENTIAL

cc FCO

10 DOWNING STREET

From the Private Secretary

16 December 1983

ANGLO-GERMAN SUMMIT

I have seen your letter of 15 December to Roger Bone. I am sorry that once again you feel somewhat aggrieved at the way the timing of a Summit has been fixed.

The task of arranging dates for bilateral Summits is, as you suggest, very difficult indeed. A normal case probably involves half a dozen contacts between No.10 and the Government concerned. Particularly in the case of the French and the Germans, there is rarely much flexibility. It is hard enough to find one date that is acceptable to both the Prime Minister and Mitterrand or Kohl. I cannot recall a case where there has been a genuine choice between two or three alternatives. And there usually has to be a diary adjustment on one side or the other to arrive at even one date which is mutually acceptable.

The case of the Anglo-German Summit on 2 May, 1984 was complicated by the fact that Chancellor Kohl had accepted an invitation to give the Adenauer Lecture in Oxford and wished to combine this with the Summit. The University authorities could offer very few dates when this would be possible.

We had originally planned that the Summit should follow the classic two day pattern, beginning on the evening of 2 May. It then emerged, contrary to previous advice, that Parliament would be sitting on 3 May which made that date impossible for the Prime Minister.

We then had to consider whether the whole Summit and the Adenauer Lecture could be fitted into 2 May. This was difficult because the Prime Minister had undertaken to chair NEDO during the morning. But, as we informed Judith Simpson on 22 November (David Barclay's letter), we decided that that engagement would have to be cancelled. The upshot was that 2 May was then agreed for the Summit. My letter of 18 November asked Roger Bone to bring the new arrangement to the attention of all relevant Private Offices.

I of course accept that ideally we would check at an early stage with all Ministers likely to be involved that the dates cause no difficulty for them. But even that is not so easy as it sounds.

/ Which

Which Ministers are likely to be involved in a meeting nearly five months away?

My practical suggestion for avoiding difficulty so far as possible is that the FCO, when first contacting No.10 about a Summit, should as a matter of routine copy that letter to a broad selection of Departments who might be involved, with the request that they inform No.10 within 48 hours of any major difficulty. I do not think that that will make the process I have described any easier but if it meets your problem it is acceptable to me.

As regards the Anglo-Italian Summit, I suggest, as I told Judith Simpson earlier this week, that the Chancellor should assume that the Prime Minister would be grateful if he could be present. But it may illustrate the complexity of these matters further if I tell you that the Prime Minister has asked me this morning whether it would not be desirable to postpone the Summit (no action on this please - I shall discuss with the Prime Minister again because I doubt whether postponement is practicable).

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

A.J. COLES

John Kerr, Esq.,
HM Treasury.

GERMANY: Kohl visits to UK

(Anglo Summit)

Please attach all
keys about the Anglo/Germa
and Anglo/Italian Summits.

A.J.C. 15/12

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

15 December 1983

R B Bone Esq
Foreign and Commonwealth Office
Downing Street
LONDON SW1A 2AH

Dear Roger,

ANGLO-GERMAN SUMMIT

will request, if required.

Thank you for your letter of 13 December about the Anglo-German Summit on 2 May.

This response is a mild complaint. A complaint because, as has happened before, and I thought we had agreed would not happen again, this office was not consulted before the Summit timing was fixed. The Chancellor is due to chair NEDC on the morning of 2 May. No 10 were aware of that, because it had at an earlier stage been suggested that the Prime Minister should on this occasion take the chair. NEDC may now have to be moved, given that both the Chancellor and Mr Tebbit will have to be on parade with the Germans. This is a considerable bore. A mild complaint because we ought to have mentioned the NEDC complication to you when we saw Robin Butler's record of the Prime Minister's private meeting with Chancellor Kohl on 9 November, and the reference to the dates of 2/3 May for the next fixture. But given that we knew that No 10 were in the picture, it was perhaps not surprising that we assumed that the normal Summit form would be followed, with the first day's activities being in the evening, and most meetings therefore taking place on 3 May.

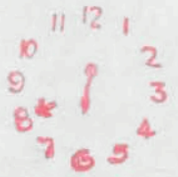
I do realise that the task of arranging these fixtures - and the comparable French and Italian ones - must cause major headaches, particularly for John Coles, to whom I am sending a copy of this letter. But I really would be very grateful if you or he could contrive to bring the Chancellor's office in a little earlier on future occasions. It would, for example, be nice to know fairly soon if the Chancellor has to parade in Rome next month!

Yours ever

J O Kerr

J O KERR

1 - DEC 1983



RESTRICTED

10 DOWNING STREET

From the Private Secretary

18 November 1983

ANGLO/GERMAN SUMMIT

You will recall that at the last Anglo-German Summit it was agreed that the next one would be held on 2/3 May.

It now appears that Parliament will be sitting on these days. Since 3 May is a Thursday, it will not be convenient to have Chancellor Kohl here then.

I have accordingly agreed with his office that the Summit will take place at Chequers throughout 2 May. The provisional plan is that the Chancellor will arrive at RAF Benson at 0900, that the normal pattern of the Summit will be followed up to a joint press conference at about 1530, and that he will then proceed to Oxford to deliver the Adenauer Lecture at 1800.

I have checked with Mr. Michael Kaser of St. Anthony's College that this timing is suitable for the Lecture. He has confirmed that it is and will be putting the proposition formally to Chancellor Kohl's Office.

I should be grateful if you could bring the revised arrangement for the Summit to the attention of Private Offices of those Ministers who you think might be involved.

AJC

Roger Bone, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

FILE

dg

10 DOWNING STREET

From the Private Secretary

18 November 1983

We spoke on the telephone this morning. This is just to confirm that the next Anglo-German Summit has now been arranged for 2 May 1984. I told you that I thought that Chancellor Kohl would be able to deliver the Adenauer Lecture in Oxford at 1800 hours and you agreed to ensure that the necessary approach was made to the Federal German Government.

I shall be grateful if you will let me know details of the arrangements for the Lecture in due course so that I can seek confirmation from the Prime Minister that she would like to be present.

I shall be grateful if you could keep to yourself for the time being the fact that the Summit will be on 2 May since we do not intend to announce the date until nearer the time.

A. J. COLES

Michael Kaser, Esq.
St. Anthony's College,
Oxford,
OX2 6JF

Foreign and Commonwealth Office

London SW1A 2AH

7 November, 1983

Dear John

Date of Anglo-German Summit: Spring 1984

Thank you for your letter of 3 November about the next Anglo-German Summit.

You should know that the Embassy have now reported that the Bundestag is scheduled to be sitting in the week beginning Monday 30 April. Their guess is that Chancellor Kohl might find it difficult to come over for a Summit on 2-3 May. The Embassy believe he might find the following week easier. You may nevertheless still like to propose 2-3 May and invite the Germans to reflect and respond in due course.

Yours ever

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Germany
Chancellor
Visits
Pt 8

cc David Barclay

10 DOWNING STREET

From the Private Secretary

3 November 1983

DATE OF ANGLO/GERMAN SUMMIT : SPRING 1984

Thank you for your letter of 31 October.

We shall propose to the Germans next week that the first Anglo/German Summit in 1984 should be arranged for 2/3 May so that Chancellor Kohl can deliver the Adenauer Lecture in Oxford on 3 May.

A. J. COLES

Roger Bone Esq
Foreign and Commonwealth Office

10 DOWNING STREET

From the Private Secretary

3 November 1983

Thank you for your letter of 11 October. I am sorry that it has taken so long to reply.

It is our intention to propose to the German Government at the Summit next week that the next Summit should take place on 2 and 3 May, 1984. This would mean that the Adenauer Lecture could take place on 3 May, one of your chosen dates. I have, of course, no means of knowing as yet whether the Germans will be able to accept these dates and it is unlikely, though not entirely out of the question, that they will let us have their response when we are in Bonn.

The Prime Minister has asked me to thank you warmly for the Cambridge Encyclopedia of Russia and the Soviet Union which she gladly accepts for the library at Chequers.

A. J. COLES

Mr. Michael Kaser.

Inf. Cab.
Pl. attach the paper
AA 3/11.

(1).

PRIME MINISTER

Date of Anglo/German Summit for Spring 1984

When we go to Bonn next week the question will arise of when we should have the next Summit.

You will recall that Michael Kaser is hoping that in conjunction with the Summit in Spring 1984 Chancellor Kohl will deliver the Adenauer Lecture in Oxford. Michael Kaser has written to me to say that 2 or 3 May would best suit the University.

You could manage a Summit beginning in the evening of 2 May (you are chairing NEDO in the morning) - this will almost certainly be in the Easter Recess.

Do you agree in principle that we should go for these dates and that you should attend the Adenauer Lecture which Chancellor Kohl will give?

A.J.C.

Yes

1 November 1983

10 DOWNING STREET

Daryl

Any difficulties on 2/3 May?
Will there be Questions?

A.J.C. 31/10

John

The PM is due to chair NEDO on the morning of 2 May. Otherwise clear (probably no Questions because of Easter Recess).

DMB
31/10

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

31 October 1983

Dear John.

Date of Anglo/German Summit: Spring 1984

Thank you for your letter of 12 October about Mr Michael Kaser's suggestion that the next Anglo-German Summit in this country might be timed so that Chancellor Kohl could also deliver the Adenauer Lecture in Oxford on 2 or 3 May 1984.

We have consulted Sir Jock Taylor in Bonn, and within the FCO. The Foreign and Commonwealth Secretary sees no difficulties in the Prime Minister proposing to Chancellor Kohl in Bonn at the Summit on 8/9 November that the Spring 1984 Summit might take place on 2/3 May. The Prime Minister might add that if Chancellor Kohl agreed to deliver the Adenauer Lecture at that time she would herself hope to attend.

Early May would be slightly later than usual for the spring Summit with the Germans. But it would be six months after this year's autumn Summit, would not clash with any major interntional meeting, and would fall conveniently one month before the London Economic Summit which is likely to take place on 8/10 June. Both the Prime Minister and Chancellor Kohl found it useful to meet this year in April, a month before the Williamsburg Economic Summit.

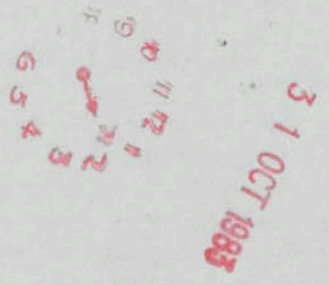
Yours ever

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

RESTRICTED

Germany Chancellor's visits A 8



AJS

Parcel received to Cabinet Office
Mark
25/10.

BONN SUMMIT

The P.M. has not decided but we do not expect her to attend RTA.

Lindsay is asking whether RTA will be attending. They are not pressing – David Williamson will be going.

Can I tell her that you Yes. AJS 25/10 are not expecting RTA to go?

Briefing Mtg (11.30 on 8/11)

a) FCS will only be able to attend for ½ hr. as he has an audience with the Queen. Noted. AJS 25/10

b) The Min. of Ag. will be in the USA – is a substitute necessary? Yes. AJS 25/10. Mark 25/10.

file

859

10 DOWNING STREET

From the Private Secretary

12 October 1983

ANGLO-GERMAN SUMMIT

I enclose a copy of a letter which I have received from Mr. Michael Kaser of St. Antony's College, Oxford. You will recall that he met the Prime Minister recently in connection with our policy on East-West relations.

Mr. Kaser refers to an earlier suggestion which he made that the next Anglo-German Summit in the United Kingdom should be so arranged that Chancellor Kohl could deliver the Adenauer Lecture in Oxford either before or after the Summit. St. Antony's now propose that the Lecture should be given on 2 or 3 May. We need to take a view on this now since it is desirable to fix the date for that Summit when we are in Bonn on 8/9 November. I should be grateful for any view which you wish to offer on the timing of the Summit, and the suggestion that Chancellor Kohl should deliver the Adenauer Lecture.

B/F

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

ST. ANTONY'S COLLEGE,
OXFORD.
OX2 6JF
TEL. 59651

11 October 1983

John Cole Esq.,
10 Downing Street,
London SW1

Dear John

The Prime Minister will, I understand, plan the date of her 1984 meeting with Chancellor Kohl at next month's bilateral session. She told me that she had it in mind to so arrange the timing that the Chancellor could deliver the Adenauer lecture in Oxford either before or after that meeting.

It would be unusual to hold a named lecture such as this out of Full Term, which - since Chancellor Kohl will speak in German - is also the best time to assure an appropriate audience. We did consider the week before Full Term, but Easter Week would be a poor time for gathering an audience. The Vice-Chancellor and the Warden of St. Antony's could both be present on 2 or 3 May, which are the dates the College proposes. The Prime Minister indicated to me that she would herself come to the Lecture. The Sub-Warden of the College, who is also in charge of our German studies, Mr. Anthony Nicholls, will make the arrangements on our side.

§ I take this occasion of enclosing the copy of the Cambridge Encyclopedia of Russia and the Soviet Union, which the Prime Minister said she would accept for the Library at Chequers - seven of the eight academics at our meeting there on 8 September were contributors.

Yours

Michael

Michael Kaser

§ under separate cover

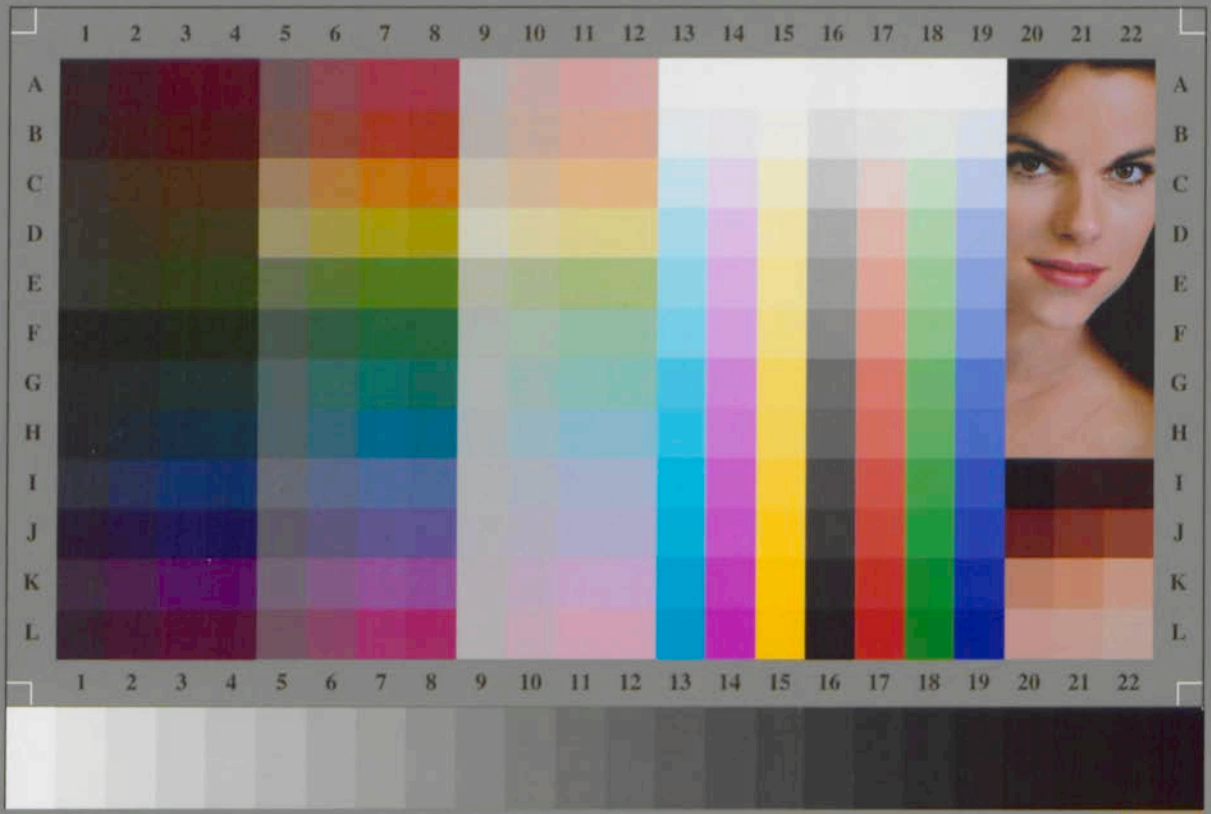
PART 7 ends:-

AJC to FCO. 16/5/83

PART 8 begins:-

Michael Kogos to AJC 11/10/83.

KODAK Q-60 Color Input Target



IT8.7/2-1993
2007:03

FTP://FTP.KODAK.COM/GASTDS/Q60DATA

Q-60R2 Target for
KODAK
Professional Papers

S
80f

PREM 19/1245/2

Part 2 of 2

SECRET

MT

PART 8

CONFIDENTIAL FILING

CHANCELLOR KOHLS VISIT TO UK, APRIL 83, AND SUBSEQUENT UK VISITS

GERMANY

PART 1 : MAY 1977

PART 8 OCTOBER '83

PREM 19/1245

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~10/10/83~~		15.5.84					
~~11/10/83~~		~~9.6.84~~					
~~11.11.83~~		~~22.6.84~~					
~~3.11.83~~		~~2.8.84~~					
~~7.11.83~~		~~8/8/84~~					
~~28.11.83~~		~~24.8.84~~					
~~6.12.83~~		29.8.84					
~~31.1.84~~		ENDS.					
~~9.2.84~~							
~~6.2.84~~							
~~28.2.84~~							
~~5.3.84~~							
~~6.3.84~~							
~~11.4.84~~							
~~2.4.84~~							
~~10.4.84~~							
~~25/4/84~~							
~~1.5.84~~							
3.5.84							
~~4.5.84~~							
~~7.5.84~~							
11.5.84							
11.5.84							

PART 8 ends:-

PM to Mr Clausen 29.8.84.

PART 9 begins:-

CDP to CR. 18.1.85.

Note

Briefs for Anglo-German Summit, 2 May 1984.

EMV (84) 1-11.

Master set preserved in CAB 133. This set ∴ destroyed.

R. Forman
PREM team.
7 May 13

REPORT ON RELATIONS BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND (UK) AND THE FEDERAL REPUBLIC OF GERMANY (FRG)

CONTENTS

1. Introduction

2. Cooperation in selected areas

   A. The Bilateral Relationship: Foreign Policy

   B. Defence and Security

   C. Trade Economic and Social Policy

   D. Scientific Research and Technology

   E. The public service

   F. Legal Affairs

   G. Education

   H. Cultural Relations

   I. Information and the Media

   J. Tourism, Exchanges, Meetings

3. Conclusions

ANNEXES

1. Anglo-German Contacts: FCO/Auswaertiges Amt

2. Anglo-German Relationships within British Forces Germany (BFG)

3. Paper by the British Chamber of Commerce in Germany (BCCG)

4. Anglo-German Contacts: Note by the Department of Trade and Industry

5. Note by the Department of Employment

6. Anglo-German Scientific Contacts: Note by the Department of Education and Science

7. Anglo-German Governmental Contacts

8. Anglo-German Governmental Contacts in Education: Paper by the Department of Education and Science

9. Anglo-German Cultural Relations: Paper by the British Council

Introduction

1. At the conclusion of their summit (the tenth in the series), on 18 November 1981, the Prime Minister and Chancellor Schmidt issued a joint press statement on Anglo German relations. This declaration calls for a progress report to a future summit. In the course of preparations for the summit held in London on 21-22 April 1983, it was agreed that work should be put in hand. Separate reports should be prepared, and exchanged. Joint conclusions would be reached and submitted to Heads of Government at the 15th Summit on 2 May 1984.

2. In drawing up this report, officials have charted the extensive Anglo-German contacts in many areas. They have looked for ways of strengthening these contacts, bearing in mind the limits imposed by existing constraints on public expenditure.

THE BILATERAL RELATIONSHIP

1. The UK and the FRG are connected by the closest bilateral ties which reflect common political, security and economic interests. The multiplicity of these interests is shown by the number of multilateral fora in which the UK and the FRG work together. Besides the EC and NATO, these include the UN, WEU, the Council of Europe, the IMF, the GATT, OECD the Economic Summit, the Namibia Contact Group and the Euro-Arab Dialogue.

2. These close ties express the essential nature of Anglo-German cooperation, which is that of partners and allies: a common effort within the larger grouping of the Economic Community to solve the problems that create a strong, confident and outward-looking Europe; and a common effort within the North Atlantic Alliance to defend our shared values.

3. The deployment of British forces in Germany, Britain's commitment to Berlin and responsibilities for Germany as a whole are a unique feature of the relationship, creating mutual bonds through shared security burdens, and giving rise to a multiplicity of contacts between the British and German peoples.

4. The closeness and importance of the bilateral relationship is recognised in the institutionalised bilateral summits, which take place twice a year, usually involving foreign economic, trade, defence and (sometimes) agriculture ministers besides Heads of Government. The UK holds such summits also with

France and Italy.

5. The Anglo-German parliamentary groups of each country play an important part in the bilateral relationship. They were reformed after elections in 1983, and a conference (in Germany) is overdue. Visits by Select Committees enquiring into particular topics are a particularly useful feature (for example in 1984 by Landtag delegations investigating British experience and plans for cable and satellite TV). There seem to be more British visits to Germany than vice versa.

6. Other institutions which play an important part in fostering better understanding and closer links include: the DEG's annual Köenigswinter Conferences; the Anglo-German Foundation for the Study of Industrial Society, (see chapter on Economic and Social Policy) and the Anglo-German Association.

7. In the area of foreign policy, apart from regular contact in EC political cooperation, the two countries maintain very full and frequent contacts between Foreign Ministries at a variety of levels and over a wide range of subjects. Details are attached at Annex I.

DEFENCE AND SECURITY

I. The Political Framework

1. Defence is possibly the single most important feature of the relationship between the UK and the FRG.

2. The UK and the FRG are allies in NATO and the WEU. They also work closely together, bilaterally and multi- laterally, in all arms control and disarmament fora, such as the CDE, MBFR, and the CD. Both have US nuclear weapons (including INF) stationed on their soil. In addition, the independent British nuclear deterrent is indirectly relevant to the FRG's security through its commitment to NATO, and because an additional decision- making centre complicates Soviet calculations. As major international trading economies, both countries have a common interest in out-of-area threats to eg trading routes.

II. British Forces Germany

3. Under the modified Brussels Treaty the UK is committed to maintaining forces on the Continent of Europe. This is reflected in the deployment of 55,000 Army and about 11,000 RAF personnel in the FRG. These deployments are consistent with the UK's commitment to the NATO doctrine of forward defence. Britain also has responsibilities as a guarantor of Berlin, where there are a further 3,000 troops and a British Military Government.

4. The presence of 67,000 Servicemen and their dependents in Germany is a major bond. This offers tremendous potential for the development of mutual understanding. The relationship with the Federal authorities at all levels is managed by the Joint Services Liaison Office. Details are given at Annex 2.

III Contacts

5. Contacts between the three Services of each country are extremely close. Defence Ministers and their junior Ministers meet regularly, several times a year. Chiefs of Defence Staff meet about twice a year. Other Service Chiefs meet ad hoc. At official level planning talks between each of the Service, and also between Pol/Mil experts, happen once or twice a year.

6. National Armament Directors meet bilaterally twice a year, and additionally in multilateral fora. There are very frequent contacts by their staffs and by the related single service operational requirements staffs.

7. There is considerable exchange of training at Staff Colleges. The RN have exchange officers in the Federal Marines, and there are Army and Air Force liaison and exchange officers in a variety of German service institutions.

8. Members of the Bundeswehr regularly train in the UK, eg sea training at Portland; the Bundeswehr have a tank gunnery training facility at Castlemartin; and there is joint manning of the Tornado conversion unit at Cottesmore.

9. Joint exercising is conducted in all three Services. A Bundeswehr brigade will be attached to Exercise Lionheart.

10. There is close contact between the military intelligence organisations in both countries.

IV. Equipment Collaboration

11. Cooperation on defence equipment projects is substantial. Tornado is the largest current example. Both countries are now participating in the preparatory work for the future European fighter aircraft (FEFA). But significant constraints on increased bilateral equipment cooperation are imposed by national industrial and military pressures

B. Problem Areas

1. Increasing political opposition, on environmental grounds to the inevitable consequences of a military presence (noise from training, from low flying) may cause operational difficulties to BFG (as for all NATO troops in the FRG).

2. Significant constraints on increased equipment cooperation are imposed by national industrial pressures and short term economic considerations, and by differing operational requirements.

3. The number of exchange personnel is limited by budgetary factors; the charges for training an officer are higher in the UK than in the FRG.

TRADE. ECONOMIC AND SOCIAL POLICY

1. Both the British and German economies are typical examples of mature industrial societies. The industrial and commercial links between the two countries are vast and cannot be reviewed in any detail here. But the thickness of the economic texture binding the two countries together is illustrated by the £15½ billion of trade between them and by the fact that there are numerous British firms estalished in the Federal Republic and German firms established in the United Kingdom. The FRG is the UK's second most important market.

2. In certain respects the relationship of the two economies is complementary; in other respects it is competitive. Both countries have well developed agricultural, manufacturing and services sectors. In each of these sectors there are areas where one or other economy has a comparative advantage but the overall picture is characterised by a continuing German pre-eminence in most areas of manufacturing.

3. Both countries are committed through their membership of the European Community to closer integration. It follows from this that the bilateral instruments should complement the mechanisms of the European Community furthering that aim.

4. The trading and industrial links are fostered by, on the one hand, the German Chamber of Commerce and Industry in London and, on the other, by the commercial sections of British diplomatic and consular Posts and by the British Chamber of Commerce in Germany (headquarters in Cologne). Appended in two

Annexes, 3 and 4, are lists of the activities promoting Anglo/German relations of the British Chamber and the activities, under the same head of the Department of Trade and Industry.

5. There is considerable scope for Anglo/German cooperation in the fields of trade, industry, economic, financial, aid, and social policy arising from their common membership of a number of multilateral organisations and groupings, viz the European Community, the OECD, the Group of Five, the Summit 7 and the Group of Ten. In addition, there is a good deal of frequent ad hoc consultation on current issues between departments on both sides viz:

HM Treasury - Ministry of Finance;
DTI - Ministry of Economics;
FCO (ODA) - Ministry of Economic Cooperation;
Department of Energy - Ministry of Economy;
Department of Transport - Ministry of Transport;
MAFF - Ministry of Agriculture;
Office of Fair Trading - Kartellamt;
and of course between the two Central Banks.

In addition, the official Anglo/German Economic Committee meets once a year.

6. The frequency and closeness of consultation and collaboration in these various fora and contacts is excellent. That this is so results largely from long established common

traditions and attitudes and methods on both sides, and also from the similarity of aims and philosophies informing the economic strategies of the two governments; the Federal Government being committed to the concept of the Sozialmarktwirtschaft and the British Government to the concept of the mixed economy. But much of the consultation is directed at "third problems" rather than to closer integration between the two countries and economies, though that aim is often, indirectly, fostered.

The Anglo-German Foundation for the Study of Industrial Society

7. The Foundation was established by intergovernmental agreement in 1973 and incorporated in the UK by Royal Charter for a period of 12 years. It is supported by annual grants from both Governments, and derives further income from the £2 million with which it was originally endowed by the German Government, and small sums from sale of publications. The AGF's objectives are to promote the study and deepen the understanding of modern industrial society, and to foster education and knowledge in Britain and Germany in the fields of science, technology, commerce, economics, sociology and the arts with a view to promoting and stimulating the development of industrial society in a manner most beneficial to the community. The Foundation is working well.

Health and Social Security

8. There are occasional ministerial contacts in this field and frequent ad hoc meetings on specialised subjects. There are

frequent contacts in the European Community, the Council of Europe, the WHO and ILO.

Problems

9. The DHSS have drawn attention to difficulties over German Health Care and Social Security Regulations as they affect migrant workers, and occasional difficulties over students and temporary visitors. The DHSS believe the difficulty arises over the understandable German wish to minimise the financial pressure on their insurance funds. The DHSS have arranged talks with the responsible authorities about this.

Employment and Social Affairs

10. The British Trade Unions contributed to the revival of trades union activity in Germany after the war. German arrangements, whereby workers belong to the single union that covers their industry have worked well, and contributed to a situation where the wages, working conditions and social security benefits available to German working people are the envy of most other countries. There has recently been an increase in the frequency and range of bilateral ministerial contacts: and there are frequent ad hoc contacts at official level, both bilaterally and through the EC and ILO. British and German employers' organisations maintain close and regular contacts, while relations between the major trade union organisations are closer and warmer than they have been for some years. Nonetheless, there is a need to ensure that ministerial contacts in particular are renewed at regular

intervals.

11. A number of recent ministerial and official discussions have been concerned with establishing a common approach so far as practicable to issues arising in the context of draft EC proposals such as the Vredeling directive and the draft directive on industrial noise; and have had useful results. In addition there is scope for further developing official contacts through, for example, greater exchange of information and experience about training for work, measures to combat unemployment; and for adapting to changes in the nature and volume of demand for labour.

12. A note by the Department of Employment is attached at Annex 5.

SCIENTIFIC RESEARCH AND TECHNOLOGY

Anglo-German relations in science and technology are very deep indeed. Interaction in this field has been a prominent feature of the wider European cultural scene since at least the 17th century, from the Newton/Leibniz calculus debate to post-war British assistance to the German nuclear power industry. Historically, scientists cooperated because they knew that together they could achieve more than working in isolation. In the contemporary world much research and development has become too costly for individual European countries to consider alone. Present day Anglo-German relations in science and technology can be divided into 3 broad categories :

(i) - University collaboration and exchange in pure science.

(ii) - Government supported programmes in pure and applied science.

(iii) - Industrial collaboration in applied science.

In all these areas British scientists find a great affinity with their German colleagues' approach to problems and that there is little in the way of a language barrier (English is the international language of science).

University Collaboration

Virtually every British university department has some

interaction with German universities and vice versa. Exchanges are funded from respective national sources, for example, the Research Councils in the UK and the Deutsche Forschungsgemeinschaft in the FRG. The effect of these exchanges is that most professors in senior posts in the FRG have spent at least some of their careers working in the UK and virtually all have attended at least one conference or seminar in the UK. Scientists are ready to work in English because the language seems peculiarly suited to describing experimental and theoretical science.

Collaboration in Government-Supported Programmes

This involves the exchange of work and results between national facilities, Anglo-German cooperation in large international facilities, and cooperation in research and development associated with broad government objectives in both countries. A note by the Department of Education and Science (DES) on Anglo-German official scientific contacts is attached at Annex 6. The DES have drawn attention to the following important areas of cooperation:

(i) Natural Environmental Research Council (NERC) - Climatology, Oceanography, Wave Research, Remote Sensing and Ocean Circulation Studies, Antarctic Research, Research Ship Cruising;

(ii) Science and Engineering Research Council (SERC) - "small" science and engineering;

(iii) Medical Research Council (MRC) contact in international organisations;

Economic and Social Research Council (ESRC) - Bilateral agreement with the Deutsche Forschungsgemeinschaft (DFG).

Industrial Collaboration in Applied Science

The FRG is the UK's second most important market overall. This is equally true (or perhaps even more so) of science and technology. European firms know they have to work together in the market place if they are to meet the US and Japanese challenge. The EC 'Esprit' programme recognises this.

THE PUBLIC SERVICE: OFFICIAL CONTACTS

1. The various contacts between Whitehall Departments and the corresponding Federal German Ministries as outlined at Annex 7. The overall picture is one of frequent and constructive contacts in many areas of work and at different levels. Once personal relationships have been established, many officials maintain telephone contact with their opposite numbers.

2. The Civil Service College and the Federal Academy for Public Administration (Bundesakademie für Offentliche Verwaltung) run several courses a year in each direction for officials from one country to visit and learn about the other. The courses for British officials were until recently conducted entirely in German, but as the supply of interested German-speaking officials has dried up it has become necessary to introduce English speaking courses as well. The courses are popular, and valued by both sides.

3. The same two organisations have arranged a number of exchanges in recent years under which young officials from one country have been attached to a Government Department in the other for periods of up to six months. There have so far been British officials sent to the FRG on such attachments, and German officials in London. An increase in the number of such attachments would greatly help to improve the mutual understanding of the two bureaucracies; but there are problems, including:

a) the small number of British officials with an

adequate working knowledge of German;

b) the decentralised nature of German bureaucracy, which means that some Whitehall officals have their counterparts in the Laender, not in Bonn;

c) the fact that some Whitehall Departments are less ready to receive attachments than their German counterparts; the value of some attachments by German officials has been reduced because so much information has had to be withheld.

The 1984 annual conference of the unofficial association, European Young Administrators will be held in Heidelberg. In 1985 it will be held in the UK. These activities are a useful informal contribution to the work of the Civil Service College and the Bundesakademie.

LEGAL AFFAIRS

1. The Home Office report fairly frequent contacts with the Germans in areas within their field of responsibility and have drawn attention to:

(i) immigration;
(ii) broadcasting;
(iii) police work including counter terrorism;
(iv) limited contact in fire matters.

2. The Home Office Police Staff College and the Fire Service College maintain contacts with equivalent German institutions.

3. The Home Secretary has invited the Federal Minister of the Interior to visit Britain this year.

4. There have been occasional inter-governmental discussions (last occasion in 1976) with German lawyers on matters of mutual interest. The Lord Chancellor's department takes the lead in this country: The Ministry of Justice in Bonn.

5. There is an association of English and German lawyers (The Anglo-German Jurists Association) which meets periodically to discuss matters of mutual interest, in particular conflict of laws (for example, over adoption of children, or enforcement of maintenance payments).

EDUCATION

1. This chapter deals with education matters that in England and Wales are the responsibility of the Department of Education and Science (DES). A report by the DES is attached at Annex 8. This chapter and the DES report should be read in conjunction with the chapters on cultural relations and exchange programmes.

2. The DES has designated the FRG as an analogue country, that is one where the education system is of specific interest and one which, the DES believe, they can study to the advantage of education in Britain.

3. The autonomy of the Länder in Germany (and of Local Education Authorities in the UK) makes it difficult for either country to apply lessons learned in the other. But the DES find their contacts with the Federal Ministry of Education in Bonn and the Anglo-German Mixed Commission (see chapter on cultural relations) increasingly useful. There are regular contacts at official level between the two Ministries bilaterally and within the framework of the European Community. There are also of course extensive contacts between the British and German universities. The German Historical Institute in London plays a valuable role in contributing to a better understanding of the past.

4. The DES are keen to expand their educational contacts with the FRG in the following areas:

(i) information technology;

(ii) links between the universities and industry;

(iii) the school curriculum and in particular the question of how to raise standards.

5. The DES and British Council have drawn attention to the well established arrangements for German students to teach as assistants in British schools and British students and teachers to teach in German schools. These arrangements are valuable and should be encouraged. There is a practical difficulty in that English is the first foreign language in most German schools and knowledge of English is an essential qualification for many jobs. In Britain, however, German is not studied extensively, and there are few jobs where a knowledge of German is required. The limited extend to which German is studied in British schools is a matter for concern.

CULTURAL RELATIONS

1. There is a lively and rich cultural exchange between the two countries. The main instrument for this on the British side is the British Council, which aims, through exchanges, library work and promotion of the arts, to inform about all aspects of life in Britain outside the fields of politics, defence and trade. Cultural relations have developed within the framework of the Cultural Convention of 1958 which is applied by a Mixed Commission which meets biennially. The UK and the FRG cooperate also in the Council of Europe and UNESCO (see also Information chapter). A report by the British Council is attached at Annex 9.

2. The current bilateral problems are:

(i) the declining importance of German in British schools (see also education chapter);

(ii) shortage of funds for youth exchanges and, because of the low priority attached to German, limited interest.

INFORMATION AND THE MEDIA

1. The serious national press of each country reports events in the other extensively and fairly. Stories about the Royal Family figure extensively in the German popular press. The German press corps in London is much larger than the British press corps in the Federal Republic. But this largely reflects the decentralised nature of the German press, and the British corps makes up in quality what it lacks in quantity.

2. A unique development in recent years has been the simultaneous publication of the Financial Times in London and Frankfurt. The Frankfurt edition carries a substantial amount of German news and is already a part of the German media scene.

3. The situation in the broadcast media is less balanced. This is seen most obviously in television, where both German national broadcasting organisations (ARD and ZDF) have resident correspondents in London while the BBC and ITV have none (for television) in Germany: the BBC cover from Brussels and ITV from London. This means that Germany tends to figure on British television only when there is something sensational to report, while German television is able to show a broader picture. German broadcasters buy substantially more TV programmes and other material from the UK than do the BBC and ITV from German companies. Most of these are dubbed, but occasionally programmes are transmitted in English.

4. Information talks at senior official level take place roughly once a year, in Bonn and London alternately. Both sides find these exchanges useful and wish them to continue. The exchanges provide a framework for subsequent ad hoc cooperation.

Problem Areas

5. The relatively sparse coverage of the Federal Republic on British radio and TV, compared with the other way round. It may be attributed to:

i) the British TV companies' relative shortage of funds and tendency to accord high priority to other countries;

ii) the availability of English language programmes from the US, which can be used without dubbing or sub-titling.

TOURISM, EXCHANGES, MEETINGS

Tourism

1. Tourism, exchanges, meetings both informal and within institutions designed to encourage better understanding, all play an important role in ensuring that the next generation of British and German people will be aware of each other's concerns and societies, and capable of cooperating better with each other.

2. The FRG is not currently a mass market destination for British tourists although the attractions of areas such as the Black Forest, the German Alps, and the Bavarian Forest ought to be better known, as should the fact that food and accommodation outside the big hotels represent excellent value for money (and are cheap compared with this country). Germany (which cannot be packaged like Spain) continues to attract tourists with special interests, in music, art, architecture or beer (Oktoberfest). Germany is best appreciated by the independent tourist, who has some knowledge of the language. The low priority accorded to German in British schools means that many fewer young people are taken on school trips compared with France, even though the British Council spend more on youth exchanges with Germany than with any other country.

3. The UK is very popular with German tourists, especially young people. The British Tourist Authority in Frankfurt coordinate efforts in the FRG to keep up the flow of visitors.

Town twinning

4. Anglo-German twinnings were the first to develop after the last war and some 360 partnerships are currently active. A significant number of German towns are waiting to be twinned with a British partner. Progress is slow, given the shortage of British funds and the fact that the majority of German towns seeking a British twin wish to do so in the south of England (primarily to save expense on travel).

Koenigswinter Conference

5. These important conferences, originally the private venture of Lilo Milchsack, the wife of a Düsseldorf businessman, encouraged by Sir Robert Birley (education adviser to the British High Commission at the time), are probably the best known Anglo-German institution. The weakness, if there is one, may be that those who participate are already aware of the utility of contact and dialogue between Britain and Germany. There is also a balance to be struck between the continuing interest of those who have been involved since the conferences started in 1950 and the need to introduce new faces. The young Koenigswinter Conference, held only in Berlin, attracts some financial support under the British Council's youth exchange programme, although (because it is always held in Berlin and because many of the participants are over age), it is not a youth exchange. "Young Koenigswinter" is run by the Berlin based Anglo-German Youth Exchange Council (DBJ), which is also subsidised by the Federal Government in Bonn.

Deutsch-Britischer Jugendaustausch (DBJ)

6. It will be for the German report to evaluate the work of this organisation. It organises and sponsors many Anglo-German youth exchanges and has been particularly successful with groups of young workers and apprentices.

The Anglo-German Association (AGA)

7. The AGA was established after the war in Britain by leading personalities concerned to restore relations between the two countries. It has a programme of activities in London (highlight annual dinner dance) and an annual conference in which regional AGA and other "affiliated societies" such as the association of German teachers take part. The AGA's original purpose has been accomplished but it still has a useful role as a central office which keeps track of Anglo-German activities.

CONCLUSIONS

The report brings out both the exemplary closeness of inter-governmental relations, and the extent and depth of official and non-official contacts between Britain and the FRG. Official contacts are very extensive and in most areas are meeting the needs of Ministries on each side. We have the impression however that there is still a need for greater understanding of each other's system of government, not least by the younger generation. There is, therefore, a continuing need to maintain, and where possible, develop exchanges across the board. This should lead over time to a wider knowledge of Germany and German institutions and systems in the UK, both within Government, business and industry, and the professions. The various unofficial and semi-official institutions such as Koenigswinter and the Anglo-German Foundation, whose work is described in the report, make an invaluable contribution here. We need to ensure that these organisations renew themselves and capture the imagination of the younger generation.

We have considered in the light of this report whether any new machinery is required to manage relations, taking account of experience in managing the Anglo-French, Franco-German and other bilateral relationships. We have concluded that our bilateral relationship has its own dynamic, and that there is not sufficient reason to establish new bureaucratic machinery. Where problems arise it is usually either

because money is not available for all the exchanges that the two sides would like to see, or because insufficient use is being made of the existing machinery.

The underlying problem remains how to increase mutual understanding and knowledge. Popular attitudes in Britain towards the Germans have become much more favourable in the past 25 years, as memories and attitudes inherited from the war period have faded. The British have come to view the FRG, as it is, as a friendly neighbour and ally: a recent opinion poll showed that the British regarded the West Germans as their best friends in Europe. Despite this favourable picture, there remains a problem in Britain; it can be summed up as insufficient knowledge of and interest in Germany. This is true both of hte adult generation which may have retained an outdated picture of Germany, and the younger generation which may not have had the opportunity or inclination to visit the country or learn German. The difficulties in finding British civil servants to take up secondments offered in the German Administration suggest that the difficulty is present in Whitehall too.

Solving such a deep-rooted cultural problem will be a long-term enterprise. A deep knowledge of German history, language, culture, and society is always likely to be the preserve of a minority. Nevertheless it should be possible to spread knowledge more widely than at present. But the progress that has been made recently has been remarkable by any historical standard, and

certainly was not forseen in 1945. This augurs well for the future.

The following conclusions relate to specific areas:

1. Industrial Policy

The Department of Trade and Industry would welcome regular official bilateral contacts on steel, particularly between European Community Steel Councils. More frequent bilateral discussions on ship building policy would also be desirable. The DTI would welcome exploratory discussions with the Germans in the field of new materials, in the context of the BRITE programme.

The work of the Anglo-German Foundation for the Study of Industrial Society should be encouraged and within the terms of its Royal Charter made as responsive as possible to the needs of Government and industry.

2. Health

The Department of Health and Social Security would welcome contacts with the appropriate German authorities responsible for licensing pharmaceutical manufacture.

3. Employment and Social Affairs

The Department of Employment considers that there is scope for developing further official contacts and exchanges of information and experience on training for

work, measures to combat unemployment, and adapting to changes in the nature and volume of the demand for labour. The Manpower Services Commission have suggested that the Anglo-German Foundation for the study of industrial society could be used more in this connection.

4. Energy

The Department of Energy would welcome Anglo-German workshops on energy conservation and renewable energy resources.

5. Science

The Department of Education and Science would welcome further cooperation with the FRG on:

(i) airborne remote sensing of ocean colour and multi-spectoral infrared scanning;
(ii) the development of the UK spallation neutron source as a European facility;
(iii) (Versailles Working Group) research on the United States superconducting supercollider and the large electron positron accelerator tunnel at CERN;
(iv) (Versailles Working Group) solar systems to embrace NASA/EST interests;
(v) wind powered energy;
(vi) remote sensing proposals concerning radar altimetry.

6. Education and Culture

In view of the extensive nature of educational and cultural contacts, and in order to enhance bilateral cooperation in this area there shall be regular meeting of the cultural directors as well as the biennial meetings of the Anglo-German the Mixed Commission.

The Department of Education and Science would like to explore possible new initiatives to facilitate the exchange of information and experience on areas of Government priority, for example, raising levels of achievement at 16 plus. The method would be to examine curriculum and examination methods with a view to considering how these could be used to broaden pupils' skills and knowledge and make them more relevant to everyday life. It would also be valuable to share the experience of the education systems in the UK and the FRG in preparing for and maintaining the economic recovery. Every effort should be made to maintain the level of interest in Germany and the German language in British schools.

7. Information and the Media

The annual official information talks should be used to identify common problems and devise common strategies to deal with them.

The BBC External Services and Deutsche Welle could be encouraged to cooperate further in combating the growing

cost of maintaining audibility around the world. The existing joint transmitter on Antigua provides an example of potentially advantageous mutual cooperation which should be explored further.

Both countries stand at the edge of the cable revolution. BBC TV is already piped to Belgium and German viewers' interest in BFBS TV transmissions makes it clear that there is a substantial potential audience for English TV broadcasts in Germany. Programme providers and cable companies in both countries should be encouraged to examine the possibilities of extending their services in the two countries.

8. Links between Municipalities

The report draws attention to the strength of traditional town links between the UK and the FRG. The DOE have suggested that the FRG might like to join as a full member of the International Town Development Association (which is concerned mainly with new towns).

9. Links between the British Forces in Germany and the German community

The innovative pilot scheme in Bielefeld which seeks to bring together a cross-section of the military and civilian community when they have a shared interest or live alongside one another could be adopted elsewhere as a means of strengthening links between the British Forces and the German community.

ANNEX I

ANGLO-GERMAN CONTACTS: FCO/AUSWAERTIGES AMT

Aid Policy Dept	Annual talks at Ministerial level. Official contacts through multinational fora.
African Depts (Central Africa Dept and East African Dept	Occasional talks at DUS/AUS level. Official contacts through EC, NATO, Namibia contact group
Communications Operations	Six-monthly EC talks: further ad hoc meetings
Communications Planning Staff	Meetings as necessary
Consular Dept	Ad hoc meetings as necessary
Cultural Relations Dept	Biennial meetings of UK/Federal German Mixed Commission. Official contacts through EC, Council of Europe, Euro-Arab dialogue, UNESCO. Ad hoc consultations on a wide range of bilteral and international topics
Defence Dept	Six-monthly Foreign Ministerial meeting at North Atlantic Council. Six-monthly politico-military talks at official level Six-monthly trilateral meeting (US/FRG/UK) before MBFR rounds. Regular multilateral contact through NATO, MBFR and CDE
East European Dept	Regular official contact through East European Working Group of the Ten. Bilateral talks as required.
Energy Science and Space Dept	Annual talks at PUS level on energy research and technology (with Dept of Energy and DTI).
Economic Service (International Division)	Annual Anglo-German Economic Committee meeting; occasional official contacts on ad hoc basis.
European Community Dept (External)	Ad hoc meetings between Aid Ministers. Regular bilateral talks on Lomé and development issues and official contacts in multilateral fora; regular contacts through EC working groups and PoCo.
European Community Dept (Internal)	Three monthly Ministerial meeting on political co-operation. and Working Group meetings.

Far Eastern Dept South Asian Dept South East Asian Dept	Official contact through six-weekly EC/Asia working group meetings.
Information Dept	Annual bilateral information talks at official level.
Information Technology Department	Ad hoc discussions as necessary.
Legal Advisers	Meetings as necessary.
Library and Records Dept	Six-monthly official talks and regular correspondence.
Maritime, Aviation and Shipping Dept	Regular official meetings on Airbus, Counter Terrorism, UNLOSC.
Mexico and Central America Dept	Bilateral exchanges in margins of EC Working Group meetings.
Middle East Dept	No formalised arrangements; Iran/Iraq a frequent topic in Ministerial meetings.
Migration and Visa Dept	Official contact as necessary.
Near-East and North African Dept	Regular contact through EC working group meetings.
Nuclear Energy Dept	Six-monthly bilateral meetings at AUS level Official contact through IAEA, PoCo, URENCO
Planning Staff	Regular meetings at official level, plus contact at international conferences.
Southern African Dept	Bilateral contacts as necessary
Southern European Dept	Four-monthly talks on Cyprus at official level.
South Pacific Dept	Occasional contact through Heads of Mission EC PoCo meetings.
Trade Relations and Export Dept	Frequent official contact through NATO Economic Committee, UN Economic Commission for Europe, COCOM, Euro-Arab Dialogue meetings on Investment Promotion and Protection Agreements.
Training	Annual 'Bund' Civil Service course.
United Nations Dept	Annual bilateral talks at AUS level.

Western European Dept	Six-monthly Head of Govt and Ministerial bilaterals (Anglo-German Summit); further bilaterals on ad hoc basis in the margins of EC, NATO and other meetings. Frequent meetings of Ministers of State in margins of multilateral fora; and bilateral visits as required. Official talks at PUS level 1-2 times a year; frequent talks at official level as required. Western European Union; annual Ministerial meeting; monthly meetings of WEU Council. Council of Europe six-monthly meeting of Committee of Ministers; monthly Ambassadorial meetings.
West Indian and Atlantic Dept	Occasional meetings at official level.

ANNEX 2

ANGLO-GERMAN RELATIONSHIPS WITHIN BFG

INTRODUCTION

1. The British Forces in Germany recognise clearly the need to establish and maintain a favourable climate of opinion in the host nation, and to foster good community relations. Indeed, without such good relations, it would be difficult to carry out their task in Germany, in particular in the face of increasing public concern over environmental issues.

2. For that reason BFG, making full use of the Joint Services Liaison Organisation (JSLO), encourage every sort of contact - social, cultural, sporting and military - between the two communities; considerable effort in terms of both money and manpower is expended on a wide variety of projects.

SPECIFIC ANGLO-GERMAN LINKS

3. BFG are concentrated within the States of North Rhine Westphalia and Lower Saxony. The following links have been established in these areas:

a. Official. Personal relationships have been developed by JSLO at the State, regional government (Regierung-spräsident), county, and municipal levels. These relations are important at Garrison level where the Services Liaison Officer (SLO) is regarded by both the

German and British military as the key figure in bringing the two communities together.

b. Committees. Official Anglo-German committees are organised in many Garrison towns and RAF stations. They deal with a range of subjects including 'living together', aircraft noise, pollution, road safety, schools, churches, and the organisation of social events.

c. VIPs. With the British Consuls-General in the FRG, JSLO advises BFG on the arrangements for Royal and other VIP visits to the British Forces, and the involvement of German officials.

d. Social. SLOs are responsible for advising on participation of local representatives and the press at annual BFG Receptions, Queen's Brithday Parades, military presentations and 'Freedom of the City' celebrations. Mnay British units/Garrisons have received the 'Freedom' of their cities.

e. German Press. The BFG Public Information organisations, together with JSLO, provide local newspapers with factual information on BFG and their involvement in local events; they corrct errors when these occur.

f. Community Relations. Two effective instruments in fostering good community relations are:

(1) Bands. These are always in demand. They appear at local events, such as massed band concerts, festivals, and other municipal occasions. They give concerts in the villages in which BFG have conducted their autumn exercises.

(2) Military Aid to Civil Community. BFG units, and particularly Royal Engineer units, carry out official projects sponsored by local authorities (construction jobs, including minor roads and bridges). Apart from the material value of the assistance given, this brings the members of the unit into contact with the local citizens.

g. Sport.

(1) Anglo-German athletic events/team games.
(2) Mutual use of sporting facilities.
(3) Reciprocal membership of sporting clubs (eg riding, gliding, golf, soccer).
(4) Individual sportsmen, both German and British, with interests in minority sports (eg canoeing, angling, rock climbing, fencing).

h. Anglo-German Clubs/Societies. These exist in a number of Garrison towns and pursue various interest - reading, plays, music, etc. There are generally more applicants from the German than the British side, which may be due to a desire on the part of German applicants to learn or practise their English.

i. Twinnings. BFG are concenrned with two types of twinning:

(1) Between German and British Towns. Local Garrison/British units are frequently involved in twinning celebrations/events in the German town which has a British "twin".

(2) Between British Units and German Towns/Villages. Units, including RAF squadrons and Army regiments, often establish a close relationship with a local town or village. These liaisons embrace sporting and social events and lead to personal contacts.

j. Schools. An innovative pilot scheme in Bielefeld, sponsored by HQ 1(BR) Corps, seeks to bring a cross-section of the military and civilian community together when they have a shared interest or live alongside one another; for example, BFG Schools with the teachers and senior pupils of local German schools. It is hoped that this type of contact will spread to other garrisons.

4. This catalogue shows how widespread are BFG's links with local populations. In general, relations between the forces and the local communities are good. But they could be closer. Whereas there are strong links between Commanders and their staffs, at all levels, with their counterparts in the German representative hierarchy, from Federal down to Municipal and

Parish level, there is much less genuine contact at grass roots. This is to some extent due to the language barrier. Every effort is being made to raise this; for instance, all Commandes at one star level must pass the military German Colloquial examination before assuming their appointment. Another factor is that British Serviceman change over very rapidly and personal contacts are lost.

5. On balance, we believe that the state of BFG's relationships with the German Community is healthy and is steadily improving. But it is a relationship which has continually to be worked upon if it is to thrive.

ANNEX 3

PAPER BY THE BRITISH CHAMBER OF COMMERCE IN GERMANY (BCCG)

1. The BCCG was founded by British and German businessmen in 1960, initially as a forum in which they could meet, exchange information, share experience and discuss common problems. It is now a fully-fledged chamber of commerce with almost 600 members (about half of them British subsidiaries in Germany) engaged in trade, investment and other business relations between Germany and Britain.

2. The BCCG's object is to further trade and investment between the two countries by promoting new contacts and business cooperation between British and German firms; by providing information, advice and assistance to firms already engaged in British-German business operations, and by representing their interests to authorities in both countries.

3. The Chamber is an independent, non-profit organisation financed primarily by its members' subscriptions and run by their elected representatives. Almost 100 British and German business and professional people serve in an honorary capacity on its Council or on the committees which arrange the Chamber's specialist or regional activities. Other members contribute to the BCCG's series of information papers or to its yearbook, magazine and bulletin; take part in its regular surveys, or serve under a free consultancy scheme for newcomers to British-German business.

4. The central Secretariat staff deal with individual enquiries from both members and non-members, produce the Chamber's publications, service its Council, arrange the AGM supporting programmes and seminars, administer the "English for Commerce" and other examinations, and provide other services (listed in the attached leaflet).

5. The BCCG is now setting up a Scholarships Foundation, funded by a number of its members, to provide financial assistance to British and German students, the sons and daughters of members or of employees of member companies, in carrying on their studies in Germany or the UK respectively.

6. The Chamber works closely with the UK official commercial services in Germany. H M Ambassador is its Patron, and the Embassy and Consulates-General are represented on its Council and regional committees. The BCCG also cooperates with the German Chamber of Industry and Commerces, London, by comparing notes on activities and future plans at annual meetings of the two governing bodies; by under-taking joint survey and making joint representations, and by providing certain services to each other's members.

7. The BCCG also cooperates with the leading chambers of industry and commerce in Germany itself, above all by co-sponsoring and organising with them joint meetings, seminars, interview days, etc, and by sending to them (and to trade associations and to the German Foreign Trade Information Bureau) enquiries likely to be of interest to their members.

The Chambers in Düsseldorf, Hamburg and Stuttgart also provide facilities for the "English for Commerce" examinations arranged there by the BCCG.

8. The BCCG cooperates with a number of other German and British organisations active in the general field of British-German relations, such as:

1) The Confederation of British Industry (CBI), London
- the BCCG is the CBI's official representative in Germany;

2) London Chamber of Commerce and Industry (LCCI), London
- the BCCG organises the LCCI's "English for Commerce" and other examinations in Germany;

3) The Anglo-German Association (AG), London
- an Hon Vice-President of the BCCG is a member of the AGA's Executive Committee;

4) The Anglo-German Foundation for the Study of Industrial Society, London
- the Foundation is a member of the BCCG;

5) The Deutsch-Englische Gesellschaft (DEG), Düsseldorf
- the BCCG and DEG coordinate their programme planning, and arrange some joint events, inviting each other's members to other meetings;

6) The Deutsch-Britischer Jugendaustausch (DBJA), Berlin
- the BCCG is a sustaining member of the DJBA, and gives a

reception each year for British trainees working temporarily in Berlin;

7) The Fachhochschule Osnabrück cooperates with the Buckinghamshire College of Further Education and a French institute in a joint "European Business Studies" programme for British, German and French students
- the Fachhochschule Osnabrück is a member of the BCCG;

8) The Toenissteiner Kreis, a jointly sponsored by the Federation of German Industry, the German Employers Confederation and the Association of German Chambers of Commece
- the BCCG is cooperating with the TK by helping to secure UK speakers who can visit Germany to address meetings of both organisations' members;

9) Arbeitsgemeinschaft Internationaler Partnerschaft, Hennef
- the BCCG is a member of this town twinning promotion organisation;

10) British Institute of Management (BIM)
- the German branch of the BIM is a member of the BCCG;
it has regional groups of both German and British (civilian and service) members in Germany;

11) The German Accountants Group, affiliated to the UK Institute of Cost and Management Accountantants
- both Chairman and Secretary of the Group are members of the BCCG;

12) British Forces Education Service (BFES), Mönchengladbach;

- the BCCG has provided for the BFES Careers Service a list of members, both British and German, willing to advise sixth-form pupils on their trades and professions;

ANNEX 4

ANGLO-GERMAN CONTACTS: NOTE BY THE DEPARTMENT OF TRADE AND INDUSTRY

Ministerial

Bilateral meetings about 4-6 times a year, including summits.

Official

Regular meetings at Permanent Secretary level.

i) Trade Policy and Export Promotion issues:

Regular and frequent contact at Deputy Secretary and Under Secretary level with German officials at summits, in the margins of Brussels meetings and other fora, and by telephone.

ii) Insurance and Company Policy

Two bilateral meetings at Deputy Secretary level with German officials in February and October 1983. Further meetings may be desirable, but there is already frequent bilateral contact at Brussels and in the margins of other international meetings.

iii) Telecommunications

At least one regular bilateral meeting has been held each year over the last three years. These contacts will continue.

iv) Electronics Applications

There are useful bilateral meetings with German officials on micro-electronics, optoelecronics and fibre optics. These take place about three times a year and were initiated in 1981; the venue alternates between the UK and Germany. On one or two specific occasions industrialists have been included.

v) Robotics and advance manufacturing technology

Official contacts take place with the Germans as part of the tripartite robotics group which also involves France. The group initiated in 1981 meets about twice a year to discuss areas of possible collaboration in robotics and advanced manufacturing technology. The UK is pleased at the progress made by the group and meetings will continue on a regular basis.

vi) Standards policy

There are frequent and regular contacts between officials at roughly Assistant Secretary level on policy and practical problem questions in the field of quality

assurance, standards, certification, testing and technical barriers to trade.

Regular tripartite meetings (including France) at Under Secretary level take place at annual intervals.

vii) Shipbuilding Policy

There is regular contact at official level at Community meetings, but a separate bilateral meeting at Under Secretary level was held in Bonn in mid-1983. It is intended to step up these bilateral contacts in 1984.

viii) Steel

Several meetings have recently taken place at official level to discuss Community steel policy, and two ad hoc meetings took place in Bonn in preparation for steel councils.

ix) Jurisdictional matters

In 1983 there was a visit by two officials from the Department to Bonn for discussions on mutual attitudes to jurisdictional problems with the USA. This contact will probably be resumed from time to time in the future.

ANNEX 5

NOTE BY THE DEPARTMENT OF EMPLOYMENT

1. Ministerial/Official Visits

In November 1982, it was agreed that there should be regular Ministerial and official contact. Fairly frequent contacts were maintained in 1983 (the Secretary of State and two other Ministers visited Germany) after a long gap. We need to ensure the maintenance of such contacts at regular intervals. Good links already exist between the Manpower Services Commission and the Bundesanstalt fuer Arbeit.

2. The Social Partners

Regular and close contacts are maintained between employer's organisations; the EEF has particularly close links with Gesamtmetall and the CBI has regular contacts with the German Employer's Organisations BDI and BDA. As far as trade unions are concerned, contacts between the TUC and DGB are mainly through the European TUC and the ICFTU. A delegation from the TUC did, however, visit Dusseldorf last summer. There are links of varying closeness and intimacy between individual trade unions. Again, contacts are often through the appropriate internatioanl organisations (IMF, FIET and so on) but British Trade Union Delegations regularly appear at German Trade Union Congresses and the senior officials on both sides know one another well.

3. Young Worker Exchange Scheme

This EC scheme, originally set up in May 1964, offers young people a period of work experience and vocational training with an employer in another Community country. Following completion and evaluation of the first programme, a second programme commenced in July 1979. The new programme has been slow to start; the number of exchanges with Germany (British and German) since 1980 totals nearly 100 young people - not as many as epxected. However, the UK regards it as providing useful vocational training and young people on the Government's Youth Training Scheme are able to participate. The Central Bureau for Educational Visits and Exchanges co-ordinates the scheme in the UK.

ANNEX 6

ANGLO-GERMAN SCIENTIFIC CONTACTS: NOTE BY THE DEPARTMENT OF EDUCATION AND SCIENCE

Secretary of State last met with German Minister for Research in December 1982. A meeting intended in 1983 was postponed. Discussions about a meeting in early 1984 are proceeding.

Other Ministerial meetings at PUSS level have taken place, either in the UK or Germany, every year since 1979. The most recent was in Ocotber 1983.

Official: Deputy Secretary attends tripartite Meetings on Science Policy together with Chief Scientific Adviser Cabinet Office, with German and French Counterparts. Meeting now takes place about once a year, sited in each country in rotation.

Research Councils have many links via individual scientists in the various institutes with their counterparts in Germany. The Councils also have formal and informal agreements for cooperation particularly in the following:-

SERC — European Organisation for Nuclear Research (CERN)

" — Institut Laue-Langevin (ILL)

" — European Space Agency (ESA)

" — European Incoherent Scatter Scientific Association (EISCAT)

" — ROSAT (West German Satellite carrying Xray telescope)

" — AMPTE (Active Magnetospheric Particle Tracer Explorers)

" — Spallation Neutron Source (SNS) (SERC's major facility)

" — SNQ (The German equivalent to SNS)

" — MRSE (Microwave Remote Sensing Experiment)

NERC — The following Institutes of the Natural Environment Research Council have collaborative links with German Research Establishments:-

Inst. of Geological Sciences in a European geological survey link and radio-active waste disposal on land.

Inst. of Oceanographic Sciences with FRG Oceanographic Institutions including research into disposal of radio-active waste at sea.

British Antarctic Survey with Alfred Wegener Institut fur Polarforschung

Thematic Information Services unit discussions on remote sensing mainly with the German Aerospace Establishment (DFVLR)

Inst. of Hydrology flood protection joint research within EC Environmental Programme

Inst. of Terrestrial Ecology research on grasslands, conservation of land and birds, and air pollution effects

MRC The Medical Research Council are the UK adhering members of the European Molecular Biology Organisation (EMBO) which includesEMBL (Laboratory) and EMEC (Conference). Germany is one of nine other members.

There are also many informal contacts at scientific level under ad hoc arrangements

ESRC The Economic and Social Research Council has a bialteral agreement with the Deutsche Forschungsgemeinschaft enabling exchanges of social scientists for study and research.

AFRC The Agricultural and Food Research Council has many contacts at Institutional and Scientist level with counterparts in German establishments. These are invariably on an ad hoc basis.

The Royal Society administers a DES grant for long and short term visits via the European Science Exchange Programme, to and from Western Europe, by scientists at both senior and junior level.

The Society is the adhering body to the International Council of Scientific Unions (ICSU) which embraces Academics, Research Councils and Governments of 64 countries (including the Federal Republic of Germany).

The five Research Councils and the Royal Society are members of the European Science Foundation (ESP), a non-governmental organisation for bodies which are responsible for supporting scientific research at a national level.

ANNEX 7

ANGLO-GERMAN GOVERNMENTAL CONTACTS

Ministry of Agriculture, Fisheries and Food	Ministerial: annual bilateral talks, with further meetings in the margins of summits and Agriculture Councils in Brussels. Official: frequent ad hoc meetings, EDC study (now completed) on the comparative efficiency of dairy farming in England and Wales and the FRG, contacts as appropriate.
Ministry of Defence	Ministerial: meetings at Secretary of State level at bilateral summits, and as appropriate in the margins of NATO Ministerials; periodic Secretary of State trilateral meetings (with France) on equipment matters; periodic Minister of State meetings on procurement. Official: Chief of Defence

	Procurement meetings at least twice a year, with frequent further meetings on procurement as necessary; annual Defence Staff talks; CDS/ Inspector-General of the Bundeswehr talks every 6-9 months; numerous other Service contacts at a number of levels.
Department of Education and Science	Ministerial: occasional meetings at Secretary of State level; regular meetings at PUSS level. Official: regular PUS talks; annual tripartite talks (with French) on science policy at PUS level; frequent meetings at international fora (OECD, EC, NATO Science Committee); numerous formal and informal meetings of research councils; periodic seminars on information technology; occasional meetings on co-operation in higher education; frequent meetings on administration of youth and students exchanges (CBEVE); frequent official exchanges.

Department of Employment	Ministerial: fairly regular meetings; two meetings at Secretary of State level in 1983. Official: annual PUS meetings; annual MSC Chairman meetings; annual meetings under a formal exchange of information agreement on the safety of nuclear installations; ad hoc contacts on a number of technical issues.
Department of Energy	Ministerial: from time to time on an ad hoc basis (2 meetings at Secretary of State level in 1983). Official: PUS (and usually FCO representation) meets German side once or twice a year; other occasional ad hoc meetings as necessary.
Department of Environment	Ministerial: Occasional meetings on environmental protection (EP); meetings as necessary on regional planning,

	housing and urban development.
	Official: Anglo-German working party meets twice yearly to discuss a wide range of EP issues; bilateral contact on EP expected to increase; occasional meetings on regional planning etc.
FCO	Covered separately
Department of Health and Social Security	Ministerial: occasional (one meeting at Secretary of State level in 1983).
	Official: fairly frequent ad hoc contacts on specialised subjects.
Home Office	Ministerial: very occasional (Secretary of State bilateral planned this year).
	Official: fairly frequent contact on an ad hoc basis on subjects including immigration, broadcasting, police, technical co-operation and counter

	terrorism; regular liaison between immigration officers; limited contact on fire matters.
Lord Chancellor's Office	Official level discussions on legal matters approximately every two years.
Management and Personnel Office	Official: regular contacts over training and the Anglo-German interchange scheme for civil servants.
Department of Trade and Industry	Ministerial: bilateral meetings 4-6 times a year, including summits.
	Official: regular meetings at PUS level; frequent contact at DUS and AUS levels on trade policy and export promotion issues at summits, Brussels meetings and other fora; biannual DUS meetings on insurance and company policy; annual meeting on telecommunications; meetings on electronics applications three

	times a year; biannual tripartite (and France) meetings on robotics and advanced manufacturing technology; ad hoc meetings and annual tripartite AUS-level meetings on standards policy; regular contacts on shipbuilding policy; ad hoc meetings on Community steel policy and juridictional matters.
Department of Transport	Ministerial: occasional meetings on an ad hoc basis. Official: annual meetings to discuss permits and licences for road haulage and international coach travel; ad hoc contacts as necessary.
Treasury	Ministerial: Chancellor attends the six monthly bilateral summit and there are also frequent ad hoc consultations Official: Anglo-German Economic Committee meets once a year (includes Bank of England and FCO); other frequent ad hoc meetings.

ANNEX 8

ANGLO-GERMAN GOVERNMENTAL CONTACTS IN EDUCATION

Paper by the Department of Education and Science

1. The Department of Education and Science has recently accorded a higher profile to maintaining and improving close relations with the FRG in the field of education, and in particular to sharing experience in areas of common concern to both countries. Efforts have been concentrated on the following priority areas:

(a) information technology;

(b) the transference of experience between further and higher education and industry:

(c) institutional links.

ANGLO-GERMAN BILATERAL CO-OPERATION

2. Following the Anglo-German Mixed Commission talks held in London at the end of 1982, closer co-operation has been successfully developed at a number of levels:

(a) Inter-Military contact

(i) Ministerial: It is intended that the German Minister of Education will make a visit to the UK later in the year;

(ii) Official: Following the visit of the German State Secretary to London in February 1983, it is planned that the DES Permanent Secretary will make a return visit to the FRG in May 1984. Regular informal talks led at Under-Secretary level have been established between the two Ministries, the first of which was held in Bonn in November 1983.

/(b)

(b) Shared Seminars

(i) Institutional: A seminar to examine common problems, including relations with industry, and the scope for extending co-operation between the Fachhochschulen and Polytechnics was held in Mainz in September 1983 and was attended by representatives of institutions, Government and central bodies. It is intended to follow up the seminar by setting up exploratory meetings and other contacts between relevant organisations from the two countries with a view to initiating partnership arrangements and facilitating better exchange of information on courses, research etc.

(ii) Information Technology: A seminar on the impact of new technologies on education in schools was held in April in the UK and was attended by administrators and practitioners. The programme will include school visits to enable the visitors to see at first hand work on microelectronics in schools mainly in the context of the Microelectronics Education Programme (MEP). A similar seminar and visits programme has been suggested by the Germans for late 1984/early 1985 to look at their work in the field of microelectronics in Further Education.

(c) Exchanges:

(i) General: The UK are proposing that a colloquium might be held involving people from both countries concerned with education and youth exchanges to consider the consolidation and development of educational links and exchanges between the UK and FRG.

(ii) Technical Education: At present, the two Ministries are exploring the possibilities of developing an exchange programme between British and German apprentices and young adults along the lines of one currently being established between the French and British, to pursue the most effective ways of preparing the sort of workforce needed for industrial renewal and development.

(iii) Institutional: The Central Bureau for Educational Visits and Exchanges (CBEVE) have an extensive programme of links and exchanges with the FRG, including exchange of foreign language assistants, teacher exchanges, teacher short courses, school pupil links (visits and exchanges, penfriendships) and student work placements.

STUDY VISITS

3. British universities have taken advantage of the EC scheme in 1976 for the development of joint programmes of study between institutions of higher education in different Member States with a view to assisting student mobility, securing about 70% of the grants made available. At local education authority level, the FRG and Denmark are the

countries most often chosen for visits by regional and local administrators under the EC Short Study Visits Scheme.

4. During 1983, four groups from the UK visited the FRG as part of the final year of a 3-year study visit programme on technical education co-ordinated by the DES and arranged by the FE Staff College at Coombe Lodge, with the assistance of the British Council and CBEVE.

GENERAL CONTACTS

5. In addition to the specific areas of bilateral co-operation outlined above, officials and members of HM Inspectorate have attended meetings in and made visits to the FRG.

ANNEX 9

ANGLO-GERMAN CULTURAL RELATIONS

PAPER BY THE BRITISH COUNCIL

Introduction

The essential characteristic of these is that they are long-term; increasingly, therefore, they are aimed at the next generation of Germans.

Cultural Relations work

- informs the Germans about all aspects of Britain (excluding politics, defence and commerce),
- generates appreciation and understanding of Britain,
- develops collaboration between the two countries, often over the long term.

Instruments and Programmes

The main instrument on our side is the British Council, whose activities are undertaken on the German side by the Goethe Institut (language, libraries culture); the DAAD (academic exchanges, scholarships); the A. von Humboldt Stiftung (scientific exchange); the Carl Duisberg Foundation (vocational and industrial training); Internationes (book programmes); Ministry of Youth, Family and Health (Youth Exchange); Deutscher Städtetag (town-twinning) etc.

A. Libraries & Information about Britain

1. British Council (32 % of BC effort, re-distributing administrative overheads)

4 Libraries (lending and reference)
64,000 Books
340 periodical titles
4,800 documentary films, slide-sets, cassettes etc (AV material).
7,900 members, including over 550 postal loan corporate and individual members, including 230 schools, university departments etc, 120 individual teachers
30,000 educational, reference, informational enquiries answered annually; computer search facility (Cologne) & British and other da bases. Promotion of sale of British Books (Frankfurt Book Fair, Book exhibitions, and a full-time L/E post to inform British publishers about German booksellers and vice-versa.)

Provision of 'Landeskunde' materials (see English Language, below).

2. COI, BIS, Embassy Information Section

3. British TV-Radio (BBC, IBA, BFBS)

Enormous range and variety of programmes dubbed into German. (NB. Most radio stations also record visiting British musical groups, often under BC sponsorship).

There is currently great demand for English-language versions, hence popularity of BC shown feature films (183 in 1982/83) and of loans of documentaries (1228 in 1982/83).

Cable and satellite TV will have a marked effect on abili of Germans to receive British TV programmes.

B. Exchange programmes (26.8% of BC activity).

Targetted BC Exchanges

Subject breakdown:
46% Education and Social Sciences
29% Science and Technology
14% English Language and Literature
10% Arts and Humanities
1% Other

These are designed to inform key people, academic and non-academic, about British developments in their various fields,; and to identify partners for future collaboration over the longer term.

150 Visitors to Britain (ranging from fully-programmed fully-funded in Britain to small grants-in-aid).
20 - 25 Scholarships for academic and other high-flyers and short-term bursaries for a piece of grant research.
6 scholarships for young lawyers.
160 Travel grants for academic interchange, to establish inter-departmental links or collaborative research and t lead to further staff and student exchange.

4 - 6 group study tours in non-academic fields (e g German engineers studying British engineering education; Landtag Committees studying public funding of the Arts). Self-financing.

Specialist Courses in Britain (namely science, medicine, public administration, agriculture). About 40 - 50 German participants. Largely self-financing and highly specialised.

120 specialist tourists and lecturers from Britain, about 26 % fully programmed. Lecturers on In-Service teachers' courses run by Länder (English, Landeskunde); Lecturers at Universities and Seminars (e g Hohenkammer), those identifying institutions and individuals for scientific interchange.

Un-targeted exchanges

Youth Exchange c £ 175,000 through BC London to youth groups and organisations to subsidise short group exchanges in both directions. The programme with Germany is Britain's largest. 8,800 people were funded by Britain in 1982/83 and 12,000 by the German partner organisation: Ministry of Youth, Family and Health; local liaison and advice by BC Germany.

School Exchanges No central subsidy. Financed by Länder or by municipalities (often within town-twinning links) on German side and by LEAs in Britain. Advice and practical help provided by Central Bureau for Educational Visits and Exchanges.

Estimated numbers: 10 - 15,000 p. a.

Town Twinning Links (pump-priming funds for initial exchange of municipal officials from British Council London; BC Germany liaises and informs); 350 current links (biggest number between UK and any other country); 10 - 15 new twinning ceremonies every year. Waiting list: about 40 German cities, about 10 British. Most of S.E. & S.W. England saturated, particularly larger towns. Many links Bavaria-Scotland; Baden-Württemberg-Wales; unsatisfied demand from N Ireland.

(Many school, sport, music, municipal exchanges under these links).

Other exchanges

Difficult to quantify (e g au-pairs).

c 40,000 Germans visit Britain annually for English Language short-courses, often combined with holidays. (see English Language, below).

C. The Arts (20,8 % of BC activity)

Arts, like Education, a Länder and municipal responsibility, and under 3% of £ 700 million devoted to it in Germany comes from Central Government. Decentralisation and municipal rivalry and independence have created facilitie in cities which are the envy of Europe. Receptivity to cultural offerings high, but standards also high. Most of the money goes into permanent companie and orchestras, and apart from festivals (which have special funding) and cities with no resident performers, cultural presentations have to be subsidis if proper geographical coverage and representative repertoire are to be maintained. There is a downward trend in German funding for the Arts, and therefore increasing difficulties in financing tours by foreign groups.

Over 90 % of cost of British visiting groups met by German funding.
BC 'notional' London performing arts budget for Germany about £ 32,000, in practice usually more.

Fine Arts separately funded by BC London, over 90 % funded by German galleries, museums etc.
BC expenditure from Local Germany budget (including smaller-scale performances in Council Centres, Universities, Anglo-German Societies) about £ 30,000, receipts £ 8,000.
c 6 Fine Arts and photo exhibitions every year
18 - 20 Music Tours
2 - 3 Drama or Dance tours.

B. English Language & Literature work

English Language Centre, British Council Munich

Highly specialised, (subsidised), courses for government departments, companies, and occupational groups (e.g. doctors, architects, lawyers, teachers and advanced learners of English).

Support for key institutions of English

BC English Language Officer and Regional offices, using Council exchange programmes to support teacher-training courses by Länder, activities by key University English Departments, conferences, seminars, and curriculum development projects.

'Landeskunde' (cultural studies)

This forms part of English teaching at all educational levels, and is about a variety of aspects of life in Britain. See para 1.1 for library provisio A Landeskunde element has now been introduced into many Land In-Service Cōu for teachers which BC supports with Exchange funds, and it is also a key el ment of recent BC collaboration with WDR on the making of films about life in Norwich, for educational use.

A further Landeskunde development is a series of Seminars for Land Civil Servants, in English, about Britain, with distinguished British speakers. Seminars were held in Bavaria in 1981 and 1983, and with Baden-Württemberg in 1983.

English Literature

English studies collections in Libraries and for postal loans. Support for symposia on Literature and poetry, bringing out British speakers. Lecture tours for contemporary writers (using the opportunity to promote sales of their work).

British Assistant Teachers

There are 400 - 500 in German schools in any one year, under arrangements co by the Central Bureau for Educational Visits and Exchanges. Many receive materials support and advice from the Council.

English Courses in Britain

The BC maintains displays and publicises reference material about all recognised courses, which about 40,000 Germans attend each year at their own expense.

E. Science and Technology

The Council's specialist Science Officer complements the work of the Embassy's Science Section by organising scientific interchange and links, mainly in the University and Fachhochschule/Polytechnic sector, using Council exchange programmes, to identify and exploit areas of particularly fruitful collaboration. 29 % of all exchanges funds deployed by the Council are in this field. The priority areas are engineering and applied science, ie those fields in which research or other collaboration are likely to have the most practical benefit.

F. Education

Germany is an "analogue country" for DES, ie one in which it seeks to gain practical benefit for the British system by studying the German. Activities include the following:

Exchanges between officials of the DES (including HMI) and the Bundesministerium für Bildung und Wissenschaft (BMBW).
Information Visits by groups of British educators (e g vocational trainers arranged by Coombe Lodge, Central Bureau and BC.
Exchanges between Universities and Fachhochschulen/Polytechnics - arranged by the Council.
Informational visits to Britain by Länder officials, teacher-educators, etc arranged by the Council.

(46% of British Council Exchange funds are spent on Education and the Social Sciences.

Progress Report

on

Anglo-German Relations

February 1984

Contents

		Page
Introduction		1
1.	Foreign policy	2
2.	Security policy	4
3.	Economic and social policy	6
4.	Science and technology; the environment	8
5.	Justice and home affairs	10
6.	Cultural relations	11
7.	Information and the media	15
8.	Encounter and exchanges	16
Conclusion		18
Annex		
I.	Priority areas	1
II.	Specific proposals	1 et seq.

At the Anglo-German Consultations of Heads of Government in Bonn on 29 October 1982, Federal Chancellor Helmut Kohl summed up Anglo-German relations as follows:

> "It is a solid and mature friendship. It is founded on the common interests of both countries. It is rooted in our international obligations, be they in the European Community or in NATO. The United Kingdom also remains a guarantor of our security, of the peace and freedom of the Federal Republic of Germany. The existence of the Army of the Rhine is part of the history of German liberty. The United Kingdom is a protective power in Berlin."

From the British side, too, our close co-operation and agreement on important questions, in particular those of foreign policy, defence and Europe, is emphasized at high-level meetings. Intergovernmental co-operation has increasingly become a matter of course in a broad partnership conducted in a businesslike manner, marked by openness and trust in the reliability and professional competence of the other.

Fortunately, the close partnership between the two Governments is reflected in the regard of the two peoples for each other. A recent opinion poll indicated that the Federal Republic of Germany is considered in the United Kingdom to be Britain's "best friend" in Europe. Similarly, in the Federal Republic of Germany, the United Kingdom rates as Germany's most important European partner next to France.

The Elysée Agreement formalized a historical turning-point in Franco-German relations. No such formalization of Anglo-German relations has taken place. It is indeed doubtful whether such additional institutionalization is necessary or even desirable. Every mature relationship develops its own quality and its own forms. For all its informality, not even the Anglo-German relationship can do without institutions: the biannual Anglo-German summit talks can be regarded as the umbrella institution and the highest authority. In the "Königswinter talks" the two countries have a discussion forum at their disposal which serves almost as a "Parliament", and which, as an instrument

of the Anglo-German association, has become part and parcel of our public life. Another institution created by the two Governments is the Anglo-German Foundation for the Study of Industrial Society, which could assume increased importance if it were developed into a permanent forum for Anglo-German co-operation.

Anglo-German relations, of course, are not an exclusive association. They are transcended by the Atlantic Alliance and the European Community, in which both countries are firmly rooted. Both peoples are part of the community of free nations. This community is given meaning and vitality not only by institutionalized co-operation but also to a significant extent by the web of links maintained among themselves by the separate nations within the community according to their historically conditioned special interests and objectives. These multilateral ties are also pillars which lend solidity to Anglo-German relations.

Finally, one other aspect of Anglo-German relations should be emphasized, namely the special role played by the United Kingdom, along with the United States and France, as one of the powers bearing particular responsibility for Germany as a whole and Berlin.

1. Foreign Policy

The state of relations can be measured by the close and constant co-ordination, marked by mutual trust and understanding, of all aspects of foreign policy at all levels, including the highest level:

- six-monthly consultations of Heads of Government, normally involving the participation of the Ministers for Foreign Affairs, Defence, Economics and Finance, and occasionally including other ministers;

- continuous consultations at all levels, sometimes bilateral but mostly in multilateral frameworks such as European Political Co-operation (EPC), NATO and CSCE. Regular (twice-yearly)

consultations on United Nations matters (as well as in the Contact Group on Namibia);

- close co-ordination in the European Community, multilateral co-operation being accompanied by bilateral consultations;

- co-operation in a spirit of mutual confidence on matters affecting Berlin in six-monthly meetings with the Foreign Ministers of the protective powers and weekly co-ordination in the Group of Four;

- increased consultation on policy towards the Third World, particularly on attempts to co-ordinate development policies;

- growing co-operation at other levels, for instance through ministerial meetings, regional contacts and not least through parliamentary and party contacts. Political foundations maintain close links with British social groups, and the Konrad Adenauer Foundation runs a Permanent Office in London.

The contacts referred to above have led to significant intensification and expansion of co-operation between the two countries in recent years. This has been sustained by largely converging interests and by a common fundamental outlook on foreign and security affairs as well as economic and social policy. The strengthening of this co-operation is important, since concerted action by the countries at the political and strategic heart of Europe is an essential element of internal and external European policy.

Although for historical reasons the two countries' thinking rests on differing assumptions, close collaboration on European Community affairs has brought about growing rapprochement based on improved mutual understanding of how their respective interests compare. Despite continuing differences in positions on individual issues, both sides share the conviction that the major problems outstanding require

swift and comprehensive settlement on the basis of a balanced compromise. Co-operation with the United Kingdom within the EPC framework has been particularly successful and constructive. Britain's political instinct and international experience have heightened the effectiveness of European Political Co-operation. Furthermore, the United Kingdom has taken important initiatives with regard to the development of EPC, such as the improvements in the distribution of EPC responsibilities and rules of procedure set forth in the 1981 London Report.

The framework of co-operation between both countries which has evolved and the style which has developed have proved themselves and already have the potential to lead to further strengthening of the existing links.

2. Security Policy

The defence contribution by both countries to the Atlantic Alliance is crucial to Western European security policy and is a vital element of Anglo-German ties. Of decisive importance in this sphere is the common defence provided by the deployment of the British Army of the Rhine on the territory of the Federal Republic of Germany, a deployment contractually rooted in the Western European Union. Occasional proposals that the Army of the Rhine be pared down in favour of an increased British maritime role in NATO have been emphatically rejected by the British Government. This official attitude is underlined by the large-scale Lionheart 84 military exercise.

The Federal Republic of Germany and the United Kingdom firmly support the Alliance philosophy that disarmament and arms control are integral parts of Alliance security policy. In accordance with this fundamental thinking, both sides participate actively with substantial contributions to the efforts for balanced and verifiable arrangements at the negotiations between West and East and on a global scale.

The emphasis placed by both sides on a common security policy is expressed in the range and depth of the continuous and regular consultations at all levels:

- talks between the Defence Ministers as part of the Anglo-German summits and regular visits;

- annual and continuous consultations on security policy between the Ministers of Foreign Affairs and Defence;

- consultations in the aforementioned context or independent thereof on matters of disarmament and arms control;

- participation in multilateral harmonization of Western positions in arms control and disarmament negotiations (INF, MBFR, Conference on Confidence- and Security-Building Measures and Disarmament in Europe (CDE), Conference on Disarmament (CD), UN). In this sphere the bilateral co-operation accompanying multilateral co-ordination is marked by particular closeness and mutual trust;

- close co-operation in all NATO bodies and in the Western European Union;

- co-operation between the armed forces through talks between the general staffs, joint exercises and training (attendance by German officers at the Royal College of Defence Studies and the Camberley Command and Staff College and by British officers on training courses at the Federal Armed Forces Command and Staff College);

- co-operation in the field of armaments (four armaments commissions and the Arms Export Association (AGEX)).

The high degree of consensus on security policy was particularly clearly demonstrated throughout the INF negotiations and in the contemporaneous deployment in both countries of intermediate-range missiles at the end of 1983. Both sides regard this exemplary demonstration of unity as a good basis and important prerequisite for a common Western policy on security and arms control which seeks a balance of forces at the lowest possible level.

In the field of armaments, the United Kingdom has become increasingly open to co-operation with its European partners in recent years. This is reflected above all in close Anglo-German co-operation in bilateral and multilateral settings, which has reached a considerable level compared to that carried out with other countries. Regular armaments talks, held at the level of the three armed services, enable projects to be co-ordinated.

The existing bilateral and multilateral consultation and co-ordination mechanisms have proved entirely successful and are also sufficiently adaptable to changing requirements. The importance of the British forces' presence in the Federal Republic to the general defence effort could be accentuated by even greater efforts to develop contacts between the British Army of the Rhine and the armed forces and the population of the Federal Republic.

3. Economic and Social Policy

Bilateral collaboration on European economic and monetary policy takes place mainly within the European Community institutions. Co-operation with the United Kingdom in this sphere has proved extremely fruitful, especially with regard to external trade policy.

The two countries are largely in agreement on the major international economic issues. This applies particularly to the importance attached by both countries to the maintenance and encouragement of free world trade and international division of labour. This attitude is demon-

strated by close collaboration, especially in the day-to-day co-ordination within the European Community, in international organizations like the UN and its agencies, in OECD, in the International Energy Agency and the international development banks.

Economic relations between the two countries have also undergone considerable development in past years: German exports to the United Kingdom have more than trebled since 1975 (35,400 million Deutsche Mark in 1983), while British exports to the Federal Republic during the same period have even quadrupled (27,100 million Deutsche Mark in 1983). This makes the Federal Republic of Germany Britain's major supplier, and conversely the United Kingdom is the principal supplier of oil to the Federal Republic. Financial interaction has accordingly increased, with German investments gaining ground (one thousand million Deutsche Mark growth in 1982 alone). The dynamism of this development is mainly due to growing mutual confidence in the other's economic performance within the European Community. Increased co-operation at all levels (private and governmental) has provided significant momentum:

- participation by the Ministers of Economics and Finance in the Anglo-German consultations of Heads of Government;

- annual intergovernmental consultations on topical economic issues by the Anglo-German Economic Committee; additional meetings to exchange views on European Community affairs;

- continuous consultations on specific matters, including those in the realm of employment and social affairs, between the competent ministries;

- close co-operation in a growing number of joint projects, such as Airbus, space travel, the fast breeder and uranium enrichment;

- contacts and co-operation between representatives from business and banking, for instance through the German Chamber of Industry and Commerce (IHK) in London and the British-German Trade Council in Cologne and through the annual consultations of export credit insurers;

- contacts between trade union associations on a bilateral and multilateral basis (European Trade Union Confederation, International Confederation of Free Trade Unions);

- comparative analyses by the Anglo-German Foundation for the Study of Industrial Society on common economic and social problems.

The consultation and co-ordination mechanisms which have developed at governmental, company and trade union level between the two countries reflect an increasing degree of mutual exchange and have proved entirely beneficial.

4. Science and Technology; the Environment

Exchanges and co-operation between the two countries in the field of science and research are part of a long tradition of common European scientific development, to which Germany and Britain have rendered outstanding contributions. This still applies today - even if conditions have changed - while on large-scale projects (e.g. European Council for Nuclear Research, European Space Agency) bilateral research relations are obscured by conspicuous European co-operation. On the other hand, close bilateral Anglo-German relations play a very significant role in grass-roots research:

- extensive scientific co-operation by the German Research Society with its British counterparts, especially the Royal Society (on the basis of a formal agreement), the British Academy and the

five Research Councils (the German budget in 1982 amounted to DM 650,000);

- links in science and higher education, particularly those arising from the regular contacts between the Vice-Chancellors' associations and from university twinning arrangements, joint courses of study, Alexander von Humboldt Foundation programmes and the German Academic Exchange Service (DAAD), in which the London office of DAAD plays a special role;

- contacts between academic institutes and establishments in the field of science (e.g. Deutsches Elektronen Synchroton (DESY) and the Jülich Nuclear Research Establishment (KFA), the Karlsruhe Nuclear Research Centre (KfK) and the United Kingdom Atomic Energy Authority (UKAEA), the Uranisotopentrennungs-Gesellschaft (Uranit) and the Uranium Enrichment Corporation (Urenco), as well as the Alfred Wegner Institute for Polar Research (AWI), and in the arts (e.g. the German Historical Institute in London).

Despite the lack of an intergovernmental Agreement on research and technology, a regular process of information and co-ordination takes place between government departments. Difficulties arising from differing distribution of responsibilities can be overcome through the intensity of the existing contacts (between the German Federal Ministry for Research and Technology and the British Departments of Trade and Industry, of Employment and of Education and Science). Of the many projects dealt with at this level, the following should be mentioned: the development by a European consortium of a fast breeder, space research programmes (jointly with the U.S. and with a total budget of 420 million Deutsche Mark), aviation research (e.g. plans for a transonic wind tunnel), nuclear safety research. Closer co-operation is envisaged in the following fields: microelectronics, biotechnology, marine research and particularly Antarctic research. Co-operation in the development of a gas-centrifugation process for the

production of enriched uranium (the Almelo contract concluded with the Netherlands) remains an area of special emphasis.

Co-operation in the sphere of research has borne fruit (exemplified by follow-up agreements made by industry). However, in view of the challenge posed by research activities in non-European industrialized nations, it would seem desirable to consider to what extent and towards which fields new stimulus should be directed. It could be helpful if the Anglo-German Foundation for the Study of Industrial Society were more heavily involved in this area.

In the field of the environment close co-operation takes place, particularly within the Anglo-German ~~Pilot~~ Steering Group on the Environment. All government departments involved in environmental protection participate in this forum. Bilateral questions are dealt with along with matters under discussion in the European Community. This co-operation has been extremely valuable.

5. Justice and Home Affairs

The close neighbourly relationship between the two countries and the degree of free movement which has been realized demands intensive and multifaceted co-ordination at all levels between the Federal Ministry of the Interior and the Federal Ministry of Justice on the one hand and the Home Office and the Lord Chancellor's Department on the other:

- co-operation and exchanges of views between the aforementioned ministries in the spheres of data processing and protection of data, protection of official secrets, the safety of nuclear installations, law relating to aliens and legal aid in civil and criminal proceedings etc. An improvement in the Extradition Agreement is being sought;

- co-operation in Interpol and in the EPC Trevi Group, supplemented by contacts at operational level within the police;

- exchanges of information and experience on the two legal systems carried out by the Deutsch-Britische Juristenvereinigung and its counterpart, the British-German Jurists' Association;

- exchange programmes for civil servants, including those run in collaboration between the Bundesakademie für öffentliche Verwaltung (Federal College of Public Administration) and the Civil Service College (just under 1,000 participants since 1971).

The trusting and businesslike relations in this everyday sphere of neighbourly association have fully proved their worth and guarantee that individual cases as well as general issues are dealt with in the framework of existing consultation mechanisms. The requisite exchange of information in new problem areas (such as certain provisions of the law regarding aliens) is also possible within the framework which has been developed.

6. Cultural Relations

The numerous exchanges in education and culture between the two nations with their European cultural heritage are largely self-generating. They do, however, require additional government assistance. The following instruments serve that purpose:

- continuous contacts at director level, on the basis of the Cultural Agreement, with the Foreign and Commonwealth Office and the British Council, the British-German Mixed Cultural Commission on a biennial basis (the 14th meeting was held in December 1982);

- contacts between the Standing Conference of Ministers of Education and Cultural Affairs of the Federal Länder and the Department of Education and Science;

- extensive co-operation between the Federal Ministry of Education and Science and the Department of Education and Science within the European Community framework as well as on a bilateral basis;

- the Anglo-German Foundation for the Study of Industrial Society;

- scientific and academic exchanges (DAAD, German Research Society, Alexander von Humboldt Foundation etc.);

- invitations to groups within the scope of the Federal Government's cultural visit scheme;

- cultural programmes of the three Goethe Institutes, as well as the Historical Institute in London, and of the British Council in Berlin, Hamburg, Cologne and Munich. Cultural events organized by the Anglo-German Society;

- promotion of language teaching at schools and institutes of higher education and in adult education.

Cultural exchanges and language training are interrelated and therefore both need constant, increased encouragement. This applies to both sides, although a natural advantage accrues to English as an international language, a fact which must be taken into account. Because of the importance of bilateral relations, the United Kingdom is a focal point of language promotion (60 DAAD German lectors, 27 scholarships for students of German, 70 scholarships annually for language courses, one professional adviser, 590 German language assistants in schools and 23 exchange teachers). We hope that the

British side, for its part, will step up its efforts with regard to the study of the German language to counteract the decline in the number of school pupils and adults learning German (and in the number of foreign language assistants) and to accord German a place in British modern language teaching in keeping with the importance of Anglo-German relations. The creation of the Association for Modern German Studies and the conference on the "State of the German Language in the United Kingdom", planned for 1985 by the Centre for Information on Language Teaching and Research, are important steps in this direction.

Both sides have so far devoted considerable attention to the work of cultural institutes and other cultural establishments. This is true, for instance, of the British Council Institutes, whose prestige stems from its sterling work since the end of the war. It is also true of the Goethe Institute, which is arousing increasing interest in the host country. However, it must be ensured in the near future that both institutes are treated equally for tax purposes. Negotiations between the two Governments on this subject began last autumn.

Anglo-German co-operation in higher education is particularly close and fruitful. Several seminars have been held with the assistance of the British Council and the relevant government departments on both sides. There are regular contacts between the West German Rectors' Conference and the Committee of Vice-Chancellors and Principals. German institutes of higher education have co-operation agreements with 83 British universities and colleges. Every year the Alexander von Humboldt Foundation awards between 30 and 40 research scholarships to British scientists (a total of 279 so far). DAAD, with one-year scholarships for graduates and students, special scholarship programmes for students of German and English and promotion of short study trips in both directions, is also very actively involved in Anglo-German exchanges of students and academics.

Both countries have recently increased their co-operation in the field of vocational training too. The existing intensive exchange of information at departmental level by means of visits and seminars has recently been supplemented by the exchange of experts in vocational training and of youths and young adults undergoing basic or further training and is to be extended gradually. In the field of schools this type of in-service training exchange is conducted in the form of practical courses for teachers through the Educational Exchange Service of the Standing Conference of Ministers of Education and Cultural Affairs of the Federal Länder (some 100 German and at least 50 British trainees per year).

In the network of relations in the cultural and social policy spheres, the Anglo-German Foundation for the Study of Industrial Society has made its mark. It already organizes exchange programmes and promotes studies on the problems of modern industrial society such as the education system, pollution, industrial co-production, job safety and humanization of the working environment. It could render an important contribution in the future by focusing public attention more sharply on Anglo-German co-operation. This is one of the objectives of the restructuring of the Foundation (greater involvement of social groups, choice of topical subjects). However, if greater stimulus is to emerge from this area the financial provisions made to the Foundation will need to be put on a firm basis and possibly increased.

On the whole, intergovernmental co-operation in the cultural field has proved useful and has led to a greater depth of exchange. In view of the increasing importance of Anglo-German cultural exchanges within the overall fabric of Anglo-German relations, both Governments should ensure even better co-ordination, such as could be achieved by establishing priorities in the form of programmes of action at the biennial Mixed Commission meetings. This consideration led in October 1983 to agreement in principle between the directors of cultural policy at the two Foreign Offices to hold annual Anglo-German consultations at director level. They are to take place for the first

time this year (on the occasion of the 16th Anglo-German consultations of Heads of Government).

7. Information and the Media

Mutual coverage by the media increased in the course of the year, even though some of the media still present considerably less information on the Federal Republic of Germany, for reasons of history. The efforts of governmental and non-governmental bodies towards a gradual improvement of this situation thus continue to play an important role:

- regular informative Anglo-German talks at departmental level;

- continuous contacts between radio, television and press editors;

- programmes of visits arranged by the Press and Information Office of the Federal Government, with invitations extended to about 60 British "multipliers" annually and by the Central Office of Information, which extends invitations to about 45 Germans each year;

- some 60 correspondents for all the German media in the United Kingdom; there are only about 20 British press correspondents in the Federal Republic, and not one single representative of British television.

The opinion each country's public has of the other has greatly improved in recent years. Occasional impediments (e.g. war films, Northern Ireland) have had no lasting effect on their growing mutual esteem. However, it must be mentioned that this welcome development is largely restricted to the better-educated strata of society and that the remainder of the population receives inadequate information as a result of the lack of coverage provided by the popular press, radio and television.

To eliminate the general and class-related differential in the United Kingdom regarding information on Germany (and Europe as a whole), expansion of the network of British correspondents in the field of television would be beneficial. Co-operation of an even closer nature between the broadcasting authorities, on the lines of the Franco-German co-operation (Haut conseil) could also prove helpful.

Both countries are in full agreement on the principle of the free flow of information across national frontiers. They both support this principle on all the relevant international bodies (including UNESCO).

Both countries occupy a leading position in the development and introduction of the "new media". Policies on satellite and cable television, however, show differences in approach. To promote the development of a basic consensus in Europe on policy towards the media, the hitherto sporadic consultations on the media should become a regular event, as is already the case with regard to other European countries. This would tend to promote the further expansion of co-ordination and co-operation, not only in Europe but also internationally and not least in the North-South context.

8. Encounter and Exchanges

The positive development of Anglo-German relations is supported by a broad base of increasing exchanges and wide-ranging encounters which have developed over the years, only in a very few cases with official assistance.

The Königswinter Conferences, held once a year in Britain and Germany alternately, are the best example of the postwar development of Anglo-German relations. Originating as a private initiative and supported up to the present day by public figures in both countries, it has from the very beginning been open to discussion of any outstanding issue and has created a new style of communication between both countries which has enveloped all groups. Thus Königswinter has

become a symbol of Anglo-German understanding. The efforts of the Wilton Park conference centre to bring about reconciliation between Britain and Germany are also worth mentioning.

Nowadays Anglo-German encounters are provided by a wide range of institutions and programmes, for instance:

- the Deutsch-Englische Gesellschaft and Anglo-German Association, the Anglo-German Foundation for the Study of Industrial Society, the Association for the Study of German Politics and the Historical Institute. The work of the cultural institutes also plays a decisive role in exchanges;

- meetings of parliamentarians at a bilateral level (Anglo-German Parliamentarians' Group) and multilaterally (Interparliamentary Union, North Atlantic Assembly);

- twinning arrangements at the local and regional level and between universities and schools, with constant new arrangements and meetings at a national level (in the field of schools alone there are over 800 Anglo-German twinning schemes with an annual exchange of 10,000 British and 20,000 German pupils);

- youth exchanges over the whole spectrum of non-scholastic youth activities through youth groups and independent public sponsors of youth and social work. These exchanges include youth groups, young workers, unemployed youths, handicapped youths as well as specialists and leaders from the youth and social work sphere; co-ordination is carried out by the Mixed Specialist Commission for Anglo-German Youth Exchanges;

- exchange of trainees, young trade unionists and other groups (Federal Central Employment Agency and Carl Duisberg Society, Central Bureau for Educational Visits and Exchanges and Manpower Services Commission);

- tourism on a considerable scale in both directions: Germans form the second-largest group of visitors to Britain, while for Britons Germany is the fourth most popular holiday destination.

On the whole, however, the exchange of people between the United Kingdom and the Federal Republic of Germany is not entirely balanced. The pull exercised by English as an international language means that the greater flow of exchangees is attracted to Britain; the German side also makes more public resources available. To improve the dissemination of basic knowledge on Germany, as many younger-generation Britons as possible should find out about Germany at first hand. It is therefore desirable that more Britons should take part, with greater official encouragement, in exchange programmes.

However, in accordance with the nature of the Anglo-German encounters, which are largely based on private initiative, government assistance cannot and should not replace the independent force of these ties. The purpose of government encouragement can therefore only be to contribute wherever necessary to the maintenance of ties and to promote them selectively in particular fields. At the same time, particular care should be taken that the postwar motivation to live together on good terms is maintained in the everyday lives of new generations. It seems desirable that on both sides existing institutions should be made more accessible and their programmes adapted to take greater account of this objective.

Conclusion

A general assessment of the stage of development reached by Anglo-German relations has to begin by observing that co-operation, exchanges and contacts have attained a scope and an intensity that could never have been foreseen at the end of the Second World War. This is particularly true of the numerous personal contacts between Germans and Britons which have developed during this period. The growing links are supplemented and supported by exemplary co-operation between the two Governments.

At the same time, this review has indicated that the quality and scope of relations could usefully be developed further. This applies less to intergovernmental co-operation in matters of foreign, security and economic policy, where institutionalized and substantive consultation and collaboration have become so self-evident that there is scarcely any need for additional impetus. The need for further development, however, is greater in the spheres of cultural and scientific exchange, the media and, not least, in the sphere of encounter in all its forms to ensure that the present level is maintained and new encounters promoted in several areas.

For this purpose the creation of new institutions is less essential than the effective organization and co-ordination of the existing instruments of co-operation so that advantage can be taken of all opportunities and private initiative encouraged. In view of the budgetary situation on both sides, it is highly improbable that additional incentives could be created, over and above the current promotion of proven intermediary agencies and "multipliers", by means of substantially higher financial contributions. However, additional endeavour should be directed towards establishing new priorities in individual areas and arousing wider interest in co-operation, particularly among young people. To this end a catalogue of specific actions has been added as an annex to the present report. It outlines proposals which could be implemented during a review period (five summits, or two and a half years). The proposals are intended to serve as a basis for the preparation of joint Anglo-German conclusions from the two progress reports. The conclusions will be submitted for approval to the Heads of Government at the 15th Anglo-German summit in London.

ANNEX to the Progress Report on Anglo-German Relations

Catalogue of Action

I. Our future efforts to develop Anglo-German relations should focus on the following areas:

1. Increased accessibility, especially to the younger generation (promotion of youth exchanges at no less than their present volume, greater participation by the younger generation in the Anglo-German Society, widening of the scope of action of the Foundation for the Study of Industrial Society).

2. Increased reporting, especially by British television, but also by the regional press, on Germany within the European context (European Community).

3. Maintenance of German language teaching in schools at least at the present level as a prerequisite of a wide-ranging cultural and scientific exchange.

4. Fairer sharing of financial burdens (increased British contributions to the exchange of university lectors, foreign language assistants in universities and schools and of students; cultural institutes and the Anglo-German Foundation for the Study of Industrial Society all to be placed on the same footing).

5. Greater publicity for Anglo-German co-operation.

II. Proposals for specific action (including areas not earmarked as focal points of our future efforts)

Ad 1 Foreign Policy

(a) Development of political contacts, possibly greater representation for the Political Foundations and exchange programmes for parliamentary assistants.

(b) Exchange of young established civil servants from both Foreign Offices, for instance from the sections responsible for the main EPC working groups (Middle East, Eastern Europe, CSCE|CDE etc) for a limited period (about three months).

Ad 2 Security Policy

(a) Increased participation in the other side's training courses.

(b) More exchanges of individual servicemen, sections and entire units between equivalent arms of the services.

(c) Promotion of exchange arrangements between German and British units. Offer of German lessons for British servicemen and their dependants.

(d) Increased participation in the other side's military exercises.

(e) Participation by German servicemen in adventurous training (possibly at BAOR bases).

(f) More exchanges (including short-term exchanges) of training officers between service training establishments, officer training units and staff colleges. Where feasible, study by British officers at Bundeswehr Universities.

(g) Increased co-operation in the medical services (more exchanges, including exchanges between training units).

(h) Increased exchanges of senior technical officers in the field of armaments.

Ad 3 Economic and Social Policy

(a) Encouragement of increased contacts between business associations (Confederation of British Industry/Federation of German Industries).

(b) Early establishment of contact to avoid any trading difficulties.

(c) Reinvigoration of co-operation between employment authorities (a written invitation has been sent by the Federal Institute of Labour to the Manpower Services Commission); resumption of the once-customary annual consultations.

(d) Development of the hitherto sporadic co-operation in the field of health (particularly with regard to keeping down costs and recognizing private insurers and hospital operators) into annual consultations.

Ad 4 Science and Technology; the Environment

(a) Inclusion where necessary of problems of scientific co-operation in directorial consultations within the relevant area of competence.

(b) Evaluation and definition of projects with the collaboration of the Anglo-German Foundation for the Study of Industrial Society.

Ad 5 Justice and Home Affairs

(a) Greater co-operation and co-ordination in combating international crime, particularly fraudulent stock-exchange deals in London.

(b) Continued exchanges of information on matters of aliens policy (immigration, asylum, integration).

(c) Further promotion of basic and advanced training for lawyers in the law of the other country by means of DAAD courses and lecturers, creation of in-service training opportunities (practical courses) for young lawyers in both countries (lawyers at the Referendar stage, articled clerks).

(d) Financing the planned biennial fact-finding trips to Germany for honorary consuls.

Ad 6 Cultural Relations

(a) Further development of cultural policy co-ordination between the two countries by means of annual directorial consultations within the context of the Conferences of Heads of Government.

(b) Further development of the Anglo-German Foundation for the Study of Industrial Society (see Ad 8 (a) below).

(c) Improved utilization of German lectors in the United Kingdom.

(d) Equal treatment for taxation purposes of cultural institutes, as well as other cultural establishments, in both countries.

(e) Participation of private sponsors in the financing of artistic events.

(f) Training of British teachers for classes in German background studies given by the British Army of the Rhine.

(g) In-service training for German teachers of English in the United Kingdom.

(h) Co-operation between British polytechnics and German professional training colleges by means of regular meetings, particularly between the Committee of Directors of Polytechnics and the Directors of German Professional Training Colleges; talks on problems regarding mutual recognition of qualifications issued by the colleges.

(i) More exchanges of experts on vocational training and of apprentices and advanced vocational trainees (for instance through the Educational Exchange Service of the Standing Conference of Ministers of Education and Cultural Affairs of the Federal Länder).

(j) Exchange of views on the use of modern data-processing technology in secondary schools.

Ad 7 Information and the Media

(a) Increased British television reporting on other member countries of the Community. Efforts to bring about the establishment of independent ITA and BBC correspondents' offices (e.g. in Brussels, Bonn or Paris).

(b) Encouragement of co-productions in the field of television and of programme exchanges between German and British

television authorities - particularly with regard to the "new media".

(c) Increased policy co-operation with regard to the media, particularly on matters concerning the "new media". Possible inclusion of the European Media Institute in Manchester.

(d) Preparation of a joint information brochure with details and addresses of institutions active in the field of Anglo-German relations (including the economic and cultural sectors).

(e) Increased co-ordination of public-relations work in the security sphere, particularly within the Euro-Group.

(f) Greater coverage of the British Army of the Rhine (BAOR), Royal Air Force Germany (RAFG) and the British Forces Broadcasting Service (BFBS) in public-relations work in Germany and of German forces in the United Kingdom (Castle Martin).

Ad 8 Encounter and Exchanges

(a) Increased encounter between the Anglo-German Foundation for the Study of Industrial Society on the one hand and organizations (e.g. unions and employers' associations) and the public (via the media) on the other, and encouragement of the Foundation's development into a permanent forum for questions concerning Anglo-German co-operation. Financial backing for the Foundation and expansion of the board (possibly observer status for the Foreign Offices and interested ministries).

(b) Adaptation of all exchange programmes to allow greater participation by the younger generation. Consolidation and extension of youth exchanges, particularly by increasing the exchanges with a training or vocational aim (e.g. trainees taking up short-term employment), a greater British contribution - in financial and other terms - being desirable.

(c) Facilitation of the release of youth workers at local and regional level in the United Kingdom responsible for international youth exchanges, to attend events aimed at improving and expanding youth exchanges (e.g. language courses, basic and further training).

FLE DA

cc: FCO

10 DOWNING STREET

THE PRIME MINISTER

29 August 1984

Dear A.W. Clausen.

Thank you for your letter of 20 July about supplementary financing for the International Development Association.

We are disappointed that some donor governments are not prepared to subscribe more to the Association unless the United States Government does so at the outset. It is right to review the matter again next year.

The World Bank's focus on development problems in sub-Saharan Africa is timely, as the Summit Heads of Government recognised in the London Economic Declaration of 9 June. As you know, Her Majesty's Government already devotes most of the UK bilateral aid programme to the world's poorest countries, including those in sub-Saharan Africa. This region also benefits considerably from European Community assistance provided under the Lome Convention, to which the UK is a substantial contributor. We are also providing immediate disaster relief to help mitigate the effects of the drought.

The Bank's report on African problems will receive our close attention, and we shall look forward to discussing it with other governments at next month's meeting of the Development Committee.

Yours sincerely

Margaret Thatcher

Mr. A.W. Clausen

RM

Foreign and Commonwealth Office

London SW1A 2AH

24 August 1984

Dear David,

International Development Association (IDA)

I submit a draft reply to the enclosed letter to the Prime Minister from Mr Tom Clausen, President of the World Bank, to which you sent an acknowledgement on 8 August. The letter is basically an acceptance of the fact that, for the moment, the idea of supplementing the IDA Seventh Replenishment is not attainable. The matter is to be reviewed again next year.

The World Bank may now be intending to use its Special Report on Africa as an alternative device to try and supplement IDA resources. We shall need time to study the Report, but the Chancellor will have to react to it in a preliminary way at the 1984 Annual IMF/IBRD Meetings in Washington in September. The World Bank's Management are thinking of a special fund for Africa, without burden-sharing; but we doubt whether the United States, West German and Japanese Governments would agree to contribute, nor whether other donor governments would readily agree to abandonment of the principle of fair burden-sharing.

The Treasury have approved the draft reply.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

David Barclay Esq
10 Downing Street

DRAFT LETTER FOR SIGNATURE BY THE PRIME MINISTER

To: Mr A W Clausen
President
The World Bank
WASHINGTON

Thank you for your letter of 20 July about supplementary financing for the International Development Association.

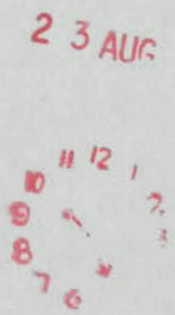
We are disappointed that some donor governments are not prepared to subscribe more to the Association unless the United States Government does so at the outset. It is right to review the matter again next year.

The World Bank's focus on development problems in sub-Saharan Africa is timely, as the Summit Heads of Government recognised in the London Economic Declaration of 9 June. As you know, Her Majesty's Government already devotes most of the UK bilateral aid programme to the world's poorest countries, including those in sub-Saharan Africa. This region also benefits considerably from European Community assistance provided under the Lome Convention, to which the UK is a substantial contributor. We are also providing immediate disaster relief to help mitigate the effects of the drought.

The Bank's report on African problems will receive our close attention, and we shall look forward to discussing it with other governments at next month's meeting of the Development Committee.

DCAAFB




23 AUG

hle EC

CC FCO

10 DOWNING STREET

From the Private Secretary

8 August 1984

I am writing on behalf of the Prime Minister to thank you for your letter of 20 July, which was received in this office at the end of the month.

I have placed your letter before the Prime Minister, and a reply will be sent to you as soon as possible.

David Barclay

Mr A W Clausen

NR

10 DOWNING STREET

From the Private Secretary

2 August 1984

International Development Association

I enclose a copy of a further letter to the Prime Minister from Mr. Clausen, President of the World Bank, about the fate of efforts to provide supplementary funding for the International Development Association and the idea of a separate initiative on sub-Saharan Africa.

I should be grateful for advice on whether the Prime Minister needs to reply substantively at this stage. If not, I will send an acknowledgement.

I am copying this letter and its enclosure to David Peretz (H.M. Treasury) and Michael McCullogh (Mr. Raison's Office).

CHARLES POWELL

Peter Ricketts, Esq.,
Foreign and Commonwealth Office.

THE WORLD BANK
Washington, D. C. 20433
U.S.A.

A. W. CLAUSEN
President

July 20, 1984

The Right Honourable
Margaret Thatcher M.P.
No. 10 Downing Street
London, SW1
United Kingdom.

Dear Prime Minister:

Thank you for your letter of June 22. We are most grateful for your efforts in support of supplementary funding for the International Development Association, and particularly for your personal intervention in this matter with Chancellor Kohl.

The German Government has just informed us that it is unprepared to support a supplementary funding scheme in which the United States does not participate. As the United States remains unlikely to change its position, we feel that, at the present time, it is not worthwhile pursuing this course of action. However, the German Government has indicated that the matter should again be taken up during 1985, and we shall do so then.

This situation gives rise to serious problems for the recipients of assistance from the Association, the poorest of which, in Sub-Saharan Africa, have already suffered greatly and face an economic situation that is steadily worsening and growing more urgent. Consequently, we have been asked to focus our attention on Sub-Saharan Africa, and we are presently preparing a comprehensive program of assistance to countries in that region. Plainly, the constrained resources of the Association are inadequate to assume this burden without seriously impairing our assistance to other recipients, primarily those in South Asia.

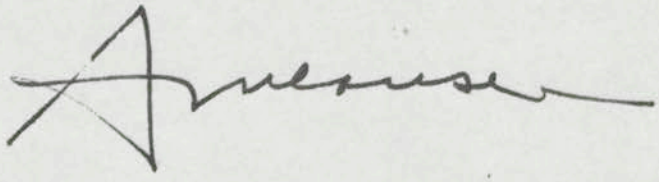
Accordingly, we are now examining several options for development initiatives in Africa and hope that we might be able to engage the interest of major donors in supporting them. While clearly this is not

as satisfactory a solution as a general supplement to the Association's funds, it will enable us to assist the hardest pressed countries as well as protect the share of other recipients. I hope that your Government, with its strong ties to countries in Africa, will be able to extend the same level of support to this initiative as you have to supplementing the Association's resources.

I should be most grateful if you would give this approach your consideration. We shall be seeking from your Government ideas on how best to proceed and my colleagues will be exploring the matter with officials in the United Kingdom.

Warm regards,

Sincerely,



Germany Pt 8
Chancellors visits.

File

RM

cc: HMT
FCO

10 DOWNING STREET

THE PRIME MINISTER

22 June 1984

Dear Mr. Clausen.

Thank you for your letter of 30 May about supplementary financing for the International Development Association.

I agree that the Association has a vital role to play in world development, and that it should be in a position to address the problems of economic policy reform which the poorest of the developing countries face most acutely. To this end, we are continuing to do what we can to persuade other major donors to IDA to join with us in providing some supplementary financing. I raised this with Chancellor Kohl during the London Economic Summit, and he assured me that the matter is under active consideration in Bonn.

Yours sincerely

Margaret Thatcher

Mr. A.W. Clausen.

DSG

GR PL type letter for signature

10 DOWNING STREET

David Peretz (HMT)
You saw the original letter from Clarke. I assume you are content with the reply.
With the compliments of

AT

20/6

Foreign and Commonwealth Office

London SW1A 2AH

19 June, 1984

Dear Andrew,

Supplementary Funding for IDA

Please refer to your letter of 1 June forwarding a copy of a letter from Mr Tom Clausen, President of the World Bank, to the Prime Minister.

As you will know, the Prime Minsiter did in fact raise the matter of supplementary financing of IDA 7 with Chancellor Kohl (see the attached record). A short draft reply to Mr Clausen, recording this fact, is therefore attached.

We shall forward the signed copy of the Prime Minister's letter by bag, if you agree.

cc D Peretz (HMT)

Yours ever,

Peter Ricketts

(P F Ricketts)
Private Secretary

Andrew Turnbull Esq
10 Downing Street

Germany Chancellor

Kohl, H. 1845 Pt 8

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: Mr A W Clausen
The World Bank
1818 H Street NW
Washington DC 20433
USA

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 30 May about supplementary financing for the International Development Association.

I agree that the Association has a vital role to play in world development, and that it should be in a position to address the problems of economic policy reform which the poorest of the developing countries face most acutely. To this end, we are continuing to do what we can to persuade other major donors to IDA to join with us in providing some supplementary financing. I raised this with Chancellor Kohl during the London Economic Summit, and he assured me that the matter is under active consideration in Bonn.

Enclosures—flag(s).....

subject

CONFIDENTIAL

cc Master

10 DOWNING STREET

From the Principal Private Secretary

9 June 1984

Dear Len,

I enclose the record of the Prime Minister's and the Foreign and Commonwealth Secretary's bilateral meeting with Chancellor Kohl and Herr Genscher at Lancaster House on 8 June during the Summit Meeting.

I am sending copies of this letter and enclosure to David Peretz (H.M. Treasury) and Richard Hatfield (Cabinet Office).

Yours ever,

Robin Butler

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

CONFIDENTIAL

RECORD OF A BILATERAL MEETING BETWEEN THE PRIME MINISTER AND THE FOREIGN AND COMMONWEALTH SECRETARY AND CHANCELLOR KOHL AND HERR GENSCHER AT THE SUMMIT MEETING AT 1800 HOURS ON FRIDAY 8 JUNE 1984

PRESENT

The Prime Minister	Chancellor Kohl
Foreign and Commonwealth Secretary	Herr Genscher
Sir Julian Bullard	Herr Horst Teltschik
Mr. F.E.R. Butler	Interpreters

COMMUNITY ISSUES

The Prime Minister reminded Chancellor Kohl that she had undertaken to prepare some thoughts on the future of Europe. She handed him a copy of this paper and said that she would also make it available to Signor Craxi during the Summit and give it to other members of the Community before Fontainbleau.

Turning to the budget issues, the Prime Minister said that she had been very pleased with her meeting with Chancellor Kohl at Chequers and had hoped that, following her subsequent meeting with President Mitterrand, progress would be made towards agreement on the budgetary system and strict financial guidelines before the European elections. These hopes had not been fulfilled and she now did not know whether agreement would be reached at Fontainbleau. The UK Government wanted an agreement but she had heard

reports that the agenda at Fontainebleau would provide very limited time for discussion of this issue. That would only be acceptable if the task left for Fontainebleau was to endorse an agreement which had been substantially agreed beforehand.

Chancellor Kohl said that it would not be acceptable to leave inadequate time to settle the budget problems at Fontainebleau. The best course would be for Heads of Government to know when they went to Fontainbleau what the outlines of the solution would be. He had expressed this view to President Mitterrand. Herr Genscher intervened to ask whether M. Dumas had put a new proposition to the Foreign and Commonwealth Secretary this week. The Foreign and Commonwealth Secretary said that M. Dumas had not put any new proposition: their talk had been on the basis that the negotiations should start again at Fontainebleau from the position reached in Brussels.

Chancellor Kohl said that the German interest was in achieving a system which would give certainty about their contribution even if they had to pay more. He would try to speak to President Mitterrand again during the Summit and would let the Prime Minister know of any outcome. He would also talk to Signor Craxi and Mr. Martens before Fontainebleau. He hoped that this matter could be settled at Fontainebleau becuse the present situation was psychologically bad for the whole Community. People could not understand why the Community was not achieving the opportunities available from being the biggest market in the world. The Foreign and Commonwealth Secretary agreed. In his speeches in the European elections he had found a sense of impatience and frustration with the Community. But there would not be progress to achieving the Commnity's potential until its financial structures were reformed. The

CONFIDENTIAL

Prime Minisrer added that another reeason for settling the financial issues was to get Spain and Portugal into the Community.

CHANCELLOR KOHL'S VISIT TO ARGENTINA

The Prime Minister referred to Chancellor Kohl's forthcoming visit to Argentina. The UK Government were having difficulty in making progress towards normalising relations with Argentina as they wished because the Argentines insisted on discussing the sovereignty of the Falklands. She hoped that Chancellor Kohl would urge them to be realistic about this. She could not discuss sovereignty after British lives had been lost in recovering the Islands, but this should not be an obstacle to moving towards normal commercial relations.

Chancellor Kohl said that he would do what he could. Now that Argentina had a democratic government, there was everything to be said for moving towards normal relations. He reminded the Prime Minister that, following her request to him, the German Government had refused to supply torpedoes to Argentina and were maintaining their position now. The Prime Minister said that Britain was very grateful for this.

Herr Genscher mentioned reports that British salesmen were exploiting the German refusal to supply arms to Argentina by saying that the Germans were not reliable trading partners. The Prime Minister said that if he would let her have details she would have any such reports investigated.

CONFIDENTIAL

IDA REPLENISHMENT

The Prime Minister said that the $9 billion IDA replenishment was not sufficient. She hoped that other countries would agree to increase it. Britain was ready to do so. She had not raised this during the general meetings at the Summit because she knew that it would be unwelcome to the United States. Chancellor Kohl said that Herr Genscher favoured subscription by Germany and the German Government would be considering this further.

SUMMIT ISSUES

Referring to the Suymmit discussion of the Declaration of Democratic Values, The Prime Minister said that she had been concerned by France's reluctance to agree to the inclusion of a statement that the security of each was of concern to all. Chancellor Kohl agreed. But President Mitterrand's position on defence in Europe was nevertheless a strong one and he was a reliable partner. Chancellor Kohl said that he had felt unable to see why Mr. Trudeau could not accept that there could be no satisfactory peace without freedom. Mr. Trudeau could not understand the problems of Europe where peace in Poland, for example, was merely the absence of war. What was the value of peace if people did not have the basic personal freeedoms of action and expression? The Prime Minister agreed, but commented that nevertheless satisfactory sentences had eventually been achieved in the Declaration.

In further discussion of Summit issues, the Prime Minister said that she hoped to include in the Declaration some elements which would give hope for young people. That was why she had wanted to include an initiative on the environment. She was worried about the greater difficulty

in Europe in achieving new jobs, compared with the United States and Japan. There was a culture of enterprise in the United States which made it much easier to start new businesses: although it was difficult to say so, one factor might be the greater featherbedding of people through the social security systems in Europe. **Chancellor Kohl** agreed. Germany was now possibly paying the price for Hitler since people who had lost everything were reluctant to risk what they had now achieved. Another factor was the excess of bureaucracy and legal regulation. **The Foreign and Commonwealth Secretary** referred to the absence of standardisation in Europe and the greater regulation of employment, compared with the United States, which made employers reluctant to take on labour.

The meeting ended at 1845 hours.

9 June 1984

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

7 June 1984

Prime Minister's Meeting with Chancellor Kohl

The Foreign Secretary has asked me to draw to your attention the enclosed personal telegram from Sir J Taylor. You might find it helpful to include it in the briefing material for the Prime Minister's bilateral with Chancellor Kohl.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

DD FCO 071600Z

GRS 500
CONFIDENTIAL
DESKBY 071600Z
FM BONN 071410Z JUN 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 566 OF 07 JUNE

PERSONAL FOR SECRETARY OF STATE
CHANCELLOR KOHL AND EUROPEAN QUESTIONS

SUMMARY

1. THE PRIME MINISTER'S BILATERAL MEETING WITH KOHL ON 9 JUNE MAY BE IMPORTANT FOR HIS FUTURE ATTITUDE TO BRITAIN AND THE COMMUNITY. IF HE COMES AWAY WITH HOPE THAT WE WILL JOIN IN NEW STEPS IN EUROPE, HIS WILLINGNESS TO HELP PROMOTE A BUDGET SETTLEMENT AT FONTAINEBLEAU MAY BE INCREASED AND HIS TENDENCY TO COLLUDE WITH FRANCE WITHOUT CONSULTING US ON NEW IMPULSES FOR EUROPE MAY BE LESSENED.

ARGUMENT

2. CHANCELLOR KOHL'S VIEW OF BRITAIN'S ROLE IN THE COMMUNITY HAS GROWN INCREASINGLY SCEPTICAL. HE WAS BADLY PUT OUT BY THE CRITICISM IN THE BRITISH PRESS OF HIS PERFORMANCE AT THE BRUSSELS SUMMIT. HIS IMMEDIATE ADVISERS HAVE TOLD US OF HIS REGRET AT THE PRIME MINISTER'S REMARKS ABOUT EUROPEAN UNION EARLIER THIS WEEK. ON THE OTHER HAND, THE BILATERAL SUMMIT AT CHEQUERS A MONTH AGO WENT WELL. AFTER MEETING MITTERRAND ON 20 MAY, KOHL SAID THAT PROGRESS COULD ONLY BE ACHIEVED ON THE BUDGET IF ALL SIDES MOVED TOWARDS EACH OTHER (BONN TEL NO 512). AND IN THE BUNDESTAG YESTERDAY (BONN TEL NO 562) HE WAS POSITIVE ABOUT THE CHANCES OF SUCCESS ON THE BUDGET AT FONTAINEBLEAU. I JUDGE THAT HE STILL WOULD DEFINITELY PREFER TO GET THE BUDGET PROBLEM OUT OF THE WAY NOW AND TO HAVE BRITAIN INVOLVED IN THE NEW MOVES FORWARD IN EUROPE WHICH HE IS DETERMINED TO LAUNCH, PROBABLY IRRESPECTIVE OF THE OUTCOME ON THE BUDGET AT FONTAINEBLEAU.

3. I AM THEREFORE VERY GLAD THAT THE PRIME MINISTER WILL BE HANDING KOHL THIS WEEK A PAPER ON BRITISH VIEWS ON THE FUTURE OF EUROPE. I RECOMMEND THAT MRS THATCHER SHOULD PRESENT THIS IN POSITIVE TERMS, D[redacted]ARING BRITAIN'S INTEREST AND DETERMINATION TO MAKE CONCRETE PROGRESS WHICH REALLY WILL BENEFIT EUROPE AND EMPHASISING THE POLITICAL AND ALSO THE SECURITY ASPECTS OF WHAT CAN BE ACHIEVED. YOU WILL RECALL THAT KOHL IN HIS SPEECH AT OXFORD AFTER THE RECENT ANGLO-GERMAN SUMMIT APPEALED DIRECTLY TO COMMUNITY MEMBERS TO DECLARE THE IRREVERSIBILITY OF THE PROCESS OF BUILDING EUROPE. HE HAS RETURNED MANY TIMES TO THIS THEME, AND OBVIOUSLY CARES VERY MUCH ABOUT IT. DESPITE THE VAGUENESS OF THE IDEA OF ''IRREVERSIB-ILITY'', I BELIEVE THAT IF THE PRIME MINISTER WERE TO USE THIS WORD TO KOHL, THE POSITIVE EFFECT COULD BE CONSIDERABLE. KOHL IS WONT TO TALK EQUALLY UNSPECIFICALLY ABOUT WHAT HE CALLS EUROPEAN UNION. I SEE NO NEED FOR THE PRIME MINISTER TO USE THIS TERM, BUT SUGGEST THAT, SIMPLY TO SHOW UNDERSTANDING OF THE INPORTANCE KOHL ATTACHES TO HIS IDEAS, MRS THATCHER SHOULD TELL HIM THAT THE UK IS WILLING TO LOOK CAREFULLY, NOT ONLY AT THE CONCRETE IDEAS IN THE BRITISH PAPER BUT ALSO AT ALL THOSE ADVANCED BY GERMANY AND OTHER PARTNERS: AND THAT LIKE HIM SHE BELIEVES THAT THE COMMUNITY NEEDS A POLITICAL PERSPECTIVE.

4. I BELIEVE THAT SUCH A LINE WITH KOHL, COUPLED WITH REPETITION OF THE PRIME MINISTER'S WILLINGNESS TO MOVE SOMEWHAT ON THE BUDGET PROVIDED THIS WILL PRODUCE A SETTLEMENT, MIGHT WELL INFLUENCE POSITIVELY THE MOOD IN WHICH KOHL APPROACHES THE BUDGET DISCUSSION AT FONTAINEBLEAU AND STRENGTHEN HIS WISH FOR BRITISH INVOLVEMENT IN THE DISCUSSION OF FUTURE DEVELOPMENTS IN THE EC.

TAYLOR

NNNN

07 JUN 1984

COVERING CONFIDENTIAL

Prime Minister
Not essential reading
but you may like to glance
at it.
FERB

Foreign and Commonwealth Office

London SW1A 2AH

6 June, 1984

Dear John,

Chancellor Kohl and German Reunification

The Foreign Secretary thought the Prime Minister might be interested in the enclosed note which we have prepared by way of comment on Chancellor Kohl's Konrad Adenauer memorial lecture at Oxford, which she attended on 2 May. Sir Geoffrey Howe was interested in the article by Timothy Garton Ash in The Spectator on 12 May, dealing with Kohl's lecture. The note takes account of it. I am enclosing The Spectator article and the English text of Kohl's lecture.

Yours ever

Robin

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

COVERING CONFIDENTIAL

CHANCELLOR KOHL'S KONRAD ADENAUER MEMORIAL LECTURE AT OXFORD ON 2 MAY 1984

1. Kohl's lecture was a comprehensive if somewhat turgid account of his view of Germany's place in the world and his priorities in foreign policy. He is undoubtedly greatly preoccupied with the question of the division of Germany (as is the Federal President elect, Richard von Weizsaecker). His lecture got a largely favourable press in both Germany and Britain. The most interesting analysis in the British press was by Timothy Garton Ash (an expert on Germany) in The Spectator on 12 May.

2. Kohl's central thesis was that Adenauer took a decisive and irreversible decision to anchor the FRG (what Kohl calls the free part of Germany) in the western family of nations, notably in NATO and the European Community. Kohl claimed that he unreservedly endorsed this strategic decision. NATO, for example, he called the 'central element of our raison d'etat'. However, Kohl also insisted that he (and, he believed, the German people) would never give up the idea of reunifying the nation, however long this might take. Immediately, the free Germans had a duty to look after their 17 million compatriots who were oppressed by a communist dictatorship.

3. Kohl argues that the division of Germany can only be overcome within the context of overcoming the division of Europe; for example on page 12: 'Our passionate advocacy of European unification stems to a great extent from awareness that a positive settlement of the German question is only conceivable within a greater European framework'. Kohl appreciates, of course, that overcoming the division of Germany is a very long term objective indeed. Meanwhile, he argues, Germany attaches the greatest priority to uniting Western Europe.

/4. On

4. On pages 7 and 8 of the lecture Kohl rehearses his familiar theme that the economic and budgetary aspects of the Community are of secondary importance to political union. 'We in the Federal Republic of Germany are prepared to work for the political union of Europe without ifs and buts'. Kohl gave great emphasis to this part of his speech. Richard von Weizsaecker has often made the same point. For Germany a Free Trade Area plus political cooperation are not a sufficient European policy.

5. In his lecture Kohl reviewed German foreign policy across the board; but the passages on relations with the Third World (which come towards the end) although sincere, seemed perfunctory and mainly for the record. Kohl summed up his real interest on page 15: 'The national question, German unity and freedom, European reunification and the security of Europe will continue to receive the special attention of future Federal governments'.

6. Timothy Garton Ash has drawn attention in The Spectator to Kohl's reference to the Locarno Pact concluded by Chamberlain, Briand and Gustav Stresemann, the best known Foreign Minister of the Weimar Republic (there were no references to Stresemann in the draft provided for Kohl by his officials). Kohl suggested in his lecture (page 5) that Stresemann, together with Chamberlain and Briand, had made a great and largely unrecognised effort to integrate Germany in Western Europe. Stresemann did indeed inaugurate an era of good relations with France in which Germany was accepted into the family of nations entering, for example, the League of Nations. But in praising Stresemann Kohl gave rise to doubts, voiced by Timothy Garton Ash, about his true aims in Europe. Most historians would accept Professor Gordon Craig's assessment of Stresemann that he was concerned with the urgent national requirements of regaining full sovereignty and independence for Germany.

/7. A

7. A central feature of Stresemann's policy in national questions was the restoration of German power in Eastern Europe. Like almost all German politicians of his time Stresemann regarded the Polish state established in 1919 as an aberration that had grown powerful only because of the temporary weakness of both Russia and Germany, and the collapse of Austria, the three powers which had combined to eradicate Poland from the map at the end of the 18th century. This community of interest with Russia found its clearest expression in the Nazi/Soviet pact of August 1939.

8. There is no evidence in his Adenauer Memorial Lecture or elsewhere that Kohl aspires to emulate Stresemann in Eastern Europe. Kohl has fully accepted the Eastern treaties concluded by the SPD Government with Poland and the Soviet Union in 1970; the FRG thereby renounced force as a means of changing the existing frontiers in Europe. Moreover, Kohl appears to share the very widespread contemporary German feelings of guilt and goodwill towards Poland.

9. However, some people in France, and to some extent in the USA, have expressed concern that in reviving the German national question and claiming continuity with figures such as Stresemann, Kohl may revive potentially dangerous dreams and ambitions in Germany, and open Pandora's box. Their concern is that if the German people come to attach great importance to reunification as a goal of policy to be actively pursued, they will see that the route chosen by Kohl (overcoming the division of Europe and thereby the division of Germany) is most unlikely to succeed within any conceivable time-scale. They fear therefore that the Germans might opt for neutralist, nationalist policies which would make it less easy for the Russians to block the path to German unity. (The Poles and the Russians react to talk of reunification by accusing Kohl of revanchism - aspiring to alter the results of the Second World War, in particular the westward shift of Poland).

/10. None

10. None of these German aspirations amount to immediate practical plans; but there is no doubt that whereas France (and indeed the UK) are content with the status quo in Europe, the Germans are not. This dissatisfaction with the status quo of a divided Germany is bound to lead to speculation as to the implications of German efforts to find a way of keeping the aspiration to reunification alive.

11. Kohl's answer to the concerns expressed in France, discernible in his Adenauer Lecture, is that the aspiration of the German people for reunification must be channelled into safe enthusiasm for European union. That is why Kohl advocates it so passionately and is sometimes so frustrated by the priority attached by others to bookkeeping and agricultural surpluses. His lecture at Oxford was a clear statement of his view that for Germany these problems are of secondary importance. They have to be overcome nonetheless because they constitute a block on the road to European union and thus to his (very long term) ambitions for Germany.

1 June 1984

Europa über Alles

Timothy Garton Ash

Last week Chancellor Helmut Kohl gave the Konrad Adenauer Memorial lecture at Oxford, in the presence of the Prime Minister. What he had to say about Germany and Europe may be summarised in three propositions:

1) The long-term goal of all West German governments, but particularly of his government, is to overcome the division of Germany, and therefore of Europe.

2) For the Federal Republic, total commitment to the democratic West, and its alliances, is the only possible path towards this goal.

3) So total is the commitment of the Federal Republic to Europe and the West that it would like the EEC to move forward *schnellstens* towards a United States of Europe.

Neither the truth nor the connecting inner logic of these propositions is self-evident. Take 2) for a start. For so long as it was a nation-state, Germany was wont to manoeuvre between East and West — specifically, between Russia on the one side, France and Britain on the other. In the 1950s there were compelling reasons for West Germany, the half-nation-state, to return to this traditional *Schaukelpolitik*. As Professor Hans-Peter Schwarz argued in the Konrad Ardenauer Memorial lecture at Oxford four years ago, 'the conviction was general that Moscow held the key to reunification'. There was nothing inevitable about Adenauer's grand commitment to the West. Professor Schwarz concluded that 'if, in the future, Bonn was to opt again for a middle path, Adenauer's decision in favour of an anti-Russian policy and a lasting alliance with the Western democracies would only be a temporary affair in the long course of German policy towards Russia.'

Since Adenauer's time, the Federal Republic, under its Social Democrat Chancellors Brandt and Schmidt, has of course developed a distinctive policy towards the East (*Ostpolitik*). And one of the more remarkable features of Dr Kohl's Chancellorship is the way in which, while claiming to be Adenauer's heir, he has taken over the Social Democrats' *Ostpolitik* almost whole — especially in relations with East Germany. The reasons are not far to seek. There is a general consensus in Bonn that the development of a special working relationship with the government of East Germany has brought the Germans in East and West closer together, while at the same time improving West Germany's position in international affairs. In other words, it is seen as being in Germany's *national interest* — and the right-wing nationalist Franz Jozef Strauss sees this as clearly as any leftist lover of *détente*.

There is, however, a vital corollary. As Chancellor Kohl clearly acknowledged in a discussion after his lecture, the key to what the East German Government does lies in Moscow. Now, since good relations with the German Democratic Republic are thought by all the main parties in Bonn to

[redacted] Germany's national interest, and since good relations with the GDR are rightly seen to depend on relations with the Soviet Union, it follows that West Germany must (like all previous Germanies) have a special interest in good relations with Russia. I believe there is a substantial consensus on this point in West Germany — more substantial than the consensus on, say, the necessity of deploying Cruise and Pershing missiles. It may even be a rational consensus. Arguably, if your purpose is to keep the nation together (at least in spirit, human contacts and so forth), then, for that purpose, Moscow is more important to you than Washington. Eastern approaches, not Western alliances, allow German to meet German in Weimar or East Berlin.

Nor is this morally reprehensible. It is a government's business to pursue what it believes to be the national interest. It is what we expect our government to do.

No, the problem is what the government says. What Dr Kohl said last week, with lugubrious pathos, was that poor old Germany, having suffered so much at the hands of history — two lost wars, two inflations, partition, the deportations from the East (his list) would be heartily delighted to surrender its (half-) nation-statehood for the sake of a larger European community. 'The question is,' as he put it to the Bundestag in March, 'who is prepared to *follow us* on the way to European political union with the stated objective of a United States of Europe' (my italics)? Lead on, Germany! As Prussia 'went up' into Germany, so Germany will go up into Europe.

But why this heroic self-sacrifice? And how does proposition 3) square with proposition 1)? For what would be the Russian reaction to this United States of Western Europe? Hardly, one imagines, to urge the benefits of membership on its East European satellites. Unless, of course, they were offered the kind of secret membership which East Germany currently enjoys in the EEC — many benefits, no disadvantages. If I read Dr Kohl aright, this is roughly how he would square the circle. The U S of E would pursue towards Eastern Europe — but especially towards East Germany — the policies which West Germany is currently pursuing towards East Germany. In return for political recognition and a great deal of money, the communist regimes would allow us (East and West Germans/Europeans) to see a bit more of each other. As the theologians of *Ostpolitik* put it, we must accept the division of Europe in order to overcome it. Germany will give up her national sovereignty (proposition 3) in order to regain it (proposition 1).

At moments like these I wish I had read more Hegel. Such dialectics are beyond me. But let every people pursue its own salvation in its own way. All I object to is being told that their interests are necessarily our interests. And I can think of the odd Frenchman or Pole who would join me in questioning the automatic equation of Germany's interest with Europe's interest. To say that 'to end the division of Europe it is essential to end the division of Germany' is not merely true — it is a truism. It is like saying that to get from Southwark to St Paul's you have to cross the Thames. But in this case the reverse does not follow, particularly if you take the current West German gradualist view of 'overcoming the division of Germany'. It is perfectly possible for Germans to be getting closer together while other European peoples are being held farther apart. Of course the disjuncture cannot be total, but this is very much what has happened over the two years since martial law was imposed in Poland.

The special German-German rapprochement may be a good thing. It may be a bad thing. But it is not the same thing as the healing of Europe. Perhaps all of Western Europe should try to treat all of Eastern Europe as West Germany treats East Germany. Or perhaps it shouldn't. But at least we should know what we're talking about.

Chancellor Kohl was tr[illegible] as an historian. Expatiating upon Ad[illegible]auer's integration of Germany into the West, he observed that this was actually Germany's second attempt at *Westintegration:* the first was made by Gustav Stresemann in the Locarno Treaty of 1925. Turning to Gordon Craig's *Oxford History of Germany*, I read:

> Stresemann was no more a 'good European' than Austen Chamberlain or Aristide Briand or any other of the leading statesmen of his time. He was capable of using the sentimental rhetoric that was the characteristic style of the proponents of a future United States of Europe, but he was no believer in that grand design. As a German statesman, he felt that it was his obligation to concern himself with urgent national requirements, and the goal he set himself was to regain full sovereignty and independence for his country.

Translation
105 - 84|1280

Konrad Adenauer Lecture given by Dr Helmut Kohl,
Chancellor of the Federal Republic of Germany,
in Oxford on 2 May 1984

Mr Vice-Chancellor,
Mr Warden,
Prime Minister,
Excellencies,
My Lords,
Ladies and gentlemen,

It is a great honour for me and it gives me great pleasure to be able to speak to you today in Oxford. This is a place where history and tradition are blended so well with the present, a blend which augurs well for the future.

There are close links between St. Antony's College and the Federal Republic of Germany. As Chancellor of the Federal Republic, I welcome this opportunity to outline some of the main aspects of my Government's foreign policy to citizens of a country whose democratic traditions and virtues have long earned it particular respect among the German people.

I find it particularly gratifying to be here as Chairman of the Christian Democratic Union of Germany and to be able to deliver this year's Konrad Adenauer Lecture in that capacity.

Thirdly, as a founder member of the Konrad Adenauer Foundation and a member of its Board of Trustees, I am grateful that this visit has given me the opportunity to underline the particularly close and friendly relationship which exists between the Foundation and your College.

There are a host of reasons why my remarks on the foreign policy of the present Federal Government should relate to the policy of the first Chancellor of the Federal Republic of Germany and the first Chairman of my party after its establishment, following the war and the Nazi barbarism: Konrad Adenauer, the man to whose legacy I am firmly committed.

Adenauer's policy, and hence the history of the foundation of the Federal Republic of Germany, can only be understood at home and abroad in the light of the personal experiences of this man, reflecting at the same time the personal experiences of his entire generation. It is no coincidence that the lives of the three figures most instrumental in establishing the Federal Republic after the Nazi period - Kurt Schumacher of the Social Democratic Party, Theodor Heuss of the Free Democratic Party, the first President of our Republic, and Konrad Adenauer of the Christian Democratic Union - should have spanned the years from the German Empire prior to 1914 through the Weimar Republic, the first and sadly unsuccessful democracy in Germany between 1918 and 1933, and the Nazi horror up to the foundation of the Federal Republic of Germany.

..

Like the other two architects of our Federal Republic of Germany, Konrad Adenauer's life epitomized the high and low points of the history of the Germans during that period. Personal and historical experience enabled these men, like many other men and women of goodwill of all democratic persuasions, to set about creating a liberal order after the war and rebuilding their country from the ashes. And this word "ashes" should be understood in two senses: in the material sense as the ruins of our towns and villages, our flats, houses and production plants but also in the metaphysical sense as the bitter awareness of the devastation Hitler had wrought upon our people.

Germany - that is, the free part of our fatherland in which a liberal order could be built - had to be led out of isolation and disgrace at this historical juncture and reinstated as a respected member of the world community.

Only in retrospect - I myself was still at school and university during those years - can one appreciate the vastness of the problems which had to be

faced; ours was a divided country torn by social upheaval, which Stalin hoped would become ripe for the world revolution along with the rest of Central Europe through the expulsion of millions of people from Eastern to Central Europe following Yalta. More than ten million expellees and refugees were homeless and had to be integrated. Eighteen million Germans found themselves under the Communist heel. The fate of Berlin, the former Eastern provinces and the Saarland was in the balance. The system of Allied control brought about by the 1945 Potsdam Agreement did not come to an end until 1955.

Internationally, the Federal Republic of Germany was subjected to a mixture of threats and enticements by the Soviet Union. Europe was fragmented. The policies of France and the United Kingdom were not free of uncertainty regarding the future of Germany. A revival of United States isolationism reminiscent of the twenties following the Treaty of Versailles was not entirely out of the question.

It is against this background that the strategy pursued by Konrad Adenauer at that time has to be judged. He recognized that if it were ever true that a country's fate is decided by its foreign policy, it was true of Germany. I said "was true", but it would be more correct to say "is true", since the premise still holds good today. This close intertwining of domestic and foreign policy has remained an essential feature of our subsequent development.

Konrad Adenauer laid the foundations of modern German politics; he played a decisive part in developing the Christian Democratic Union of Germany and its Bavarian sister party, the Christian Social Union, into the largest centrist popular bloc in Germany alongside the old-established Social Democrats. The CDU and CSU today form sturdy pillars of the German political system and will surely remain so.

By introducing the social market economy - which for us has always been more of a social order than just a matter of expediency - Konrad Adenauer and Ludwig Erhard created the conditions for growing prosperity and an

exemplary system of social justice. During the fifties none of us could have foreseen just how sound this social security system would prove in the face of the social pressures of the late seventies and especially of the early eighties, when our Federal Republic experienced mass unemployment for the first time. The effectiveness of this system has contributed significantly to internal peace and social justice.

And it is no coincidence that over the past few decades our country has been one of those least affected by strikes.

Adenauer knew, however, that only within a community of like-minded States and peoples could the stability of German democracy, peace, freedom and social justice be permanently ensured in the face of totalitarian Communism at the dividing line between East and West.

His decision to opt for a free Europe, for an alliance with the United States and for the North Atlantic Alliance, a decision endorsed by the Germans in all our elections, amounted to more than merely a wish to safeguard peace. The supreme objective for him was to preserve freedom, as it is for us today.

It was with good reason that I said in my first Government policy statement on 13 October 1982:

"For us Germans the Alliance (i.e. the Atlantic Alliance) is the central element of our raison d'état." The term "raison d'état", in this context comprises more than a mere definition of political objectives.

"It embraces

- the basic values of our liberal constitution to which we are committed,
- the economic and social system under which we live, and
- the security that we need."

The concept of Europe, the future of free Europe, therefore means more to us Germans than the demand for a flourishing free-trade zone or economic community.

Adenauer's decision to integrate free Germany unreservedly and irrevocably into the free world of democratic nations was a momentous act unprecedented in our history.

Ladies and gentlemen, for many centuries the strategic corridors which crossed in the centre of our continent were of vital importance within the European power system, hence the struggle by all powers to wield influence in Central Europe.

Throughout those centuries the Europeanization of the heart of the continent was always a source of both temptation and doom to us Germans: temptation, because the attainment of nationhood would necessitate a rebellion against the prevailing power system. It is not surprising, then, that the nation-state as forged by Bismarck in 1870|71 lasted only until 1945 and thus had a far shorter lifespan than other European nation-states. Doom, because Central Europe could not be in full control of its own destiny and because any revolt against the status quo threatened its very existence, heralding partition and, all too frequently, disaster.

Adenauer was concerned that renewed German nationalism, the prevalence of short-sighted pacifism and neutralism might cause distrust of Germany to break out anew. Adenauer's policy of integration into the West sought to counteract this danger and to safeguard democracy in Germany.

This was the second and most recent major effort in the history of this century to integrate the Germans into the West. I wish to emphasize, particularly here in Oxford, that in my view we today largely fail to appreciate the great achievement by Neville Chamberlain, the British Foreign Secretary at the time, in bringing about the Locarno Conference of 1924|25 along with Gustav Stresemann and Aristide Briand, the German and French Foreign Ministers.

The peoples of Europe had to pay heavily for the short-sightedness of those days in Paris and Berlin, occasionally in London and, I am sure, in Washington, too, which prevented this work from being completed. History never repeats itself, but we today, particularly we in Germany with the specific challenge facing us, should not forget for one moment that the more recent integration of Germany into the West constitutes the second such grand design in history and is a great achievement which must be cherished.

The relevance of Adenauer's decision to our times is illustrated by those developments in Europe which can be grouped under the broad heading of "anti-Americanism". We should keep a watchful eye on such developments; I need not spell out their possible repercussions on the European order.

It is precisely this danger which illustrates the importance of the fact underlined in my policy statement that the decision of the Federal Republic of Germany in favour of European integration and the Atlantic Alliance is irreversible and an element of our "raison d'état," implying for the Germans the correct but bitter conclusion that freedom has priority over unification, that it would not help the people of Leipzig to be reunited in a Communist Germany if the majority of Germans thereby surrendered their freedom. This is much easier to say in Oxford, far removed from the iron curtain and the Berlin Wall, than when one is facing one's own kith and kin in Leipzig, Dresden, Potsdam or East Berlin. The partition is not just an academic exercise; it is a division which cuts right through families. There are many families in which chance has ordained that the brother lives in Bonn or Frankfurt while the sister lives in Leipzig or Dresden.

Today Europe and the European Community are faced by the question of whether we are capable of activating effectively the voice of Europe at this historical moment, whether we are able to advance the process of European unification. It is of prime importance that this task be approached from the perspective formulated in the preamble to the EEC Treaty, in which the founders of the European Community announced their determination to lay the foundations of an ever closer union among the peoples of Europe.

This wording is unambiguous. It says clearly that this Community, metaphorically speaking, is more than just a bank into which members deposit a sum of money in the firm expectation that they will subsequently be able to withdraw a larger sum.

It must be made clear that all member States of the Community consider themselves permanently committed to the goal of European unification and that they regard the process which has brought us this far along the road as irreversible.

The discussion following the Brussels summit meeting is reason enough to recall these guidelines. Brussels was a bitter disappointment for the European public. Nevertheless, I must make a plea for fairness: it must not be forgotten that, notwithstanding the unsatisfactory result in Brussels, we had managed by the first months of this year to complete most of the tasks we set ourselves at the Stuttgart summit in the summer of 1983.

A few major items remain to be settled. Though this may be an unsatisfactory state of affairs, I make a fervent plea for greater stamina in tackling this historical task and patience in reaching the decisions it requires.

Those familiar with the history of Europe and its nation-states, characterized more by antagonism than co-operation over three centuries, know that the belief that three hundred years of historical development can suddenly be overturned within the space of thirty years is presumptuous and indicates a lack of respect for historical responsibility.

In the German Bundestag debate on the Brussels meeting, I said that extreme care must be taken not to pass judgement on others. I am aware that a nation such as mine, which has lost two wars during this century, has had its assets depleted by two inflation crises and has suffered partition and the expulsion of many millions of its people, to which I have already referred, that such a nation finds it easier to adjust itself to a future within a larger unit under the European umbrella than those nations which - thank God - have been spared such misfortunes.

At the European Council meeting in Brussels we did all in our power to try to make the summit meeting a success. This has been and will remain the policy of my Government, for we are firmly convinced that only the further development of the Community holds out the promise of an ever closer union of the free peoples of Europe.

For that reason every Federal Chancellor since Konrad Adenauer, notwithstanding party affiliations, has urged that national demands, justified though they may be, should be subordinated to the survival of the Community. I firmly believe in this principle. Not for one moment shall we lose sight of this goal, for we know what is at stake for our continent, at least for our part of the continent.

It is still a question of whether Europe is capable, given the complexities of the international situation, given the military threat, economic and ecological problems, to bring the interests of its member States to a common denominator and to unite. And this unity will eventually require a tighter political organization.

Europe must learn to speak with one voice. This one voice is important, for instance, in relations with our friends and partners in the United States. The question of the moment - and not just in view of the coming elections for the second session of the European Parliament, is this: is every member of the Community prepared to regard its membership as irrevocable, as irreversible, even during the hardest of times? We in the Federal Republic of Germany are.

Are all members prepared to work for the political union of Europe without ifs and buts? I shall say it again: we in the Federal Republic of Germany are.

I hope that our partners can answer these questions in a similar manner.

We shall not be able to go on discussing exclusively economic and political matters in the Community. It is, in my view, impossible to talk within the

circle of Heads of State and Government about the distribution of European Currency Units, agricultural policies and milk quotas and act as if the central and fateful question of how we can best preserve our peace and freedom were no concern of ours. We cannot divide the free part of Europe into two camps. We all participate in economic progress, but only some of us take responsibility for our security.

This does not in any way imply that we seek to construct an alternative to NATO. But, as things stand, the image of a transatlantic bridge is inaccurate. The essence of a bridge is that it has a deck and two pillars. You can draw your own conclusions on whether the European abutment of this Atlantic bridge linking us with Canada and the United States of America is built to meet even the simplest of political and structural requirements.

In addition, what makes this Alliance of free peoples, NATO, absolutely indispensable to us is the fact that the Western powers are confronted on European soil by the imperialist pretensions of the Soviet super-power.

But it is essential that Europeans should increase their weight and influence in NATO, that they should assert their own specific interests more effectively than in the past. The Atlantic Alliance must be adapted to the conditions and demands of the future and its European pillar be strengthened.

At the same time it is important to the Federal Government and the vast majority of the population of the Federal Republic that NATO, and particularly the close friendship and partnership with the United States, should remain the cornerstone of German security policy and the guarantor of our freedom.

Only a strong and united Alliance can safeguard freedom. The Alliance has given us independence and liberty for over three decades. It serves the cause of peace in Europe and throughout the world and remains the basis and prerequisite of genuine détente.

The Alliance, but also an improved East-West relationship, are indispensable conditions for progress in arms control and disarmament. The primary aim of the Atlantic Alliance was and is to prevent war, and so to preserve peace and freedom for our peoples. The surest and hitherto sole guarantee against war is deterrence, including nuclear deterrence, for the Warsaw Pact possesses conventional superiority to this day.

In the seventies, while discussions here went on and on and the modernization of our armaments had practically been abandoned or had ground to a halt, the unilateral Soviet nuclear build-up forced the Western Alliance to take countermeasures. The Soviet Union has regrettably spurned the NATO offer of an agreement on intermediate-range nuclear disarmament which would have obviated Western INF modernization. They have blocked all the settlements we desire and which we have sought to negotiate - for none of us is a missile-maniac.

The Alliance - like the Federal Republic of Germany - withstood the internal and external pressures to which it was exposed during the modernization debate; it passed its acid test, one of great political and psychological importance. I believe that it has emerged strengthened from the INF debate.

We are prepared to return to the bargaining table at any time to continue discussions on nuclear arms control and disarmament.

The paramount objectives of my Government's security policy, like that of all previous Federal Governments, have been and will remain the prevention of a military confrontation in Europe, an end to the arms race on European soil and in the world and guaranteed security at a lower level of armaments.

In the Paris Agreements, the Federal Government under the Chancellorship of Konrad Adenauer renounced the right to manufacture weapons of mass destruction - atomic, chemical and biological weapons. Our position has not changed; we stand by this decision.

Wherever possible, the Federal Republic of Germany has supported arms control and disarmament efforts. Progress in arms control presupposes greater mutual trust and better prospects for dialogue between East and West. We shall do all we can towards this end.

German Ostpolitik had its roots in Adenauer's early efforts to forge a business-like and constructive relationship between the Federal Republic of Germany and the Soviet Union, our largest and most important neighbour whose control over 17 million of our fellow Germans can almost be used as a political pawn. The establishment of diplomatic relations between Bonn and Moscow in 1955, following Adenauer's visit to the Soviet Union, and the conclusion of the Treaty of Moscow 15 years later are milestones in the postwar development of German-Soviet relations.

My Government seeks constructive and stable relations with our neighbours in Central and Eastern Europe, particularly the Soviet Union. Everyone knows that the Soviet Union is a difficult partner; since the end of the Second World War, its imperialist policy, handed down from Czarist times, has repeatedly violated German and European interests. Nevertheless, ladies and gentlemen, any policy aimed at preserving and stabilizing peace in Europe requires that the door to dialogue with the Soviet Union be kept open in Europe, even in difficult times.

We naturally observe the agreements we have concluded; we act in accordance with the United Nations Charter and the Helsinki Final Act.

Aware of the rich common heritage of our continent and conscious of our European responsibility, we shall not relax our efforts to seek ways of preserving the advances made in relations with our neighbours in Eastern and South-eastern Europe and to go on developing them.

The Federal Government's pursuit of security and peace serves a vital political purpose, namely to overcome the division of Germany and Europe. Together with the free West and within the European framework we have the

duty and the will to shape our future and to settle our national question as an act of peace.

Ladies and gentlemen, we are aware of the European dimension of the German partition, which we shall be able to overcome only by peaceful means. The rejection of war and power as instruments of German policy has been reaffirmed time and again by all Federal Governments since 1949.

We need friends more than other countries do. All our neighbours must understand - all of them, I emphasize - that genuine and lasting peace in Europe will be achieved only when the German people are given the same opportunity as almost all the peoples of Asia, Africa, Latin America, the whole world, to determine the course of their own history. I know that this requires patience, and I am realistic. This item is not currently on the international political agenda. And you do not have to be clairvoyant to know that it will take a long time, possibly generations, before this matter is ripe for decision. I ask you only to understand that a German who faces up to his country's history and who stands by its people must call upon the endurance of his friends.

In recent months we have often seen television pictures of our Polish neighbours standing in the streets and squares of their cities, proclaiming in song that Poland is not yet lost; we know how many partitions Poland has survived, yet it remains Poland and has never given up its national identity. At the same time, we know there can be no returning to Otto von Bismarck's nation-state. Our passionate advocacy of European unification stems to a great extent from awareness that a peaceful settlement of the German question is only conceivable within a greater European framework.

We realize how great a responsibility devolves upon our country in particular as a stabilizing factor at the heart of Europe. The Germans have learned from their history; we shall never again neglect our European responsibility.

Our responsibility for Europe is also reflected in our relations with the German Democratic Republic, the other part of Germany. While we conduct

the talks necessary for reasons of everyday political realism, let the Chairman of the German CDU assure you that he never forgets that he is dealing with a Communist regime and its leaders; the regime which is depriving my compatriots in the other part of Germany of the most fundamental human rights. The leadership of the German Democratic Republic is now anxious to reinterpret German history and to assume the inheritance of this revised history. Behind the presentation of German history by the German Democratic Republic is the idea of a united Socialist-Communist Germany. The object is to create a sense of national communist identity as a substitute for the legitimization of a society whose philosophy and reality have never been sanctioned by the people of the German Democratic Republic in free elections nor ever would be.

The German people therefore expect every responsible German politician and every Government to work persistently for a state of peace in which they can determine their own unity. But those who support the unity of our nation must also accept the responsibility of approaching our compatriots in the German Democratic Republic at this critical period in our history. Unity can only mean that we remain united in our thinking, feeling and use of our common language. Unity is upheld when people establish contact, when families are reunited, when young people get to know each other again, when my sons in the south-west of Germany know what Weimar, Eisenach, the Wartburg and many other places which were in the news last year in connection with Luther's anniversary really look like.

The more successfully the hardships of German partition can be eased and overcome within a peaceful order in Europe, the more firmly will peace be consolidated in our continent.

A long road lies ahead of us before that can come about. But we have no reason to become discouraged. History - as you in Oxford all know well - never speaks a last word; it never creates an irreversible situation. International politics are in a constant state of flux.

The situation in divided Germany, too, can change. That has been proved in recent years. This change has also affected Berlin, our old capital. This city has a dual role to play in both Germany and in Europe: it symbolizes staunch defence of democracy and human rights by the free peoples of the West, and functions at the same time as a seismograph measuring the tremors in relations between East and West.

France, the United Kingdom and the United States are active in Berlin in their own right. Their presence is a living symbol of our partnership in the Atlantic community; the three powers are defending the "principles of democracy, individual liberty and the rule of law", as the preamble to the North Atlantic Treaty puts it.

We Germans owe a great debt of thanks to the United Kingdom, France and the United States of America, the three Allied powers in Berlin. We remember with gratitude the words you, Mrs Thatcher, spoke to the people of that city when we were there together in October 1982:
"Their (the British forces') presence demonstrates the continuing commitment of Britain, with our French and American Allies, to uphold the freedom of your city. They remain here because there is a vital task for them to do and because you want them to do it. ... We shall work to ensure that these cornerstones of Western freedom continue to guard our way of life."

That is not just a random quote; it is another clear affirmation of a basic political position which is of the greatest importance to all Germans in the German Democratic Republic as well as the Federal Republic of Germany.

Ladies and gentlemen, I have addressed some of the elements of German policy, the basic principles and aims of my Government. As a leading industrial nation, the Federal Republic of Germany has diverse worldwide interests. Our eyes are not solely trained on Europe, the United States and the Middle East. Our relations with Africa, Asia and Latin America, with the entire Third World, play a major part in our thinking and action in the field of foreign affairs. It is one of the happiest and most encouraging features of our age that in our country a generation has grown up for whom parochial

thinking has increasingly become a thing of the past. Their thinking and action out of a feeling of solidarity for their neighbours who include not only the person living next door or round the corner but also people in Latin America or Asia, an Indian in the Andes or a victim of hunger in the Sahel zone, proves that this generation has grown up with a much more universal outlook.

Co-operation with the Third World is an important part of our policy for worldwide peace; it is based on respect for the independence and self-determination of other countries.

We, as one of the large and comparatively wealthy industrial countries of the world - like you in the United Kingdom - must help the countries of Africa, Asia and Latin America to overcome poverty, hunger, despair and intolerable and highly volatile social divisions.

All States, whatever their social order, are subject to the same responsibility to provide assistance in a spirit of solidarity.

Since the Federal Republic of Germany was founded, we have tried to contribute our share on the basis of our historical experience and geographical position. The bulk of our political efforts are undoubtedly focused on Europe and the Atlantic area. The national question, German unity in freedom, European unification and the security of Europe will continue to receive the special attention of every future Federal Government.

The conviction of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany, his legacy to us, that only in close concert with the democratic nations of the West could Germany hope to solve its national problems one day by peaceful means, has become the guiding principle of our policies and an element of the constitutional reality of the Federal Republic of Germany.

In this way we want to learn from history and work towards peace. I believe that it is a good thing to try to learn from history, and I hope that our

neighbours will grow used to the fact that the Germans, for all their past deeds of war, will now and in days to come inscribe their acts of peace upon the pages of history.

PERSONAL AND CONFIDENTIAL

(2).

Prime Minister

Ominous. Very

A.J.C. 4/6.

Foreign and Commonwealth Office

London SW1A 2AH

4 June, 1984

Dear John,

President of the European Commission

When Chancellor Kohl saw the Prime Minister at Chequers on 2 May, he said that Germany would present a first-class candidate for the Presidency of the Commission. He would not agree to Davignon.

Sir Michael Butler has reported that rumours are circulating in Brussels that Genscher has agreed that the Germans should nominate M. Cheysson to be the next President of the Commission. This would not be a desirable outcome from our point of view.

The Foreign Secretary recommends that, when she sees Chancellor Kohl during the Economic Summit, the Prime Minister should raise this subject with him. The Prime Minister might wish to say that when she last met Chancellor Kohl, he assured her that Germany would propose a candidate. As Chancellor Kohl knows, we would be well disposed to a well-qualified German candidate. What are his intentions?

If Chancellor Kohl suggests that there is no urgency, the Prime Minister might wish to say that we think that a candidate does need to be nominated at Fontainebleau. There are other candidates in the field already. There will need to be preparation for the formation of the new Commission.

If Chancellor Kohl gives an indication that he is in fact thinking of proposing M. Cheysson, the Prime Minister might wish to say that she will want to reflect very carefully on this.

We hope that Kohl will come forward with a strong German candidate. If not we should have to consider other candidates, including Davignon. But we must first seek to find out from Chancellor Kohl what his intentions are. The rumours about Cheysson may stem from Genscher rather than Kohl.

Yours ever,

Robert Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street PERSONAL AND CONFIDENTIAL

10 DOWNING STREET

Prime Minister

This letter was delivered to No 10 by Nigel Wicks – our Executive Director at the World Bank, who hopes you will be able to endorse it.

Agree this be put on agenda for bilateral with Chancellor Kohl?

AT 1/6

Yes

AJC

RESTRICTED

AJC – 6 200

10 DOWNING STREET

From the Private Secretary

1 June 1984

Supplementary Funding for I.D.A.

Nigel Wicks has delivered to No. 10 the attached letter from Mr. Tom Clausen, President of the World Bank. As you will see, it urges the Prime Minister to support the Supplemental Funding initiative, and, at their bilateral, to urge Chancellor Kohl to support it also. I will show the letter to the Prime Minister over the weekend. Meanwhile, I would be grateful if you could ensure that it is integrated into the briefing for the Summit and for the German bilateral. I would be grateful if, after the Summit, you could provide a draft reply for the Prime Minister to send to Mr. Clausen.

I am copying this letter and enclosure to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office).

(ANDREW TURNBULL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

Prime Minister

CAB/1

THE WORLD BANK
Washington, D. C. 20433
U. S. A.

A. W. CLAUSEN
President

May 30, 1984

Dear Prime Minister:

It pleases me to report that last week the Board of Executive Directors finally approved a $8.4 billion Selective Capital Increase for The World Bank and a $9 billion replenishment for IDA.

As you know, Board consideration of these matters had been delayed for several months but now these Board authorizations clear the path for further efforts to secure Supplemental Funding for the Association. Additional funding is critical if IDA is to continue to make a useful contribution to the development of India and countries in sub-Saharan Africa. Without additional resources, IDA will not be able to effectively address the problems of economic policy reform which these countries face. IDA has a proven record in helping its member recipient countries to put in place economic policies which will enhance development prospects including higher standards of living for their peoples.

The strong public support which your Government has given to the Supplemental Funding for IDA, both in European Councils and in international fora, has been widely noted and greatly appreciated. The Chancellor of the Exchequer, the Foreign Secretary and the Minister for Overseas Development have ably championed this initiative. Their efforts have succeeded in obtaining support for the Supplemental Funding by all EEC member states except Germany.

I am writing this letter to you, Prime Minister, to ask if, during the course of the forthcoming Summit Meetings, you would lend your personal support to the Supplemental Funding initiative and bring the urgency of the matter to the attention of Chancellor Kohl.

Please accept my best regards and consideration.

Sincerely,

A. W. Clausen

The Right Honourable
Margaret Thatcher
Prime Minister
No. 10 Downing Street
London SW1, England.

Ref.A084/1435

MR BUTLER

The Foreign and Commonwealth Secretary sent me a copy of his minute of 11 May to the Prime Minister, suggesting that we should say that Frau Steeg would be acceptable to us as a consensus candidate for appointment as Executive Director of the International Energy Agency.

2. I agree with this recommendation.

3. I think that Frau Steeg would fill the post well; and we have no British candidate who would be credible as an alternative.

RCA

ROBERT ARMSTRONG

15 May 1984

CONFIDENTIAL

CCPC

01-211-6402

N.B.P.A.

The Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Downing Street
LONDON
SW1

14 May 1984

Thank you for your minute of 11 May about the appointment of the next IEA Executive Director.

It is important that this post be filled as soon as possible by a capable candidate. While Frau Steeg has not dealt with energy matters directly, she has wide relevant experience of multi-lateral trade negotiation and I judge her to be capable of doing the job. It will however be important that the IEA Deputy post is filled by someone with a thorough energy background.

Frau Steeg's name has now been in play for some time and I understand that the consensus behind her is fairly well complete. I agree that we can go along with it.

I am sending a copy of this letter to the Prime Minister, Nigel Lawson and to Sir Robert Armstrong.

PETER WALKER

CONFIDENTIAL

Germany: Chancellor Kohl Pt8:

CPE

FCS/84/136

N.B.P.M.

11.
5

SECRETARY OF STATE FOR ENERGY

IEA Executive Director

1. Our delegation to the OECD have reported that a meeting of the IEA Governing Board at Permanent Representative level is likely to be held on 15 May to consider the appointment of Frau Steeg as Executive Director of the IEA. It looks very much as though a consensus is developing around her. We need to send instructions by Monday 14 May.

2. For my part, I think Frau Steeg would be an acceptable choice. Officials here who know her well believe that despite her lack of direct experience in energy matters, she would fill the post well. As I said in my minute of 25 January, a European would seem best suited to the job. I see no reason why in this case a German should not be succeeded by a German.

3. I have considered carefully whether we should try to use UK support for Frau Steeg in order to win FRG support for our candidate for the post of OECD Secretary General, but see no advantage in doing so. Indeed, we ourselves have argued against such a link for the OECD post. The Germans have declared formally for Paye, and I doubt they can be shifted; and if, as now seems very likely, Frau Steeg is the only candidate for IEA job, we will have no leverage anyway. However, I would hope that if the Germans were for some reason to back off Paye, we could use our favourable attitude towards Frau Steeg in order to urge them to support our man for the OECD post.

4. I therefore suggest we decide quickly that Frau Steeg would be acceptable to us as a consensus candidate. I think we should however be prepared to make clear in a tactful way to all concerned that if a consensus in favour of Frau Steeg were not to materialise, and other candidates were to emerge, we might need to consider them too. We could let our position be known to the IEA Secretariat and others, and urge the need for a decision soon.

5. I am copying this minute to the Prime Minister, to the Chancellor of the Exchequer and to Sir Robert Armstrong.

GEOFFREY HOWE

Foreign and Commonwealth Office

11 May, 1984

Private Secretary

[redacted]

The Dept want to send this v. general guidance ltr. Looks harmless to me.

Any objections?

OUT TELEGRAM

Classification and Caveats	Precedence/Deskby
CONFIDENTIAL	PRIORITY

ZCZC
GRS
CLASS
CAVEATS
DESKBY
FM FCO
PRE/ADD
TEL NO

ZCZC
GRS
CONFIDENTIAL

FM FCO 080900Z MAY 84
TO PRIORITY BONN
TELEGRAM NUMBER
AND TO INFO UKREP BRUSSELS, UKDEL NATO, UKDEL STOCKHOLM, WASHINGTON, MOSCOW, AND OTHER COMMUNITY POSTS

ANGLO-GERMAN SUMMIT AT CHEQUERS ON 2 MAY

1. Chancellor Kohl accompanied by Genscher (Foreign Affairs), Stoltenberg (Finance), Woerner (Defence) and von Wuerzen (Official State Secretary representing Count Lambsdorff (economics), visited Chequers for the 15th Anglo-German bilateral Summit on 2 May. Kohl subsequently delivered the Konrad Adenauer Memorial Lecture at Oxford University. The Prime Minister was accompanied by myself, the Chancellor of the Exchequer, the Secretary of State for Defence and Mr Lamont, Minister of State at the Department of Trade and Industry.

2. The Prime Minister and Kohl concentrated on the Community, East/West and transatlantic relations, and the Middle East. They also discussed the problem of terrorism. They formally endorsed a statement on Anglo-German bilateral relations which was issued at the joint press conference. As both leaders made

NNNN ends telegram	BLANK	Catchword: clear
File number	Dept: WED	Distribution: FCO WHITEHALL WED
Drafted by (Block capitals): C A MUNRO		
Telephone number: 233 3648		
Authorised for despatch		
Comcen reference	Time of despatch	

XY 48

clear at the press conference tha atmosphere was excellent. There are few, if any significant bilateral problems in our relations.

3. EC ISSUES.

The two sides agreed that the budgetary problems of the Community should be solved as quickly as possible to enable Europe to play a more influential role in the world. Community questions also featured in my discussions with Genscher and in the talks between Mr Lawson and Stoltenberg and between Mr Lamont and Von Wuerzen. Genscher argued that we had missed our chance at the last European Council and that Germany's position was unchanged since Brussels. It was clear however that the Germans were waiting on the outcome of the Prime Minister's discussions with Mitterrand on 4 May before deciding how to play their hand.

4. Mr Lamont expressed concern at the implications for the Community's internal market of the German plans to insist on catalytic converters being fitted to cars in Germany after 1 January 1986 to control vehicle emissions. On other Community topics however no major disagreements emerged. Mr Lamont said excessive German steel exports to the US might complicate EC/US relations. Von Wuerzen meanwhile expressed concern about the implications for Community and German policy of the UK scheme to improve productivity in the textile industry.

5. EAST/WEST AND ARMS CONTROL

These featured prominently in the Prime Minister's talks with Kohl and in mine with Genscher. I said that after the Prime Minister's visit to Budapest the Warsaw Pact knew we were serious about resumption of dialogue and progress on arms control. On arms control Genscher was relatively robust. He said it was important for the West not to pay a price for a Soviet decision to return to the negotiating table in INF or

START. And he agreed that the Western position was strong in MBFR, CDE and CW. Genscher showed some concern about the US strategic defence initiative and anti-satellite programmes.

6. OTHER DEFENCE ISSUES

As Mr Heseltine and Woerner had met twice recently they concentrated on harmonisation of weapon systems through the Independent European Programme Group (IEPG). Woerner agreed that the WEU should not take over the IEPG. Genscher and I (and Mr Heseltine and Woerner) found that our approaches to revitalising the WEU were similar. It would be important to avoid anti-American overtones.

7. TERRORISM

Terrorism was discussed at some length. The Prime Minister made it clear that we were reviewing the position urgently and hoped to initiate some action at or before the London Economic Summit. The Germans conceded the need to look at aspects of the Vienna Convention (eg diplomatic bags). But both Kohl and Genscher stressed the importance of maintaining the status of diplomatic missions as such, for the sake of our own missions in Eastern Europe and other capitals where the rule of law was not respected.

8. LONDON ECONOMIC SUMMIT

There was agreement that the Summit should concentrate on how to sustain and spread the recovery without rekindling inflation. On trade and protectionism it was agreed to look again at what might be said in the communique after the OECD Ministerial meeting (on 17-18 May).

9. OTHER ISSUES

On the UN Law of the Sea Convention, Genscher admitted that he was in a minority in favouring signature. Kohl assured the Prime Minister that there was no prospect of a change in the German position.

10. Discussion of international trouble spots (Southern Africa, The Gulf, Cyprus and Argentina) revealed no significant

OUT TELEGRAM (CONT)

Classification and Caveats		Page
CONFIDENTIAL		4

<<<

<<<<
differences of approach. Genscher described his visit to Argentina in some detail. The Alfonsin Government was still strong and Argentina was in a better position than any other South American country to solve its problems, grave though these were. The Argentinians had spoken in moderate terms about the Falklands. The Prime Minister explained our position on sovereignty.

11. Kohl's final contribution at the Plenary concerned environmental damage, a political issue throughout Central Europe. In some areas 80% of forests were being destroyed and the way of life of whole communities was being effected. Kohl agreed with the Prime Minister that it would help if scientists could get nearer to an explanation of the damage caused by acid rain. But he had little doubt that the lead content of motor vehicle emissions was a major cause.

12. The foregoing is mainly for your own information but you may draw upon it if asked, using suitable discretion.

HOWE

NNNN

/// // /

NNNN ends telegram	BLANK	Catchword

XY 48 A

CABINET OFFICE

70 Whitehall, London SW1A 2AS Telephone 01-233 - 7460

CONFIDENTIAL

A.J.C. 4/5

X 02389

M Llewellyn-Smith Esq
WED
FCO
Downing Street West
LONDON
SW1

4 May 1984

Dear Michael,

BRIEFING FOR BILATERAL SUMMITS

1. We are most grateful to you for all your efforts to make a success of the new style of briefing for the Anglo-German Summit. I have spoken to No 10, and they tell me that they think that both the new slim-line briefing (11 briefs instead of 44 for the last Anglo-German Summit) and the check-list were a success, and a great improvement on previous arrangements. I have also heard praise elsewhere for the check-list, which seems to have been a most useful document. If therefore you and others agree, I suggest that we follow the new pattern for all future major bilateral Summits.

2. While this exercise is still fresh in our minds, it would be useful if recipients of this letter could let us have any comments which they may have either on the new style main briefs or on the check-list, so that we can get them even better next time. For instance, would other Departments find it useful if the check-list (copy enclosed for ease of reference - it was circulated to all participants in the Prime Minister's briefing meeting) also included a list of the topics for separate discussion by the other Ministers participating in the Summit - ie in the case of the Chancellor of the Exchequer, the Secretary of State for Defence, the Minister of Agriculture and the Minister of State for Industry?

3. For my part I have only two minor comments. First, as so often in these Summits, there was on this occasion a last minute note to the Prime Minister - from Mr Tebbit on Tornado for Turkey - asking her to raise a particular subject with Chancellor Kohl. It would have been tidier and simpler for No 10 if this subject had been covered in the main briefing. It may be on this occasion that DTI decided only at the last moment that it would be a good idea to raise Tornado. But generally I hope Departments will try to make sure that all subjects they want raised by the Prime

Minister are notified in time for them to be covered in the main briefing series. Perhaps next time Sir A Acland's "scene-setting" letter enclosing the proposed list of briefs could specifically ask Departments to say if there are any subjects not on the list which they would like the Prime Minister to be briefed on.

4. Secondly, on a very minor point, since we no longer have a summary of briefs it would have been helpful if the general brief had in its text referred by number to all briefs - ie paragraph 3 on internal affairs should have referred to Brief No 11 on the German internal scene, and paragraph 5 to Brief No 3 on the Community. A few more sub-headings in the general brief might also have been useful - eg separate sub-headings for Law of the Sea and Argentina as they had separate briefs.

5. I am copying this letter to those who received my letter of 29 March setting out the new system, and also to the Private Secretaries of the Ministers attending the Summit in case there was any feed-back from their Ministers on the briefing which we should take into account.

Yours ever,

Sophia

SOPHIA LAMBERT

A Bottrill, Treasury
J Ingram, DTI
B Hawtin, DS 12, MOD
R Melville, MAFF
P Fairweather, ECD(I), FCO
R Bone, APS/Foreign and Commonwealth Secretary
D Peretz, PS/Chancellor of the Exchequer
R Mottram, PS/Secretary of State for Defence
C Llewellyn, PS/Minister of Agriculture, Fisheries and Food
Miss L Rhind, PS/Mr Lamont
D Williamson, Cabinet Office
D Goodall, Cabinet Office
D Colvin, Cabinet Office
A Coles, No 10

cc Master

FILE
8W

SUBJECT

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

3 May 1984

Anglo/German Summit

I enclose a note of the discussion which took place over lunch at Chequers on 2 May.

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

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

CST

Note of a discussion over lunch at the Anglo/German Summit at Chequers on 2 May 1984

The following were the main points made at a discussion over lunch which was attended by all Ministerial participants in the Summit and some senior officials.

The Prime Minister said that she would welcome German views on the handling of the London Economic Summit remembering that it would take place in the middle of the United States election year. She believed that the Williamsburg Economic Summit in 1983 had been well handled. On that occasion it had been necessary to have a statement on international political questions, in addition to the usual economic statement, because of the imminence of INF deployment. She inclined to the view that it would not be possible for Heads of State and Government to meet at the Economic Summit without issuing a political statement. She thought that the only difficulty in this regard might come from the President of France.

Chancellor Kohl said that public expectations about the Summit were so high that they could not be met. But we must do our best. The Williamsburg conclusions had contained a good deal about combatting protectionism. But no sooner had participants returned home than the United States had adopted a number of protectionist measures. This was unfortunate. He favoured everyone making a contribution to reducing the dangers of protectionism. The more equipped individual countries were for free competition, the stronger economic revival would be.

It was essential to discuss political questions at the Summit. By June INF deployment would have taken place in Germany and the United Kingdom but not in the Netherlands. Indeed, it was uncertain what would happen about deployment

/ there.

there. The Summit should try to help the present Netherlands Prime Minister.

On another point, he could well understand that the Normandy landings had to be commemorated. But it should be borne in mind that many people in Japan and Germany would watch the celebrations. He therefore advised that the Summit, which would follow shortly on these celebrations, should make a joint declaration about the future. It was not adequate to draw attention merely to historical events. The participants must make clear that they were now associated in an community of values and that Germany was part of it. This was the perspective for the future. He was ready to talk to President Mitterrand about the desirability of a statement on political questions.

The Prime Minister said that it was possible that three statements would be necessary, for she wished to see one on international terrorism.

Regarding Chancellor Kohl's remarks about protectionism, it was worth recalling that the Community, despite the stand it had taken, was negotiating to restrict imports of corn gluten and that, but for Germany and Britain, it would have imposed an oil and fats tax.

The Summit should discuss the opening of capital markets, including the Japanese market, though the experience of past Summits in dealing with Japan had not been encouraging.

The Summit should also tackle the question of international subsidies which were now running at a high level.

A statement on security would be useful. There was a constant need to emphasise the unity of the United States and Europe.

On international terrorism, both the United Kingdom and the United States wanted a declaration.

With regard to a declaration on the values which bound the participants together, careful drafting would be necessary. But the task was worth undertaking, particularly as a means of combatting Communist propaganda.

The Foreign and Commonwealth Secretary said that political directors would identify the main topics for discussion by Foreign Ministers. Clearly, the question of terrorism would have to be addressed. He was reluctant to accept that every Economic Summit must issue a political statement but he recognised the need for one on this occasion, particularly following the commemoration of the Normandy landings. However, we were anxious about the French attitude.

Chancellor Kohl said that he had had to talk to President Mitterrand twice at Williamsburg to persuade him to accept a political statement. But the Americans had not handled him very tactfully. It was desirable that when our ideas were clearer the Prime Minister should raise the matter herself with President Mitterrand. The Prime Minister said that she would mention the question when she saw President Mitterrand on 4 May.

Taking up the earlier reference to INF deployment, the Defence Secretary pointed out that if the Netherlands did not proceed with deployment this could weaken the present resolution shown by Belgium.

On East/West relations, Chancellor Kohl said that he saw no new elements in Soviet foreign policy. The Prime Minister asked why East Germany was allowing so many people to leave permanently for the Federal Republic. Chancellor Kohl

replied

replied that there were probably several reasons rather than a single one for this. The structure of power was not monolithic in East Germany any more than it was in the Soviet Union. The GDP leadership was probably using the opportunity to get rid of a number of people whom it saw as troublesome. It had evidently agreed with the Soviet Union that the latter would in turn move Germans into East Germany. Another factor was that the economic situation in the GDR was not favourable. Moreover, the psychological pressure on the regime was such that it had to allow things to happen which would have been unthinkable a few years ago.

Herr Stoltenberg said that he considered that the Economic Summit's discussion of trade policy and protectionism should be balanced by a discussion of developing countries and the problem of indebtedness. If world trade did not revive, debtor countries had no chance of solving their problems. He had discussed this matter earlier with the Federal Chancellor who had agreed that it should be emphasised at the Summit. Herr Genscher pointed out that a 1 per cent reduction in interest rates would do far more to help debtor countries than any aid programme.

A. J. C.

2 May 1984

6.20 010

CONFIDENTIAL

RECORD OF A DISCUSSION BETWEEN THE CHANCELLOR AND THE FEDERAL GERMAN FINANCE MINISTER AT CHEQUERS AT 10.30 A.M. ON 2nd MAY 1984

Present	Chancellor of the Exchequer	Dr Stoltenberg
	Mr Unwin	Dr Heck
	Mr Peretz	

Economic Developments

Dr Stoltenberg said that in both Germany and the UK the recovery was now well under way: both economies were doing better than elsewhere in Western Europe. The latest independent forecasts for Germany were for a growth rate of 3-3½ per cent. The prospects, however, depended also on whether other European countries could now achieve higher growth; on the continuing debt problems of some developing countries; and on a satisfactory resolution of the expected clash with the unions over their demand for a 35 hour week. Dr Stoltenberg was confident that the German employers would stand firm. According to opinion polls the demand for a 35 hour week was not popular. But there could be a nation wide strike sometime during the next 2 months.

2. Inflation in the Federal Republic was well under control, and should fall to below 3 per cent soon. Profits were rising, as were private investment and exports. Dr Stoltenberg thought that a satisfactory resolution of the current problems in the Community could also have a helpful impact on confidence in the medium term. Unemployment was showing the first signs of a modest fall. There was of course the risk of a rise in interest rates. Although the strike threat had weakened the Deutschemark it had not so far affected domestic German interest rates. But were US rates to rise further then Dr Stoltenberg would expect a modest rise in German rates.

3. The Chancellor said that the picture in the UK was in many ways similar. Inflation was of course a little higher than in Germany, but expected to edge down later in the year. Growth was around 3 per cent. The UK, too, had labour problems (the coal strike). The

main worries for the future were of a rise in interest rates, caused by a rise in US rates. Such a rise would of course cause problems for debtor countries as well as the developed countries.

4. Dr Stoltenberg expressed a particular concern over the steel industry. He thought there was a risk of pressure from other EC countries - particularly the French - for a renewal of steel subsidies after they had been phased out (as agreed) next year. We should stick to the agreement that had been made to terminate subsidies, which were, he was advised, in any case illegal under the European treaties. The Chancellor agreed. Although this was a matter primarily for Industry Ministers, Finance Ministers had a legitimate and common interest, and he was very happy for the matters to be raised, as Dr Stoltenberg suggested, at the informal ECOFIN on 12 and 13 May.

London Economic Summit

5. The Chancellor suggested a number of areas where it might be possible to make some modest progress at the London Summit:-

(a) On the international debt situation, he suggested it would be worth examining some of the ways that problems might be solved in the longer term, and in particular the greater role that direct private investment could and should take in developing countries financing. It would be wrong for Governments to become involved, but the World Bank might be able to play a larger role (in cooperation with the IMF). Banks would also have to accept the inevitability of stretching out repayment schedules. Dr Stoltenberg agreed, and hoped (and the Chancellor agreed) that no one at the Summit would produce any new ideas for global schemes of general debt relief.

(b) It would be useful to apply further pressure - following the US/Japanese bilateral discussions - on the Japanese to open up their capital markets, as one way to help deal with the problem of the under-valued yen.

(c) On the US deficit the Chancellor thought the Americans might now be politically prepared to see something helpful said at the Summit, and Dr Stoltenberg agreed.

(d) On trade and protectionism, the Chancellor asked Dr Stoltenberg for his views, in particular, on how the question of mixed credits might best be tackled. It was agreed that this was a subject for discussion at the forthcoming OECD Ministerial meeting first; but that, depending how that discussion went, it would be helpful to have something in the Summit communique covering both protectionism and mixed credits.

6. In further discussion about US prospects, Dr Stoltenberg contrasted the very impressive growth so far in the US economy - the result of a flexible and dynamic private sector - with the problems that seemed to be mounting up for the future on the fiscal deficit, the trade balance and balance of payments. He was not convinced that the US would be able to sustain economic growth, and saw a real danger of disruption sometime in 1985 or 1986. While it was right for European leaders to express concern about this, careful wording was needed. It was important to avoid giving a "protest"image that could reinforce market and public perceptions of a Europe that was in decline. The Chancellor agreed.

7. On Argentina, Dr Stoltenberg shared the Chancellor's concern about the end-March US operation. He could only interpret the US move as intended to buy time to convince the Argentine Government of the need to agree a satisfactory adjustment programme with the IMF. This meant, however, that it was important that the next dead line should not be allowed to pass in the same way. He agreed with the Chancellor on the importance of ensuring that any country that did default was not seen to benefit as a result.

D L C PERETZ

3 May 1984

Distribution

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

Mr Coles - No.10
Mr Appleyard - FCO
Mr McCarthy - DTI
PS/Governor - Bank of England
Sir J Taylor - Bonn
Mr Wicks - Washington

D10

MO 14/3

A.J.C. 4/5

f.a.

NOTE FOR THE RECORD

RECORD OF A MEETING WITH DR MANFRED WOERNER AT THE ANGLO-GERMAN SUMMIT AT CHEQUERS AT 1040 AM ON WEDNESDAY 2ND MAY 1984

Present:

The Rt Hon Michael Heseltine MP
Secretary of State for Defence

Mr J H Blelloch
DUS(P)

Mr R C Mottram
Private Secretary to Secretary of State for Defence

Dr Manfred Woerner
German Minister for Defence

General Roland Oppermann
Assistant Chief of Defence Staff, Political-Military Affairs

Colonel Klaus Reinhardt
Aide-de-Camp

Admiral Fischer
German Embassy, London

EUROPEAN DEFENCE CO-OPERATION

The Secretary of State said that he was keen to foster a closer European defence identity provided that this did not drive a wedge between Europe and the United States. He saw both operational and economic benefits from increased arms co-operation where the aim should be to establish a transatlantic partnership drawing the high technology industries of Europe and America closer together. As to the mechanism, the IEPG had the crucial element of French participation and offered established machinery; it had conducted business at a fairly low level but this was changing. The WEU offered high level participation and political clout but was more restricted in membership and had no established machinery. He was happy to pursue both routes, on a complementary basis, provided they did not cut across the Atlantic dimension. In his capacity as Eurogroup Chairman, he intended to put some ideas to his colleagues before the next meeting about strengthening arms co-operation. The essential elements seemed to him to be: a mechanism for reconciling military requirements at a very early stage before detailed operational requirements were established; a clearing house to ensure that all co-operative options were explored before a national route was gone down to meet a requirement; a look at the scope for more specialisation in Government funded research and development; and consideration of the case for creating European-wide defence companies. Given the role of governments in defence procurement, any industrial restructuring would probably require

Government action. Once the European position was established, he believed that they should go to Mr Weinberger to explore the scope for transatlantic co-operation. Mr Weinberger's intervention in the NATO frigate saga showed his own commitment. He recognised the difficulty in turning these general principles into practice. In particular the reconciliation of military requirements would be difficult unless one country was designated as the leader in a particular area with the responsibility to drive matters on to a conclusion. More generally the machine needed to work to timetables laid down by Ministers if there were to be results.

2. Dr Woerner said that he had a good deal of sympathy for these ideas. He wanted to strengthen the European pillar within the framework of the Atlantic Alliance. He believed that the Americans would listen to a more coherent European voice. In seeking to bring this about, rhetoric was not enough. We had to look at specific objectives and options for projects and to choose the organisation to be used in relation to the aim. His own preference would have been to make use solely of existing organisations like Eurogroup and the IEPG, but France and Italy had both concluded that they wished to strengthen the role of the WEU and we had to take account of this. If we looked at the organisations in relation to the subject matter, he believed that the IEPG was the right mechanism to address armaments co-operation matters. We could certainly look at raising the level of the participants if this would help to give additional impetus. There were, however, wider questions relating to military strategy, the European attitude to the strategic defence initiative, and nuclear policy matters which were worth discussing in a European forum. The Eurogroup was not suitable for this if France remained outside it. He intended to press M. Hernu at their next meeting about whether France might join the Eurogroup but he expected the answer would be negative. We had seen the difficulty of using a tri-lateral forum. The WEU might be a useful organisation to address these questions. We should try it out and see the results. M. Hernu had made it clear to him at their last meeting, in front of the press, that France was anxious to strengthen co-operation within the framework of the Alliance. It remained to be seen what would come of the WEU initiative; the French enjoyed tossing a pebble into the pool to see the ripples but they might not have more concrete aims for the revitalisation. He recognised that there might be complaints from some of those excluded from the WEU but, in the light of recent experience, the absence of countries like Denmark and Greece might not be a handicap. Mr Blelloch drew attention to the argument that was being deployed that the revitalisation of the WEU Assembly would help in the articulation of a positive European attitude towards defence. Dr Woerner commented that he saw no merit in the WEU Assembly for this purpose. The European Parliament was the right place to articulate European opinion.

3. Dr Woerner said that he saw difficulties in bringing about a restructuring of European defence industries. There was certainly

a movement for increased co-operation as for example between Kraus Maffei and Vickers but this fell short of bringing about a fusion. He was concerned already about the impact of inadequate competition on the price of defence equipment: for example, a consortium building the new anti-tank helicopter had proposed large cost increases which had only been reduced by the threat of involving other European firms or the Americans. Perhaps they should discuss the options with the major concerns involved to see if there was any way forward. The Secretary of State said that he agreed absolutely about the importance of retaining competition. We should not go to a single European firm in a sector but, equally, there might be scope for reducing numbers below those at present. Any contacts with companies would need most careful handling since there would be inevitably a tremendous flurry of concern about the implications for individual national industries. At this stage they should perhaps talk at the political level in fairly general terms: he had yet to formulate any clear ideas himself.

4. Dr Woerner said that they should take account of the real progress that had been made recently. The IEPG response to the Americans on emerging technology was a major step forward as was the approach to the Fighter 90 project. On emerging technology, he attached considerable importance to addressing equipment proposals in a proper conceptual framework with clearly identified priorities. He recognised that these might not be the same for different countries. For the Germans, the priorities were firstly, fighting the first echelon, secondly offensive counter-air, and thirdly attacks on the second echelon at specific choke points. The Americans, on the other hand, had a philosophy of attacking the second echelon on a very broad basis including moving targets which required an immense investment in reconnaissance and real time communications. Once we had agreed on priorities, which was a crucial question for the next DPC meeting, then we could look at a balance between America and Europe in the development and production of the necessary equipments.

5. The Fighter 90 project showed the way forward in terms of a logical progression of steps towards a co-operative solution. Before the German Government could reach a definite position on the project, they had first to address their requirements over the next 12 years which would be completed by mid-June and he would then need to clear his lines with his Ministerial colleagues. This was why he had asked for the next ministerial meeting not to take place before July. The Secretary of State said that he understood the German difficulty and was quite content with the new date. He would, however, be very disappointed if there was a slippage into the Autumn. Dr Woerner agreed.

STRATEGIC DEFENCE INITIATIVE

/ 6. There was then a discussion of the SDI and related matters recorded separately.

SALE OF TORNADO TO TURKEY

7. The Secretary of State recalled his earlier conversation with Dr Woerner in Turkey about the sale of Tornado; he wondered where matters now stood. Dr Woerner said that he had asked the Turkish Government to write him a letter setting out clearly their priorities for the use of available military aid. He had now received such a list which included Tornado at the end. He could ask the Turkish Government which items they would wish to give up in order to make room for Tornado but even on this basis there would be no means of funding a sale of 40 aircraft. He was as interested in selling Tornado to the Turks as the British Government. His Government could offer normal credit financing. The possibility of offering special credit terms was minimal given the level of existing commitments to Turkey. The Secretary of State said that it would be preferable if the sale could be pursued as a joint venture with which Germany industry and the German Government would be closely associated, rather than solely on the initiative of British Aerospace. He was anxious to avoid any impression that a British company was negotiating on the basis of spending German money. Dr Woerner commented that his initial reaction to the proposition put to him in Turkey had been one of astonishment that it should have been pursued in this way.

8. The Secretary of State asked about the possibility of some contribution from the German military aid programme. Dr Woerner said that the sums involved were very large in relation to available aid, the next tranche of which would be 130M deutchmarks over a period of 18 months. There were discussions underway about a special programme of additional aid but these still had a long way to go. He thought that realistically the outside limit of new provision would not be more than 200M deutchmarks and the Finance Ministry would probably argue for a figure of 20M! These were not in any case matters within his control since the German Foreign Minister was responsible for the military aid budget. The Secretary of State commented that one difficulty was that British Aerospace were aware of the possibility of this additional provision but had no means of getting a feel for what it might amount to. Mr Blelloch added that there was concern within British Aerospace about their exposed position,not having a clear understanding of German intentions. The Secretary of State asked whether it would be possible to establish more clearly the prospects for additional military aid. Dr Woerner said that he would be happy to discuss further with Herr Genscher this aspect of the problem. He commented that the Turkish interest in Tornado had to be seen in perspective. Their military needs were huge and they had no money. There were other high priorities for them such as armour, tanks, air defence and the provision of NBC equipment.

ASRAAM

9. The Secretary of State referred to the earlier exchange in Turkey about ASRAAM. Dr Woerner said that he had checked the position on his

return. He could confirm that it was high on his priority list because of its importance for transatlantic equipment co-operation; there was so far as he knew no problem over the project. Was this also our understanding? The Secretary of State said that he was advised that there were still funding problems and difficulties over VAT which had led to proposed contractual and management arrangements which we were not sure were sensible. Dr Woerner said he would look again at where matters stood, and the Secretary of State added that he would check our understanding of the position.

SELF PROPELLED HOWITZER

10. Dr Woerner said that the programme for the 155 mm self-propelled howitzer had been established on the basis that each participating country would be invited to tender for all assemblies. The British side were now taking the line that those elements of the project developed in Britain must also be manufactured here. The Secretary of State said he would look into the British position.

FUTURE BASIC TRAINER FOR THE RAF

11. Dr Woerner said that the Germans had been disappointed that their Fan Trainer had not been shortlisted for the RAF requirement. He thought it was very competitive and wondered if the decision had been influenced by offset considerations. They felt they could make attractive proposals for offsetting orders in Britain which he could put in writing. The Secretary of State said that he would look into the basis on which the competition had been conducted and the reasons for the exclusion of the German candidate and let Dr Woerner know.

12. The meeting ended at 1245.

Ministry of Defence
3rd May 1984

Distribution:

PS/Prime Minister
PS/Foreign and Commonwealth Secretary
PS/Chancellor of the Exchequer
PS/Secretary of State for Trade and Industry
PS/Secretary of the Cabinet
Sir J Taylor, Bonn
Sir J Graham, UKDEL NATO

Internal:
as minute of 3rd May 1984

MO 14/3

ANNEX TO THE RECORD OF THE BILATERAL MEETING BETWEEN THE DEFENCE SECRETARY AND DR WOERNER ON 2ND MAY 1984

Strategic Defence Initiative

1. Dr Woerner asked whether the British Government had taken further its attitude to the US SDI since their last talk. The Secretary of State said that he and the Foreign and Commonwealth Secretary were looking together at aspects of the SDI and their relationship to the ASAT problem. Dr Woerner said that he and Herr Genscher were both sceptical about the SDI. They did not oppose the Americans catching up in low level ASAT capability and in R&D on anti-ballistic missile systems but their concern was that once they went down this road, it was difficult to know where it would end. Following his comments in Turkey, Dr Ikle had been sent to Bonn to explain the American position. It had become clear that there was political concern in the US administration that European objections might be used by Mr Mondale and Mr Hart as ammunition in the Presidential election campaign. The German Government, in the light of this concern, would be adopting a low profile in public but they nevertheless remained sceptical and believed there was a need for close and regular consultation in this area.

2. The Secretary of State said that the British position was similar. We accepted the argument for the Americans catching up. The difficulty was that catching up was not actually the way that the Americans approached things and they would inevitably want to press on ahead. The outcome was likely to be a quantum leap in the arms race. It was not conceivable that the Soviet Union would allow the Americans to develop a system of the kind envisaged without themselves either developing something similar or a counter to it. Dr Woerner agreed. He said the Soviet Union must be very concerned about the economic implications of such an arms race and it was possible that they would see a point when it would be advantageous to strike some sort of agreement or at least that there should be some channelisation of the process. The Secretary of State said that he did not get the impression of any real dialogue on these matters between the Americans and the Russians. Past experience was not encouraging. There had never been any arms reductions. All that agreements produced were ceilings coupled with options for both sides to develop in further new directions. Dr Woerner commented that this outcome was not determined by technical factors. Rather it reflected a lack of political will, at least on the Soviet side. The problem was that they attached such priority to military power. The Secretary of State commented that he would be making a speech at the IISS shortly about Russian attitudes: their expansionism, their dependence upon military power to secure status, and their feeling of being beleaguered, for which there was a good deal of justification in terms of past history. We must not be deluded into thinking that their aims were benevolent but equally he was concerned about the absence of a proper dialogue with them.

3. In further discussion, Dr Woerner explained that there were contacts between his Ministry and the Russians at a military level and he had himself held a number of conversations with the Soviet Ambassador in Bonn. Obviously in taking the dialogue further at Ministerial level, Defence Ministers were likely to be the last people to be involved. The Secretary of State agreed. His concern was that we should establish a dialogue with the new generation of the Soviet leadership before they came to power. Their outlook might be less dominated by events before and during the Second World War, and there might be scope for building a better understanding. Dr Woerner commented that this process, while welcome in itself, could not replace the importance of a US/Soviet dialogue. He found it very difficult to talk to the Americans about this because they tended to regard as an appeaser anyone who argued for a better dialogue. President Reagan had done very well in recreating a sense of US power but his rhetoric was not helpful. The right approach was to carry a big stick and to talk softly. The Americans did not seem to appreciate that for the Russians equality of status as a superpower was an overriding goal and they would do anything to keep it. The Americans should never imply that they wished to seek superiority again. If they addressed the Soviet Union as an equal, there was a possibility of a more constructive relationship.

Out of Area Activity

4. The Secretary of State asked Dr Woerner about the German position on out of area activity. Dr Woerner said that the German Government recognised the contribution which the other major NATO countries could make individually in particular areas and they were willing to play a role in compensating for the possible diversion of US troops from Europe. They believed, however, that the priority in terms of the threat remained in Central Europe. There were both constitutional and political difficulties in any German participation in out of area operations. In a brief discussion the Secretary of State said that he found very difficult the whole idea of operations on land in the Gulf Area by the Western powers. He also commented that we should not be so helpful to the Americans in covering for them in Central Europe that they came to suspect that they could safely withdraw.

Ministry of Defence

3rd May 1984

Distribution:

PS/Minister(AF)
PS/Minister(DP)
PS/US of S(AF)
PSO/CDS
PS/PUS
PS/DUS(P)
MA/DCDS
PSO/DGI
AUS(D Staff)
ACDS(P)
Hd of DS12
Hd of DS17
PS/Prime Minister
PS/Foreign & Commonwealth Secretary
PS/Secretary of the Cabinet
Sir J Taylor, Bonn
Sir J Graham, UKDEL NATO
Sir O Wright, Washington

3 - MAY 1984



APPOINTMENTS IN CONFIDENCE

OECD SECRETARY-GENERAL

Declared candidates are Marc Lalonde (Canadian Finance Minister), Jean-Claude Paye (French Diplomat) and Sir Kenneth Couzens. (59)

Points to be made to Chancellor Kohl in favour of our candidate are:

- The Prime Minister's personal support for our candidate.

- His career-long experience in financial and economic work.

- Particular value of over 5 years (1977 - 1982) work in international financial affairs; membership of G.5, G.10, Member and briefly Chairman of EC Monetary Committee.

- Main elements of the OECD job are international finance and economics and the management of economists: for both, Couzens has more direct experience than his rivals.

(55)

- On Lalonde: respect him, but do not regard experience as Minister as an essential qualification - e.g. Van Lennep did not have it.

(50)

- On Paye: some concern about possibility of too much French Government influence on a Frenchman at the Head of the Organisation in Paris; and question whether the undoubted diplomatic skills he has are what we really want.

CONFIDENTIAL

cc MASTER

FILE

10 DOWNING STREET

From the Private Secretary

3 May 1984

Anglo/German Summit

I enclose a record of the Plenary Session which was held at Chequers on 2 May.

I am copying this letter and enclosure to David Peretz (HM Treasury), Richard Mottram (Ministry of Defence), Callum McCarthy (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

E. E. R. BUTLER

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

CONFIDENTIAL

RECORD OF PLENARY SESSION OF SUMMIT TALKS BETWEEN HMG AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AT CHEQUERS ON WEDNESDAY, 2 MAY, 1984, AT 1430 HOURS

Present:

The Prime Minister	The Federal Chancellor
The Foreign and Commonwealth Secretary	Herr Genscher
	Dr. Stoltenberg
The Chancellor of the Exchequer	Dr. Worner
The Secretary of State for Defence	Dr. von Wuerzen
	Baron von Wechmar
Sir Robert Armstrong	
Sir Anthony Rawlinson	
Sir Jock Taylor	
Sir Julian Bullard	
Plus officials	Plus officials

/ The Prime Minister

CONFIDENTIAL

CONFIDENTIAL

The Prime Minister reported on her discussions with Chancellor Kohl. She said that there had been thorough discussions on Community issues, and both sides wished to resolve outstanding problems on the Community Budget as soon as possible. There had also been a discussion on East/West relations, which were particularly important in the year of the US Presidential Election, and on the Iran/Iraq War. The atmosphere of their talks had been extremely friendly, and there were few if any bilateral problems between the Federal Republic and the United Kingdom. Both sides shared a joint will to solve the problems of the Community and enable Europe to play a more influential part in the world. Both sides also agreed on the need to incorporate strict financial guidelines into the Community's budgetary process. Otherwise, the progress made on agricultural and financial disciplines would be wasted. This could be seen as translating the Stuttgart Agreement into a practical form.

Chancellor Kohl thanked the Prime Minister for her welcome and hospitality. He suggested that at the Press Conference attention should be drawn to the friendly and cordial tone of the talks which reflected the normality of relations between the two countries. Mention should also be made of the forthcoming Economic Summit, and the need for a thorough tour d'horizon of world affairs, particularly East/West relations. He endorsed the Prime Minister's remarks about the desire of both sides to make progress at the earliest possible moment on the problems of the European Community.

In reply to a question from the Prime Minister about his recent visit to the United States, Chancellor Kohl said that he did not expect any major change on budgetary policy before the Presidential Election. But the US Government were realising that a continuation of their policy would support and foment feelings of anti-Americanism in Europe. He had told the President that it would be more potent than 100 demonstrations.

/ Following

CONFIDENTIAL

CONFIDENTIAL

Following the demonstrations in the autumn in advance of deployment, which had been professionally stimulated, anti-American feeling had declined in Germany, and there was no sign of a resumption without some occasion for it. If the United States continued with their budgetary policy, there would both be a psychological and actual adverse effect on Europe. In Germany itself, official forecasts of growth in the current year were put at 2½%, and most commentators regarded this as cautious. Unemployment was beginning to decline, and there was a prospect of its falling below 2 million in figures published on 4 June. Even so, people had been living beyond their means for far too long, and the corner had not been turned yet, as was evident from the current dispute about the 35 hour week for unchanged wages. He was confident that the German Government would win that dispute, and there would be signs of this within the next fortnight. 1985 was also likely to be a good year, but there was a questionmark over 1986, and uncertainties over US policy were relevant to this. The German Government had lots of other problems, particularly demographic problems affecting the number of men in the armed services, which threatened to decline from 495,000 at present to 261,000 by the end of the decade. The German Government might have to consider extending military service, which would be a most controversial issue. In response to a jocular remark from the Prime Minister that a professional army avoided difficulties of this sort, Chancellor Kohl responded that he had no doubt that a conscript army was right for a divided country.

Sir Geoffrey Howe gave a summary report of his talks with Herr Genscher (separately recorded). In discussion of the attitude of the German Government towards problems of international terrorism, Herr Genscher said that it would be important not to give the impression that the West would like to weaken the protection given to Diplomatic Missions by the Vienna Convention.

/ The

CONFIDENTIAL

CONFIDENTIAL

The approach should be to interpret the rights and privileges of that Convention more restrictively. He had been asked, on a visit to Senegal, why the major European countries had tolerated the Libyan Peoples' Bureaux in their countries for so long. The Foreign Secretary commented that the decision to accept the Peoples' Bureaux had been taken after extensive discussions between Germany, France, Italy and the United Kingdom. If a decision to act more restrictively were to be more effective, it should similarly be taken collectively. The Prime Minister drew attention to the problems of enforcing the Vienna Convention as regards the content of Diplomatic bags. Herr Genscher commented that this aspect of the Vienna Convention was worth looking at, but he repeated that the German Government would wish the protection provided by the Convention to Missions to be maintained.

The Chancellor of the Exchequer reported on his discussions with Dr. Stoltenberg (separately recorded). Dr. Stoltenberg said that he agreed with the Chancellor of the Exchequer's report, and had nothing to add.

The Secretary of State for Defence summarised his discussion with Herr Wörner: since they had had two meetings in the previous fortnight, the present discussions had been in general terms, and had concentrated on the need to make progress on the harmonisation of weapons systems through the IEPG, and not to allow WEU machinery to take this over. Herr Wörner endorsed the Secretary of State's report, and stressed the need to ensure that French initiatives to revitalise the WEU were directed into an Atlantic framework, and did not develop anti-American overtones. He distinguished between arms collaboration, which it was essential to pursue through IEPG, and military and strategic issues on which it would be worth trying to stimulate exchanges at Ministerial level through the WEU.

/ Sir Anthony Rawlinson

CONFIDENTIAL

CONFIDENTIAL

Sir Anthony Rawlinson summarised the discussions which Mr. Lamont had held with Dr. von Wuerzen (which are reported separately).

Chancellor Kohl underlined the growing importance of damage to forests as a political issue not only in the Federal Republic, but in other central European countries. This problem did not only concern environmental fanatics, but affected the way of life of whole communities. In some areas of central Europe 80% of forests were being destroyed, and the Norwegian Government had also recently expressed their concern to the Federal Government. The problem was that nobody was sure of the reasons for what was happening, but he had little doubt that the lead content of motor vehicle emissions had a large role. He had no desire to be a nuisance to his European colleagues on this matter, but he wanted to make clear the pressure which the Federal Government were coming under. They were already finding it necessary to control coal emissions, which would have a serious effect on coal sales. The Prime Minister commented that an answer to this problem was nuclear power, but this presented other problems. Chancellor Kohl agreed, and said that the German Government were confident that in the next 10 years they would solve the problems of nuclear waste disposal through petrification. The Prime Minister endorsed Chancellor Kohl's comment that it would help if scientists could get nearer to an explanation of the damage caused by acid rain.

The Prime Minister and Chancellor Kohl formally endorsed the draft statement on Anglo/German bilateral relations, and agreed that it should be issued at their Press Conference.

F.E.R.B.

2 May, 1984.

CONFIDENTIAL

CONFIDENTIAL

cc MASTER

FILE da

10 DOWNING STREET

From the Private Secretary

3 May 1984

Anglo/German Summit

I enclose a record of the discussion at Chequers on 2 May in which the Prime Minister, Chancellor Kohl, the Foreign and Commonwealth Secretary and Herr Genscher participated.

F. E. R. BUTLER

Roger Bone, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

NOTE OF A MEETING BETWEEN HEADS OF GOVERNMENT AND FOREIGN MINISTERS AT CHEQUERS ON WEDNESDAY 2 MAY 1984 AT 1215 HOURS

Present:

Prime Minister	Chancellor Kohl
Foreign and Commonwealth Secretary	Herr Hans-Dietrich Genscher
Mr. F.E.R. Butler	Dr. Immo Stabreit
Mr. L. Appleyard	Herr Wolfgang Ischinger
Interpreter	Interpreter

* * * * * * * *

The Foreign Secretary reported on the discussions he had had with Herr Genscher on the following subjects: Southern Africa, Cyprus, Iran/Iraq, international terrorism, Law of the Sea Convention, Argentina and East/West relations and arms control. The following additional comments were made on the report:-

(a) Cyprus

The Prime Minister noted Herr Genscher's view that the best prospect of putting effective pressure on Mr. Denktash was through the Turkish President. She commented that she did not regard it as a practicable prospect to persuade the Turkish Cypriots to reverse their declaration of unilateral independence in the near future, but she noted the German view that the pressure of the Turkish President was likely to be the most effective way of persuading Mr. Denktash to undertake serious discussions with the UN Secretary General.

(b) Iran/Iraq

The Prime Minister commented that an Iranian breakthrough would incur the risk of provoking the Shi'ites elsewhere in the Middle East and would have an unsettling effect throughout the whole region. Chancellor Kohl agreed. If the Iranians reached Baghdad it would have enormous effects in Jedda, Riyadh and elsewhere. He had told Mr. Shamir that he should be under no illusions about the effect it would have on Israel, because of the implications for Jordan. The Prime Minister said that, even after Khomeini, Iran would remain a powerful country, not only for its own national reasons but also as

CONFIDENTIAL

CONFIDENTIAL

a centre of Shi'ite fundamentalism. The Foreign Secretary was keeping in close touch with the United States Government and was encouraging them to make it clear to the Russians that any moves which the Americans had to take in the Middle East were to be seen as a way of protecting Western interests there and not as a wider move against the Eastern Bloc. There were reassuring signs that the United States and the Russians were in touch with each other on this matter. But there appeared to be no end to the casualties which the Iranians were prepared to accept. Chancellor Kohl commented that Iranian exhaustion with the war was unlikely to come while Khomeini was still alive. Herr Genscher added that, while the West should be prepared with contingency plans for adverse developments in the region, there was an undesirable amount of public comment, for example about the Straits of Hormuz.

(c) Libya

The Prime Minister expressed her appreciation of Herr Genscher's decision to defer his visit to Libya. She said that she hoped to make progress at the Economic Summit or before on collaboration with other developed countries on methods of dealing with international terrorism. There were unacceptable threats to diplomats, as was evident from attacks on British diplomats abroad and foreign diplomats in London. It was known that international terrorist groups were operating, and there was reason to think that they were operating under cover of international diplomacy. So the Vienna Convention would have to be carefully looked at and, in cases where diplomatic status appeared to be exploited by particular countries, representation would have to be suspended or there would have to be a much more rigorous control on numbers and on the acceptability of individual representatives. Herr Genscher commented that the Vienna Convention was an important protection of Western representation in Moscow and the Eastern Bloc. In any action which was taken it would be important not to weaken this protection.

(d) Law of the Sea Convention

Herr Genscher said that while he was personally in favour of the Law of the Sea Convention, he was in a minority in the German Government. The Prime Minister expressed the hope that he would

CONFIDENTIAL

remain in a minority and Chancellor Kohl said that there was no prospect of a change in the position of the German Government.

(e) Argentina

Herr Genscher said that he had been impressed, during his visit to Argentina, by the fact that the Argentines made no effort to embarrass him over the Falklands. They had spoken with reticence and moderation, despite the fact that they were well advanced in negotiations through the Swiss about the talks on the normalisation of relations. The Prime Minister commented that the fundamental problem was that the Argentine Government wanted to use any discussions on normalisation of relations to open discussions about sovereignty. The British Government could not hold such discussions. She asked for Herr Genscher's view on the firmness of Alfonsin's position in view of the deterioration of the Argentine economic situation. Herr Genscher said that the Alfonsin Government was still strong. His impression was that the Finance Minister had not seen a way of solving Argentina's problems, but the economic adviser to the President was openly criticising the Minister and urging policies similar to those followed in Britain and Germany. Argentina was in a better position than any other South American country to solve its problems. It had no racial difficulties, a highly skilled labour force and many natural resources. But years of high inflation had damaged their economic psychology.

(f) East/West Relations and Arms Control

Herr Genscher said that there was evidence of a growing debate among the Warsaw Pact about the case for a more positive approach to arms control. This suggested that it was in the Western interest to continue to show a genuine interest in arms control and to reassure the Eastern Bloc that the West genuinely sought peace.

The Prime Minister then reported on her discussions with Chancellor Kohl about the Community budget. Herr Genscher made the observation that the Germans had not regarded the role of Viscount Davignon as helpful. The Prime Minister said that the British had thought that Viscount Davignon was seeking to be helpful and had done a lot of work with him behind the scenes following the

Brussels Summit. Herr Genscher commented that this was the trouble . He added that Mr. Callaghan had warmly supported the British position when he had met him during a visit to Vienna, and he wished that Chancellor Kohl received similar support from his predecessor.

F.E.R.B.

2 May 1984

SLIAAT

Check against delivery!

Bundeskanzleramt
Fernschreibstelle

0675 V 1 10:28

German Policy Today - the Legacy of Konrad Adenauer

Bundeskanzleramt
Fernschreibstelle

Konrad Adenauer Lecture
given by Dr Helmut Kohl, 0676 V 1 10:34
Chancellor of the Federal Republic of Germany,
at St. Antony's College, Oxford,
on 2 May 1984

EMBARGO:
2 MAY 1984
6.00 p.m.

Mr Vice-Chancellor,
Mr Warden,
Prime Minister,
Excellencies,
My Lords,
Ladies and gentlemen,

It gives me great pleasure to be able to speak to you today in Oxford, with its great and noble tradition, and particularly here in St. Antony's College, where past and present are blended so well.

There are close links between St. Antony's College and the Federal Republic of Germany. As Chancellor of the Federal Republic, I welcome this opportunity to outline some of the main aspects of my Government's foreign policy to citizens of a country whose democratic traditions and virtues have long earned it particular respect among the German people.

As Chairman of the Christian Democratic Union of Germany, I find it gratifying that my address constitutes this year's Konrad Adenauer Lecture.

As a member of the Board of Trustees of the Konrad Adenauer Foundation I am grateful that our relationship with your College has evolved from contacts established by the Foundation.

For all these reasons it is natural that my remarks today on foreign policy should relate to the policy of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany and the first Chairman of my party, a man to whose legacy I am firmly committed.

Adenauer's domestic and foreign policy can only be understood in the light of the personal experiences of a man who had lived through the disaster of World War One and the rise and ignominious collapse of the first German democracy; who, after the Second World War, was confronted with the repercussions of the barbaric Nazi dictatorship and the aftermath of the war.

At home, the Germans had to develop a liberal society and rebuild their country from the ashes. Internationally, Germany had to be led out of isolation and reinstated as a respected and equal member of the world community.

The prevailing difficulties made this seem a Herculean task; the country was divided and torn by social upheaval. More than ten million expellees and refugees had to be integrated. Eighteen million Germans found themselves under the Communist heel. The fate of Berlin, the former Eastern provinces and the Saarland was in the balance. The system of Allied control agreed at Potsdam did not come to an end until 1955.

Internationally, the Federal Republic of Germany was subjected to a mixture of threats and enticements by the Soviet Union. Europe was fragmented. The policies of France and the United Kingdom towards Germany were not free of uncertainties. A revival of United States isolationism was not entirely out of the question.

Against this background, it was clear to Adenauer that domestic and foreign policy could not be separated but had to remain closely intertwined, a principle which up to the present day has remained indispensable in shaping German policy.

Konrad Adenauer laid the foundations of modern German politics; he played a decisive part in developing the Christian Democratic Union of Germany and its Bavarian sister party, the Christian Social Union, into the largest centrist popular bloc in Germany alongside the old-established Social Democrats. The CDU and CSU today form a sturdy pillar and a firm guarantee of German democracy.

By introducing the social market economy, Konrad Adenauer and Ludwig Erhard created the conditions for the development of prosperity and an exemplary system of social justice. The history of the Federal Republic of Germany is marked by the absence of serious social strife.

Adenauer knew, however, that only within a community of like-minded States and peoples could the stability of German democracy, peace, freedom and social justice be permanently ensured in the face of totalitarian Communism.

His decision to opt for a free Europe, for an alliance with the US and for NATO amounted to more than merely a wish to safeguard peace. The supreme objective for him, as for us today, was to preserve freedom.

It was with this in mind that I said in my first Government policy statement on 13 October 1982:

For us Germans "the Alliance is the central element of our raison d'état. It embraces

- the basic values of our liberal constitution to which we are committed,
- the economic and social system under which we live, and
- the security that we need."

The concept of Europe, the future of free Europe, therefore means more to us Germans than the demand for a flourishing free-trade zone or economic community.

Adenauer's decision to integrate free Germany unreservedly and irrevocably into the free world of democratic nations was a momentous act unprecedented in German history.

What invariably mattered in the European power system were the strategic corridors which crossed in the centre of the continent, hence the struggle by all powers to wield influence in Central Europe.

For Germans the Europeanization of the heart of our continent was always a source of both temptation and doom: temptation, because the attainment of nationhood would necessitate a rebellion against the prevailing power system. Doom, because Central Europe could not be in full control of its own destiny and because any revolt would threaten the national existence and would herald partition and thus disaster.

Adenauer was concerned that renewed German nationalism, shortsighted pacifism and neutralism might cause distrust of Germany to break out anew. Adenauer's policy of integration into the West sought to counteract this danger and to safeguard democracy in Germany.

The relevance of that decision to our times is illustrated by those developments in Europe which can be grouped under the broad heading of "anti-Americanism". Historical experience shows that these tendencies in Germany must be taken seriously.

I need not spell out the possible repercussions of such a development on the European order and the structure of our Western Alliance. Precisely this danger makes the present Federal Government regard the decision in favour of European integration as irreversible.

Today Europe and the European Community are faced by the question of how the process of European unification can best be advanced during the coming years. It is of prime importance that this task be approached from the perspective formulated in the preamble to the EEC Treaty, in which the founders of the European Community announced their determination to lay the foundations of an ever closer union in peace and freedom among the peoples of Europe.

This wording is unambiguous. It says clearly that this Community, to put it graphically, is more than just a bank into which members deposit a sum of money in the firm expectation that they will subsequently be able to withdraw a larger sum.

It must be made clear that all member States of the Community consider themselves permanently committed to the goal of European unification and that they regard the process which has brought us this far along the road as irreversible.

The outcome of the Brussels summit meeting is reason enough to recall these guidelines. The meeting of the European Council on 19 and 20 March was a bitter disappointment for the European public at large. I share this disappointment.

But at the same time we must not overlook the fact that, notwithstanding the result in Brussels, we had managed by the first months of this year to complete most of the tasks we set ourselves at the Stuttgart summit in the summer of 1983.

At the European Council meeting in Brussels the Federal Government did all in its power to try to make the summit meeting a success. As had been the case with successive Federal Governments during the past decades, it was prominent among those member States which pressed emphatically and convincingly for an ever closer union of the free peoples of Europe.

For that reason every Federal Chancellor since Konrad Adenauer has urged that national demands, justified though they may be, should be subordinated to the survival and the development of the Community. I take the same view.

The Federal Government will keep pursuing the path towards Europe. Not for one moment will it forget what is at stake for our continent.

It is still a question of whether Europe is capable, given the complexities of the international situation, given the military threat, economic and ecological problems, to bring the interests of its member States to a common denominator and to unite. And there is no doubt in my mind that this unity will eventually require a tighter political organization.

Europe must learn to speak with one voice, in its relations with the United States as elsewhere. The question of the next months and years will be this: is every member of the Community prepared to regard its membership as irrevocable, even during the hardest of times? We most certainly are.

Are all members prepared to work for the political union of Europe without ifs and buts? The Federal Republic of Germany is.

I hope that the answer our partners give to these two crucial questions will be the same as ours.

We shall not only have to talk about economic and political matters in the Community, but also increasingly about problems of security policy. The introduction of security as a component of European unification policy can of course be no alternative to the North Atlantic Alliance.

The Alliance is indispensable to the free peoples of Europe for as long as they are confronted by an imperialist super-power on European soil.

But it is essential that Europeans should increase their weight and influence in NATO, that they should assert their own specific interests more effectively than in the past. The Atlantic Alliance must be adapted to the conditions and demands of the future and the European pillar of the transatlantic partnership strengthened.

At the same time it is important to the Federal Government and the vast majority of the population of the Federal Republic that NATO, and particularly the close friendship and partnership with the United States, should remain the cornerstone of German security policy and the guarantor of our freedom.

Only a strong and united Alliance can safeguard peace in freedom. The Alliance guarantees our independence. It serves the cause of peace in Europe and throughout the world and remains the basis of genuine détente.

The Alliance, but also an improved East-West relationship, are indispensable conditions for progress in arms control and disarmament. The primary aim of the Atlantic Alliance was and is to prevent war, and so to preserve peace and freedom. The surest and hitherto sole guarantee against war is de-

terrence, including nuclear deterrence, for the Warsaw Pact possesses conventional superiority to this day.

The Soviet nuclear build-up in the seventies forced the Western Alliance to decide on appropriate countermeasures. By making a negotiated solution impossible, the Soviet Union regrettably spurned the NATO offer of an agreement on intermediate-range nuclear disarmament which would have obviated Western INF modernization. In so doing they assumed a grave burden of responsibility.

The Alliance withstood the internal and external pressures to which it was exposed during the modernization debate; it passed its acid test, one of great political and psychological importance, and emerged strengthened from the INF debate.

The West is prepared to return to the bargaining tables at any time to continue discussions on nuclear arms control and disarmament.

The paramount objectives of my Government's security policy, like that of all previous Federal Governments, have been and will remain the prevention of a military confrontation in Europe, an end to the arms race on European soil and in the world and guaranteed security at a low level of armaments.

As early as 1954, in the Paris Agreements, the Federal Government under the Chancellorship of Adenauer renounced the right to manufacture weapons of mass destruction, in particular atomic weapons but also chemical and biological weapons. We stand by this decision.

Wherever possible, the Federal Republic of Germany has supported arms control and disarmament efforts. Progress in arms control presupposes greater mutual trust between East and West. The Federal Government will help in any way it can to restore the broad base of the East-West dialogue.

German Ostpolitik had its roots in Adenauer's early efforts to forge a business-like and constructive relationship between the Federal Republic of Germany and the Soviet Union. The establishment of diplomatic relations between Bonn and Moscow in 1955, following Adenauer's visit to the Soviet Union, and the conclusion of the Treaty of Moscow 15 years later are milestones in the postwar development of German-Soviet relations.

My Government seeks constructive and stable relations with our neighbours in Central and Eastern Europe, including the Soviet Union. The Soviet Union is a difficult partner; since the end of the Second World War, its policy has violated German and European interests. Nevertheless, any policy aimed at preserving and stabilizing peace in Europe requires that dialogue with the Soviet Union, the world power which is our close neighbour on European soil, be continued and that the attempt be made to improve relations with Moscow; this is especially necessary in difficult times.

We observe the agreements we have concluded; we act in accordance with the United Nations Charter and the Helsinki Final Act.

Aware of the rich common heritage of our continent and conscious of our European responsibility, we shall not relax our efforts to preserve the advances made in relations with our neighbours in Eastern and South-eastern Europe and to go on developing them.

The Federal Government's pursuit of security and peace serves a high political purpose, namely to overcome the division of Germany and Europe. Together with the free West and within the European framework we have the duty and the will to shape our future and to settle our national question as an act of peace.

We are aware of the European dimension of the German partition, which we shall be able to overcome only in the long term, with the support of our neighbours in Europe, and by peaceful means. We categorically reject war and the threat or use of force as a political instrument. We realize how great a responsibility devolves upon our country in particular as a stabilizing

factor at the heart of Europe. One thing is certain: the Germans will never again neglect their European responsibility.

Our responsibility for Europe is also reflected - and particularly so - in our relations with the German Democratic Republic. The leadership of the German Democratic Republic is anxious to reinterpret German history and to assume the inheritance of this revised history. Behind the presentation of German history by the German Democratic Republic is the idea of a united Socialist-Communist Germany. The object is to create a sense of national communist identity as a substitute for the legitimization of a society whose philosophy and reality have never been sanctioned by the people of the German Democratic Republic in free elections nor ever would be.

The German people therefore expect every Federal Government to work persistently for a state of peace in Europe in which they can recover their unity in free self-determination.

But those who support the idea of unity must approach and seek contact with the people of the German Democratic Republic. We want to arrive at practical solutions. That, too, is a way of meeting our national responsibility.

The more successfully the hardships of German partition can be eased and partition overcome within a stable and peaceful order in Europe, the more firmly will peace be consolidated in Europe.

A long road lies ahead of us before that can come about. But we have no reason to become discouraged. History never speaks a last word; it never creates an irreversible situation. International politics are in a constant state of flux.

Progress in relations between the two German States also affects Berlin. This city has a dual role to play in both Germany and in Europe:

- it symbolizes staunch defence of democracy and human rights by the free peoples of the West, and

- it is at the same time a barometer of relations between East and West.

France, the United Kingdom and the United States are active in Berlin in their own right. Their presence is a living symbol of our partnership in the Atlantic community; the three powers are defending the "principles of democracy, individual liberty and the rule of law", as the preamble to the North Atlantic Treaty puts it.

We Germans owe a great debt of thanks to the three Allied powers in Berlin. We remember with gratitude the words you spoke, Mrs Thatcher, on your visit to Berlin on 29 October 1982:
"Their (the British forces') presence demonstrates the continuing commitment of Britain, with our French and American Allies, to uphold the freedom of your city. They remain here because there is a vital task for them to do and because you want them to do it. ... We shall work to ensure that these cornerstones of Western freedom continue to guard our way of life."

I have addressed some of the elements of German policy, the basic principles and aims of my Government. As a leading industrial nation, the Federal Republic of Germany has diverse worldwide interests. Our eyes are not solely trained on Europe, the United States and the Middle East. Our relations with Africa, Asia and Latin America, with the entire Third World, play a major part in our thinking and action in the field of foreign affairs.

Co-operation with the Third World is an important part of our policy for worldwide peace; it is based on respect for the independence and self-determination of these countries.

We must all contribute to the peaceful settlement of the conflicts in Africa, Asia and Latin America; we must help to overcome poverty, hunger, despair and intolerable social divisions.

All States, whatever their social order, are subject to the same responsibility to provide assistance in a spirit of solidarity.

Since the Federal Republic of Germany was founded, our political activity has focused on particular areas whose importance derives from historical experience and the geographical position of our country. These are, of course, the European and Atlantic areas. The national question, European unification and the security of Europe will continue to receive the special attention of every future Federal Government.

The conviction of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany, his legacy to us, that only in close concert with the democratic nations of the West could Germany hope to solve its national problems one day by peaceful means, has become the guiding principle of the policies of all Federal Governments. We shall continue to pursue this course. By so doing, we want to render our contribution to the peace and freedom of the entire Western world.

SECRET

10 DOWNING STREET

From the Private Secretary

2 May, 1984.

Dear Len,

Anglo/German Summit

I enclose a record of the tete-a-tete conversation between the Prime Minister and Chancellor Kohl which took place at Chequers today. Other records will follow shortly.

I should be grateful if you and the other recipients of this letter would protect the record carefully. It should be shown only to those who have a strict operational need to know of its contents.

I am copying this letter and its enclosure to David Peretz (HM Treasury) and Richard Hatfield (Cabinet Office). I am writing separately to convey to the Chairman of the Conservative Party the exchange recorded on pages 6 and 7 of the record about cooperation between like-minded groups in the European Parliament.

Yours ever

John Coles.

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

SECRET

SUBJECT
cc Master

SECRET

3

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY AT 1140 HOURS ON WEDNESDAY 2 MAY 1984 AT CHEQUERS

Present:	Prime Minister	Chancellor Kohl
	Mr. Coles	Dr. Stabreit
	Interpreter	Interpreter

* * * * * * * * *

After a brief exchange of a general nature the Prime Minister suggested that the discussion should concentrate on the European Community. She was very concerned about the present situation, especially the perception that the Community could not solve its problems. This was a particularly unfortunate impression just before the opening of the European election campaign and given the difficult international background. In a year of American elections the Community should present a better image to the world. She did not disguise the fact that she would like the outstanding problems relating to the Stuttgart package to be settled before the election campaign began.

Chancellor Kohl said that that remark was very interesting. He had not been sure whether the Prime Minister had wanted a settlement before the elections. The Prime Minister replied that she had wished to see a settlement at Brussels.

Chancellor Kohl said that German journalists working in London and Paris had reported that the Prime Minister's tactic was to enter the elections with these questions still open - and then settle them at the next European Council. The German interest was to conclude as soon as possible. This was not for electoral reasons. The European election campaign presented him with no significant problems. In Germany the issues would be domestic. Economic prospects were better than he had hoped. It looked as though Germany would attain 3% growth this year.

/ Unemployment

Unemployment was likely to fall below 2 million for the first time by June. There was a monthly drop of 150,000 in the unemployed figures. In the next four weeks he would seek to obtain decisions on tax reductions to operate from 1 January 1986, with the necessary legislation being passed in May 1985. He wished to conduct a positive and optimistic campaign in the European elections. The SPD's campaign was a miserable affair. The disarmament issue had collapsed and the Easter demonstrations had been laughable.

The unions were divided on the issue of the 35 hour week. But he intended to sit it out and not give in. If there was a strike, it would not be a success for the unions.

It would be bad if people concluded that Great Britain was responsible for a Community failure. Germany needed Great Britain within the Community and he had said this clearly. We must not manoeuvre ourselves into a psychological cul-de-sac. The Brussels European Council had achieved a number of positive results. As regards the control of expenditure, Ministers of Finance ought to be able to settle the remaining problems by June.

The Prime Minister said that she did not know where the idea had arisen that she wished to enter the European election campaign without a solution. This was totally contrary to her position. On the second day of the Brussels European Council she had had a private meeting with President Mitterrand and had said that she wanted a settlement. British and French officials had met and had agreed on a system which protected not only the position of Britain but also that of Germany. Furthermore, it protected the position of Portugal which under the present ridiculous system would be a net contributor - that would be enough to turn Portugal Communist again.

The United Kingdom had moved a long way at Brussels. Starting from a figure of 1500 million ecus for the first year, we had moved to 1322 - and then to 1250 because she had understood that that figure could be accepted by the Federal Republic. She would never have moved from 1322 unless she had thought that this would clinch the issue. That figure still left us a significant

contributor in relation to our GDP.

There was no question of Britain being anything other than loyal to Europe. She could challenge every other Member State, Germany apart, to show how it did more for Europe than Britain. We kept 65,000 troops on the front line. We brought to the Community 60% of its waters and about the same proportion of fish. We had an adverse balance of £8 billion in manufactured goods with the rest of the Community. We provided a market for agricultural produce but we were denied markets in the areas where we were particularly strong such as services.

Even on the basis of the system which was on the table at Brussels Britain, like Germany, would still be a net contributor. We should thus be subsidising countries like Denmark more heavily than countries like Bangladesh, Zimbabwe and Mozambique.

We were not prepared to go on contributing an unfair amount. We would pay our contribution to the club. We had moved a great deal at Brussels, for example by accepting the VAT share/expenditure share gap as the basis of measurement. President Mitterrand had tried hard to get a solution. We ought to make another attempt to obtain one at the meeting of the Foreign Affairs Council on 14 May. This was not a matter of domestic politics. But the British people felt with some justice that they were getting a raw deal from the Community.

We were passionate Europeans. We joined the Community so that the conflicts that had occurred in the past could not recur in the future. No-one contributed more than we did to the defence of Europe. It was a great weakness that France was not integrated into NATO. Europe could have much more influence in the world - with the United States, across the East/West divide and in the Third World. But our people questioned how we could achieve these things when the basic arrangements were unfair. The Labour Party might well argue that they could achieve a better deal in the Community by threatening to withhold. But she had made it clear that she would not go against the Community until the Community was in default with us. As a matter of honour rather than legality the Community was already in default in the

matter of refunds. The Stuttgart Communique was relevant here. Chancellor Kohl said that he agreed.

The Prime Minister said that the Community might dishonour its word but we could not. We upheld international law and kept our word. The Chancellor, President Mitterrand and she were electorally safe for a long period. If we could agree on a solution to the outstanding problems, the other Member States would follow.

Some of the other Member States did not share the British and German vision of the world. If we reverted to discussions among the Berlin Four, we could be a very powerful voice in the world, despite the problems which this arrangement would create with some other Member States.

With regard to the budget problem, she had little room for manoeuvre and she could not move another inch unless this would clinch a deal. But she did not wish to go into the European elections with the Community presenting a bad spectacle. She would be meeting President Mitterrand on Friday.

The question arose of whether we could not now agree on the figure to be injected into the system. Then the final details could be settled, perhaps at a special European Council before the elections. Her worry was that President Mitterrand might not want a settlement before the next European Council.

Chancellor Kohl said that he did not think that that was the President's view. The tactic of delay was wrong. The image of Europe was miserable. He believed that Mitterrand, for domestic reasons, would welcome the success of having obtained agreement. The Prime Minister commented that we could give him that success and openly praise his efforts. Chancellor Kohl said that if these matters could be sorted out he would be quite ready to meet one evening in Brussels and endorse a settlement.

The Prime Minister pointed out that the system on the table at Brussels contained advantages for Germany. On the figures

we were of course prepared to move a little from 1250. But we could not move much. Some people thought she had already gone too far. She could not accept an unfair deal but very much wanted a fair one. It was worth making a major effort to achieve this in order that a larger vision of the Community could be developed. It was a matter of Britain, France and Germany agreeing on a figure and selling it to the others. She too was ready to meet in Brussels at any time but on condition that agreement had been reached informally in advance.

She was under criticism for having accepted the agricultural price settlement. It was essential to stick to the view that a strict financial guideline should be embodied in the Community's financial procedures. Chancellor Kohl said that he entirely agreed. The Prime Minister said that she had detected little resolve at the last European Council among the smaller states to tackle the fundamental problems.

Chancellor Kohl observed that our requirements on financial discipline could be achieved. Enormous progress had been made on the milk surplus. He believed that we should aim to settle the outstanding matters before the elections. He proposed to telephone the President of France tomorrow and tell him that we should work for a settlement in the near future. He would add that there would be no point in a meeting of the European Council unless everything had been sorted out in advance. And he would insist that by the time of the European Council Finance Ministers should have completed their work on financial discipline.

The Prime Minister said that she was anxious about enlargement. The most important point was to bring Spain and Portugal within the democratic grouping of the Community. She understood that the negotiations with Spain about tariffs had made no progress. It was necessary to give a boost to the Community but this could not be done until the budget problem had been settled. We had been working through Commissioner Davignon and had made some progress but then matters had come to a halt. We should try to get M. Dumas and Commissioner Davignon working again. We would give this top priority because the prize was so great.

Chancellor Kohl said that he concluded that there was a chance of a settlement. The Prime Minister repeated that she had some room for manoeuvre but not much. Chancellor Kohl commented that we should aim at a fixed system. The main point for decision was the basis in the initial year. The Prime Minister said that we had to talk in terms of 1983 figures since that was the only year for which the figures were known. Once we had fixed the 1983 figure we could then decide how much of it to allocate to the threshold and how much to the ticket moderateur. Chancellor Kohl said that there must be "auto-participation" in the Community's increased expenditure.

The Prime Minister said that perhaps M. Dumas and Commissioner Davignon could bring about an agreement between Britain, France and Germany. Chancellor Kohl said that he agreed that we should make another attempt. He would tell President Mitterrand that we should aim to get an agreement within the next fortnight. Technically, there was no problem.

The Prime Minister said that we were working on a paper on the role of the European Community in the wider world, as she had promised Chancellor Kohl on a previous occasion.

On another matter, she was concerned that there was insufficient co-operation between like-minded groups in the European Parliament. We would continue to use the label "conservative". This did not mean a concern simply to preserve old practices but rather to keep the best of the past and adapt to the future. There had been limited co-operation between her Party and that of Chancellor Kohl although both subscribed to the international grouping of the centre right. If we failed to co-operate and put up a good candidate for the President of the new Parliament, we should let the Socialists in. Chancellor Kohl recalled that he had discussed this problem with the Prime Minister two years ago. We could not achieve anything in the European Parliament in the long run if we did not establish a common party in that body. This could not be done overnight but it could be achieved in the foreseeable future. The Prime Minister suggested

that personal representatives should meet as soon as the election results were known. Chancellor Kohl agreed but said that there might be a problem with Chirac. He himself was open to any sensible discussion and quite agreed that personal representatives should get together at the right time.

Chancellor Kohl then raised the question of the Presidency of the European Commission. He had heard the suggestion that the tenure of the present Commission should be extended. The Prime Minister said that that was a bad idea. The present President and the present British and German Commissioners were not good enough. Chancellor Kohl said that this was true; he agreed with the Prime Minister. But nor was he enamoured of the idea that each country should have only one Commissioner. The Prime Minister said that the alternative of adding two extra Commissioners to the present Commission when Spain and Portugal entered was ridiculous. The bureaucracy in Brussels was already too big. Chancellor Kohl agreed - but it was not acceptable that Luxembourg and the United Kingdom should have the same number of Commissioners.

The Prime Minister said that Commissioner Davignon was a strong and skilled candidate for the next Presidency of the Commission. Unless another good candidate came forward, he would be a front-runner. Chancellor Kohl said that he was still considering this matter. Germany would present a first class candidate. He would never agree to Davignon. He did not see why the Benelux countries should provide the next President.

There was another problem which was causing him concern, namely Ministerial participation in the Economic Summit. He could not change the arrangements of the German Cabinet. The economy and finance came under two separate departments. It was quite clear that both the Finance Minister and the Minister of the Economy must attend the Summit. When the economy was under discussion, the Minister for the Economy would attend. When finance was being discussed, the Finance Minister would do so.

/ The Prime Minister

The Prime Minister commented that the problem was that other countries were now trying to adopt a similar pattern. Japan was a case in point. In plenary we would follow the same rule as had always been observed. There would be three seats for the German delegation and the Chancellor could decide who occupied them. The problem arose at the separate discussions held by Foreign Ministers and Finance Ministers. Some countries were now asking for two seats at the meetings of Finance Ministers. Chancellor Kohl said that the arrangement whereby each delegation had three seats in plenary presented no problem. But he did not understand the problem relating to the separate meeting of Finance Ministers. Only Japan and Germany were in difficulty.

Returning to the question of the European Community, Chancellor Kohl reiterated that he would telephone President Mitterrand the next day, ask him to get things moving, suggest that he work on the basis of the 1983 figures and press him to ensure that Ministers of Finance completed their work on the financial discipline quickly. The Prime Minister said that she hoped we could aim to get all questions, including that of financial discipline, settled before the elections. Chancellor Kohl agreed that that should be the aim. But he was still worried about the CAP. Progress had been made on milk but so far there had been nothing but rhetoric in relation to Mediterranean products. The Prime Minister agreed, adding that cereal prices should have been set at a lower level.

In conclusion, it was agreed that nothing should be said either to the plenary session or to the press about the understanding reached between the Prime Minister and Chancellor Kohl on European Community issues. The Prime Minister promised to telephone Chancellor Kohl next weekend to give him an account of her meeting with President Mitterrand.

The discussion ended at 1205.

A.J.C.

2 May 1984

CONFIDENTIAL

RECORD OF A DISCUSSION BETWEEN THE CHANCELLOR AND THE FEDERAL GERMAN FINANCE MINISTER AT CHEQUERS AT 11.30 am ON 2 MAY 1984

Present:

Chancellor
Mr Unwin
Mr Peretz

Dr Stoltenberg
Dr Heck

COMMUNITY MATTERS

The Chancellor said that he found the Commission request for extra funds to meet the prospective 1984 overspend extremely unattractive. Dr Stoltenberg said that the question had not yet been discussed in the German Cabinet, but his personal view was that:-

(a) the Commission's estimate of their financing needed very careful checking;

(b) the savings proposed by the Commission were too low, and they should be pressed to find further savings for 1984 and 1985;

(c) nevertheless, he feared that at the end of the day there would be a gap. His view was that for domestic reasons it would not be possible to allow the CAP to collapse. He would be recommending against the Commission request for a loan; but thought that in the end it might be necessary to consider national finance to meet agricultural needs.

2. The Chancellor agreed with (a) and (b), and added that he personally believed that there was no prospect at all of the UK Parliament approving any extra money for the Community

while Britain's 1983 refunds remained blocked, and before agreement had been reached on the budgetary imbalance problem.

3. Dr Stoltenberg expected that, were no action taken, the Commission would run out of funds for agricultural intervention by October or November. The Chancellor agreed that it would be desirable to discuss such problems between Finance Ministers well in advance.

4. Turning to the other budgetary matters, Dr Stoltenberg noted that these were largely for discussion between Foreign Ministers and Heads of State. He noted that the outlines of a potential agreement were already in place, and that the two important outstanding questions were about the reference rate for the new budgetary imbalances system, and the question of the correct compensatory rate.

5. Dr Stoltenberg also said an important question for the Germans was whether, right from the start of the new system, some modest financial relief for Germany could be allowed for. When the Chancellor doubted whether this would be possible to negotiate, he referred to the German assumption of a two-thirds financial participation in the UK rebate.

6. The Chancellor said that it was important that the system should start in 1985. He also agreed with Dr Stoltenberg it was desirable for the problems to be solved during the French Presidency.

7. On budgetary discipline, Dr Stoltenberg thought (and the Chancellor agreed) that it would be important for ECOFIN to do some further work. The Chancellor thought the objective should be to tighten up the present proposals: for example to ensure that the financial guideline for agriculture was binding, and that so also was overall financial control on the Commission.

8. Dr Stoltenberg was in favour of a discussion of this issue at the May ECOFIN. No progress had been made on it since just before the Athens summit; indeed to some extent matters were less advanced than they were then. What was missing was regular consideration of Community budgetary matters by Finance Ministers, in the way that individual Finance Ministers operated with regard to domestic expenditure. Depending on how the discussion at the May ECOFIN went, it might either be appropriate to remit the subject to a group of senior Community Finance Ministry officials to look at the details; or to pursue it at official level bilaterally or trilaterally (with the French) first. It was also agreed that there should be further bilateral discussion between UK and German officials before the May ECOFIN.

DLCP

D L C PERETZ

Distribution:

PS/Chief Secretary
PS/Economic Secretary
Sir P Middleton
Mr Littler
Mr Unwin
Mr Fitchew
Mr Lovelle
Mr Bostock
Mr Mortimer
Mr Hopkinson
Mr Ridley
Mr Coles, No 10
Mr Appleyard, FCO
Mr Williamson, Cabinet Office
Sir J Taylor, British Embassy, Bonn
Sir M Butler, UKRep, Brussels

c.c. Mr. Alison file JD

CONFIDENTIAL

10 DOWNING STREET

From the Private Secretary

2 May, 1984.

Anglo/German Summit

I enclose an extract from the record of the conversation between the Prime Minister and Chancellor Kohl which took place at Chequers today. The extract deals with the question of cooperation between like-minded groups in the European Parliament. I should be grateful if you could ensure that this record is closely protected, and shown only to those who have an essential need to know of what transpired. It has been sent separately to the Foreign and Commonwealth Secretary.

A. J. COLES

John Selwyn Gummer, Esq., M.P.

CONFIDENTIAL

NR

The Prime Minister said that we were working on a paper on the role of the European Community in the wider world, as she had promised Chancellor Kohl on a previous occasion.

On another matter, she was concerned that there was insufficient co-operation between like-minded groups in the European Parliament. We would continue to use the label "conservative". This did not mean a concern simply to preserve old practices but rather to keep the best of the past and adapt to the future. There had been limited co-operation between her Party and that of Chancellor Kohl although both subscribed to the international grouping of the centre right. If we failed to co-operate and put up a good candidate for the President of the new Parliament, we should let the Socialists in. Chancellor Kohl recalled that he had discussed this problem with the Prime Minister two years ago. We could not achieve anything in the European Parliament in the long run if we did not establish a common party in that body. This could not be done overnight but it could be achieved in the foreseeable future. The Prime Minister suggested that personal representatives should meet as soon as the election results were known. Chancellor Kohl agreed but said that there might be a problem with Chirac. He himself was open to any sensible discussion and quite agreed that personal representatives should get together at the right time.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

1 May 1984

Dear John,

Anglo-German Summit at Chequers on 2 May: Checklist for the Prime Minister's Briefing Meeting at 1630 on 1 May

As requested by the Cabinet Office I enclose a checklist for the Prime Minister's meeting this afternoon.

The checklist takes account of your suggestion that subjects be divided into those for discussion between the Prime Minister and Chancellor Kohl in tete-a-tete talks, and those which might best be taken when Foreign Ministers join the meeting.

I also enclose a copy of Sir Jock Taylor's scene-setting telegram.

I am copying this letter to the Private Secretaries to Chancellor of the Exchequer, Minister of Agriculture, Secretary of State for Trade and Industry, Minister of State for Trade and Industry, Sir Robert Armstrong, and to Sir Peter Middleton (HM Treasury), Sir Michael Franklin (MAFF), Sir Brian Hayes (DTI), Sir A Rawlinson (DTI), David Goodall (Cabinet Office), David Williamson (Cabinet Office) and to Sir Jock Taylor.

Yours ever,

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

ANGLO-GERMAN SUMMIT: 2 MAY 1984

CHECKLIST FOR THE PRIME MINISTER

Brief No	Subject	Main Points	Other points relevant to handling the subject
For tête à tête with Dr Kohl (It is recommended that the subjects of briefs 3 and 4 should be discussed at the tête à tête, and others as time permits.)			
3(a), 3(b)	The European Community	Convince Kohl of our desire to complete the post-Stuttgart negotiations and, in particular, to resolve remaining differences on budget imbalances, before the European election Campaign if possible; and at the latest by the end of the French Presidency. Remind Kohl of fundamental common interest of FRG, UK and France in a soundly financed Community. Seek German support for early progress by Finance Ministers on working out legal texts on budget discipline. Remind Kohl of our interest in relaunch of Community and its development and our desire to work with FRG to achieve it. Work well in hand on British paper on the Future of European Cooperation which the Prime Minister called for.	FRG is still seeking some form of relief for itself under the budget system. Any relief for Germany will increase costs to other Member States and thereby diminish our chances of negotiating an outcome successful from our point of view.

Brief No	Subject	Main Points	Other points relevant to handling the subject
3(c)	Community Agricultural Matters	Restrain growth of CAP expenditure. Resist revenue raising measures.	
4	Political and Defence Cooperation in Europe	Open-minded about a more active role for WEU. Not damage NATO or good transatlantic relations.	Kohl has an imprecise vision of European union. Genscher strongly favours reviving WEU. Foreign Ministers meeting fixed for 24 May but postponed by Cheysson.
To be discussed at lunch			
5	International Economic Issues and The London Economic Summit.	How can the economic recovery develop in to sustainable growth.	Discuss over lunch. Seek German cooperation in preparation for summit. No third Minister.
	London Economic Summit - Political aspects.	Make best use of time. Foreign Ministers choose their own agenda. Terrorism?	Official's meeting 18 May to compare notes on possible items.
To be discussed when Foreign Ministers join Prime Minister and Chancellor Kohl			
6	East/West and Inner German relations	Compare assessments. Ask about the GDR.	Both agree on need for more dialogue.
7	Arms Control and Disarmament	Discourage Germans from "fidgeting" while Russians refuse to negotiate.	Germans keen for visible activity
8	United Nations Law of the Sea Convention	Press the Germans not to sign the Convention in its present form but to sign the Provisional Understanding.	Divided counsels in Bonn. Raise with Kohl, Genscher and von Wuerzen.
9	Falkland Islands/ Argentina	Press Kohl to support our case when he visits Argentina in July.	Genscher has just visited Argentina.

Brief No	Subject	Main Points	Other points relevant to handling the subject
10	Bilateral Relations	Issue a statement on bilateral relations.	Text has been approved in Bonn and in Whitehall.

Subjects for separate discussion by Foreign Ministers

General Brief paragraph:

19	Airbus A320	Use V2500 engine on Airbus.	German firm (MTU) is in the consortium.
20	CERN	Review of High Energy Particle Physics does not preempt Government decision on withdrawal. No decision yet.	Germans would very much regret withdrawal.
	US manned space station	Cautious but have not ruled out participation through ESA.	
21	Environment	Show understanding for German problems.	Germans may introduce national measures ahead of the Community.
22	Libya	Need to coordinate policy.	Genscher postponed his visit. Foreign Ministers will discuss.
22-23	Middle East	Little scope for action by Ten on Lebanon. Agree on need for negotiation through Secretary General to end Gulf War. If oil supplies threatened IEA coordination would be necessary.	
24	South Africa	Impress on P W Botha need for early progress on Namibia.	Botha is visiting London, Bonn and some other capitals in early June.

Brief No	Subject	Main Points	Other points relevant to handling the subject
25	Nigeria	Military government to reach agreement with the IMF.	
26	Central America	UK is against EC aid.	Germans favour increased EC aid.
27	Hong Kong	Explain position.	Germans interested in this.

GRS 990
CONFIDENTIAL

CONFIDENTIAL

FM BONN 271605Z APR 84
TO IMMEDIATE FCO
TELEGRAM NUMBER 419 OF 27 APRIL
INFO IMMEDIATE BMG BERLIN (FOR AMBASSADOR) MODUK (FOR PS/S OF S, PUS, DUS P, DS12)
INFO SAVING UKREP BRUSSELS UKDEL NATO WASHINGTON PARIS

ANGLO-GERMAN SUMMIT, 2 MAY: GERMAN PREOCCUPATIONS

SUMMARY

1. KOHL WILL WANT THE SUMMIT TO BE SEEN AS A SUCCESS, AND IS THEREFORE UNLIKELY TO HARP ON THE BRITISH PRESS CRITICISM OF HIM AFTER THE BRUSSELS SUMMIT. HE WILL BE KEEN TO EXPLORE THE SCOPE FOR PROGRESS ON THE EC BUDGET. HE MAY STRESS HIS WISH TO MAKE STRIDES TOWARDS EUROPEAN UNION BUT HIS IDEAS ON WHAT THIS MEANS AND HOW TO ACHIEVE IT SEEM STILL VAGUE.

DETAIL

2. THE KOHL GOVERNMENT IS GENERALLY DOING WELL, WHILE THE SPD OPPOSITION IS CUTTING VERY LITTLE ICE. WITH INF DEPLOYMENT ON TRACK AND THE GERMAN PEACE MOVEMENT, THOUGH ALIVE, KICKING WITH DIMINSHED VIGOUR, THE GOVERNMENT IS DEVOTING MOST OF ITS DOMESTIC EFFORTS TO THE ECONOMY. ECONOMIC GROWTH HAS RESUMED ON A BROAD FRONT AND IS EXPECTED TO CONTINUE AT LEAST INTO 1985. OUTPUT, EXPORTS AND INVESTMENT ARE GROWING, INFLATION IS STEADY AT 3 PER CENT AND UNEMPLOYMENT HAS STOPPED GROWING AND SEEMS TO BE DECLINING. THE GOVERNMENT'S CHIEF POLICY PREOCCUOATION IS THE SHAPE, VOLUME AND TIMING OF INCOME TAX REFORM. DECISIONS OF PRINCIPLE ARE EXPECTED NEXT MONTH THAT COULD PAVE THE WAY FOR TAX CUTS TO BOOST THE ECONOMY BY ANYTHING UP TO DM25 BILLION IN THE PERIOD 1986/88. THE IMMEDIATE PROBLEM IS THE DISPUTE BETWEEN EMPLOYERS AND EMPLOYEES OVER THE UNIONS' DEMAND FOR A 35 HOUR WEEK. ON BALANCE, A COMPROMISE INVOLVING A MUCH SMALLER, AND PERHAPS DELAYED, REDUCTION IN WORKING HOURS SEEMS LIKELY. BUT WIDESPREAD STRIKES ARE NOT EXCLUDED AFTER WORKERS ARE BALLOTED IN EARLY MAY. IF THEY TAKE PLACE, THE STRENGTHENING RECOVERY WILL BE CHECKED.

3. CERTAIN PROBLEMS CONTINUE TO MAR THE GOVERNMENT'S PUBLIC IMAGE. IN AN UNEVEN MINISTERIAL TEAM, TWO OF THE BRIGHTER STARS HAVE UNCERTAIN FUTURES. LAMSDORFF MAY YET BE TRIED IN THE FLICK PARTY EXPENSES AFFAIR. WOERNER'S JUDGEMENT HAS BEEN CALLED SERIOUSLY INTO QUESTION BY THE KIESSLING AFFAIR AND HIS POLICY TOUCH IS ALSO LOOKING UNSURE AT PRESENT: SEE MY SEPARATE TELEGRAM TO MOD ABOUT BUNDESWEHR MANPOWER. GENSCHER HAS A DEFFERENT KIND OF WORRY: THE FDP'S RATINGS IN THE OPINION POLLS CONTINUE TO BE VERY LOW.

4. THE GERMANS REMAIN SATISFIED WITH THEIR BILATERAL RELATIONS WITH BRITAIN. KOHL WILL NOT WANT TO GIVE A PUBLIC IMPRESSION OF ESTRANGEMENT BETWEEN US, AND THEREFORE, I THINK, WILL SWALLOW HIS UNDOUBTED ANNOYANCE AT BRITISH PRESS CRITICISMS OF HIM AFTER THE BRUSSELS SUMMIT.

/5

5. KOHL'S FIRST PURPOSE AT CHEQUERS WILL BE TO EXPLORE SOLUTIONS TO THE COMMUNITY FINANCING PROBLEM. HE FEELS THAT THINGS HAVE REACHED A POINT WHERE FURTHER DELAY WILL DIMINISH PROSPECTS OF SUCCESS. HE HAS COME UNDER VERY HEAVY PRESSURE FOR NOT HAVING DEFENDED GERMAN INTERESTS EFFECTIVELY. ALTHOUGH SOME OFFICIALS SEEM WILLING TO MOVE ABOVE 1000 MECU AS THE BASE FIGURE FOR THE SYSTEM, THERE ARE NO INDICATIONS THAT KOHL HIMSELF IS READY TO DO SO. HE MAY TROT OUT AGAIN THE - TO US UNACCEPTABLE -- ARGUMENT THAT THE FEDERAL GOVERNMENT HAS ALREADY AGREED TO PAY UP HEAVILY FOR THE MCAS ARRANGEMENT.

6. KOHL WILL PROBABLY REITERATE HIS COMMITMENT TO REANIMATE THE EUROPEAN IDEAL, BY MOVES TOWARDS POLITICAL UNION ONCE THE POST-STUTTGART NEGOTIATIONS ARE OVER. HE WILL NOT BE ABLE TO DEFINE POLITICAL UNION BEYOND PERHAPS REITERATING THAT IT MUST BE MORE THAN A FREE TRADE AREA PLUS POCO. HIS IDEAS ON STEPS TOWARDS THIS HAZY GOAL SEEM STILL TO BE UNFORMED. HE HAS EVIDENTLY TOYED WITH IDEAS FOR A TWO-SPEED EUROPE, BUT I DOUBT THAT THESE HAVE TAKEN FIRM ROOT IN HIS MIND. THE BUDGET ARGUMENT HAS INCREASED DOUBTS IN GERMANY ABOUT HOW STRONGLY THE UK IS COMMITTED TO THE DEVELOPMENT OF EUROPE. THE MORE WE CAN CONVINCE KOHL THAT WE ARE COMMITTED TO HELPING TO DEVELOP THE COMMUNITY ON A REALISTIC BASIS, THE MORE HE MAY BE WILLING TO TAKE OUR VIEWS INTO ACCOUNT AS HIS OWN IDEAS DEVELOP.

7. KOHL AND GENSCHER WILL PROBABLY BE KEEN TO EXCHANGE VIEWS ON THE ACTIVATION OF WEU, NOW THAT THE UK'S ATTITUDE HAS MOVED CLOSER TO THEIRS. ALTHOUGH KOHL IS WONT TO SPEAK OF STRENGTHENING THE EUROPEAN PILLAR IN THE ALLIANCE, HIS GOVERNMENT'S DIFFICULTIES IN MAINTAINING ITS PRESENT DEFENCE CAPACITY MUST MAKE HIM REALISE THAT THE MOST THAT MAY BE POSSIBLE IN THE NEAR TERM IS BETTER COORDINATION OF EUROPEAN POSITIONS ON DEFENCE POLICY SUBJECTS. WHILE I HAVE NO EVIDENCE THAT MUCH PROGRESS HAS BEEN MADE IN THE FRANCO-GERMAN DEFENCE POLICY CONSULTATIONS, WE HAVE AN INTEREST IN KNOWING WHAT HAS PASSED AND I SUGGEST THAT MINISTERS SHOULD ASK ABOUT THIS.

8. IN THE WIDER WORLD, THE GERMANS REGRET THAT THE RUSSIANS HAVE BOXED THEMSELVES INTO A CORNER IN EAST/WEST RELATIONS, BUT ARE NOT AT PRESENT CALLING FOR WESTERN CONCESSIONS TO HELP THEM OUT OF IT. WHILE REALISING THAT NUCLEAR ARMS CONTROL TALKS ARE UNLIKELY TO RESUME THIS YEAR, THEY ARE CONCERNED THAT THE WEST SHOULD ENSURE THAT THE DIALOGUE ON OTHER ARMS CONTROL SUBJECTS IS KEPT GOING. GENSCHER IS VISITING MOSCOW ON 20 MAY. THE GERMANS ARE CONTENT WITH THE STATE OF THEIR RELATIONS WITH THE AMERICANS: THEY ARE WELL AWARE OF THE PRESENT AND POTENTIAL AREAS OF TRANSATLANTIC DISAGREEMENT (DEFENCE EXPENDITURE, STRATEGIC DEFENCE, OUT OF AREA POLICY), BUT THEY BELIEVE THAT KOHL'S VISIT TO WASHINGTON LAST MONTH FURTHER IMPROVED THE ATMOSPHERE, AND THEY ARE ENCOURAGED THAT THE PRESIDENT HAS BEGUN TO MAKE STATEMENTS ABOUT THE RUSSIANS WHICH THEY CAN SUBSCRIBE TO. THEY ARE PLEASED AT THE HIGH LEVEL OF ACTIVITY AT PRESENT IN INNER-GERMAN RELATIONS, WITHOUT ILLUSIONS THAT THE THAW WILL LAST.

9. THE GERMAN PRESS HAS COMMENTED FAVOURABLY ON BRITISH HANDLING OF THE CRISIS WITH LIBYA. GENSCHER WOULD PROBABLY HAVE POSTPONED HIS VISIT TO TRIPOLI EVEN WITHOUT REPRESENTATIONS, BUT HE HAS SOMETIMES SEEMED RATHER UNCRITICAL OF THE QADAFI REGIME, AND A FIRST HAND ACCOUNT OF THE CRISIS FROM US AT CHEQUERS MIGHT STIFFEN THE FEDERAL GOVERNMENT'S ATTITUDE TO LIBYA IN THE FUTURE.

10. KOHL AND HIS GOVERNMENT ARE VERY KEEN THAT THE MUNICH ENVIRONMENT CONFERENCE SHOULD BE A SUCCESS. KOHL WROTE ON 13 APRIL TO THE COMMISSION ABOUT THE NEED FOR STRICTER STANDARDS ON LEAD IN PETROL. HE CAN BE EXPECTED TO SEEK THE PM'S SUPPORT FOR HIS AIM TO REACH INTERNATIONAL AGREEMENT FOR MUCH LOWER EMISSION LEVELS FOR ATMOSPHERIC AND OTHER POLLUTANTS FROM INDUSTRIAL PLANT AND VEHICLES, OR FAILING THAT HER UNDERSTANDING FOR HIS POLITICAL NEED TO MOVE AT THE NATIONAL LEVEL, IF NECESSARY, AHEAD OF THE COMMUNITY.

FCO PLEASE PASS SAVING

BONN WILL PASS TO BMG BERLIN

TAYLOR
STANDARD
WED
SOVIET DEPT
NENAD
EED
NAD

CONFIDENTIAL

CONFIDENTIAL

loc PC

Foreign and Commonwealth Office

London SW1A 2AH

1 May, 1984

AR 1/5

p.a.

Dear David,

Anglo/German Bilateral

In your letter of 24 April you referred to the Prime Minister's concern that there might be demonstrations outside the Examination Schools when the Adenauer Lecture is delivered by Chancellor Kohl.

We have discussed this with the Metropolitan Police Special Branch and with Thames Valley Police. We are advised that they do not at present expect demonstrations organised on a large scale, and are confident that they will be able to control the situation should any unexpected demonstration take place.

Yours ever

Robert Bone

(R B Bone)
Private Secretary

David Barclay Esq
10 Downing Street

CONFIDENTIAL

Germany Chancellor
Kohl's visits



Duty Clerk

LIST OF GUESTS ATTENDING THE LUNCHEON TO BE GIVEN BY THE PRIME MINISTER IN HONOUR OF HIS EXCELLENCY DR. HELMUT KOHL, CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY ON WEDNESDAY, 2 MAY 1984 AT CHEQUERS AT 12.45 PM FOR 1.15 PM

The Prime Minister	
His Excellency Dr. Helmut Kohl	
His Excellency Herr Hans-Dietrich Genscher	Federal Minister of Foreign Affairs
His Excellency Dr. Gerhard Stoltenberg	Federal Minister of Finance
His Excellency Dr. Manfred Wörner	Federal Minister of Defence
His Excellency Dr. Dieter von Würzen	State Secretary, Federal Ministry of Economics
His Excellency the German Ambassador	
Herr Peter Boenisch	Chief Government Spokesman
Dr. Immo Stabreit	AUS Federal Chancellery
Rt. Hon. Sir Geoffrey Howe, MP	
Rt. Hon. Nigel Lawson, MP	
Rt. Hon. Michael Heseltine, MP	
Sir Robert Armstrong	
Sir Anthony Rawlinson	PUS, Department of Trade and Industry
Sir Jock Taylor	HM Ambassador, Bonn
Sir Julian Bullard	Foreign and Commonwealth Office
Mr. Robin Butler	

1/4

DRAFT SEATING PLAN FOR LUNCH ON WEDNESDAY, 2 MAY 1984

	Sir Julian Bullard	Sir Jock Taylor
	Herr Peter Boenisch	HE Dr. Dieter von Würzen *
	Sir Anthony Rawlinson	Rt. Hon. Nigel Lawson
	HE Dr. Manfred Wörner	HE Dr. Helmut Kohl *
	Rt. Hon. Sir Geoffrey Howe	PRIME MINISTER *
*	HE Herr Hans-Dietrich Genscher	HE Dr. Gerhard Stoltenberg*
	Rt. Hon. Michael Heseltine	Sir Robert Armstrong
	HE The German Ambassador	Dr. Immo Stabreit

Mr. Robin Butler

* Interpreters

ENTRANCE

SEPARATE BUFFET LUNCHEON AT NORTH LODGING, CHEQUERS

Private Secretaries

Dr. Walter Neuer	(Chancellor)
Frau Anfried Baier-Fuchs	(Personal Assistant, Federal Chancellery)
Herr Wolfgang Ischinger	(Private Secretary, Herr Genscher)
Frau Wolke	(German Embassy, typist)
Mr. ~~Roger Bone~~ Len Appleyard.	(Foreign Secretary)
Mr. Peretz	(Chancellor of the Exchequer)
Mr. Mottram	(Defence Secretary)
Mr. John Coles	(No. 10)
Mr. Bernard Ingham	(No. 10)
plus 5 Interpreters	
Herr Weber	(Chancellor)
Mr. Lederer	(Prime Minister)
Frau Dorothee Kaltenbach	(Herr Genscher)
Mrs. Bloom	(Dr. Stoltenberg)
Frau Ingrid Scheben	(Dr. von Würzen)

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

1 May, 1984

Anglo/German Summit: Report on Bilateral Relations

At the tenth Anglo/German Summit in Bonn in November 1981 the Prime Minister and Chancellor Schmidt issued a joint press statement on bilateral relations between the two countries. In the last sentence they instructed officials to keep the relationship under review and to make a progress report at a future Summit meeting.

This work has now been done. I enclose a copy of the British report, recently completed after lengthy clearance within Whitehall; and also a copy of the German report, which is encouragingly similar.

The Germans would like the 15th Summit this week to take note of this work in another joint press statement which would commend what is being done and indicate priorities for the future. I enclose a draft worked out with the Germans. It is on the long side, as usual with anything involving the Germans, but the Foreign Secretary considers it acceptable. In paragraph 8 it says that further efforts within the existing framework are required, rather than new joint arrangements. In paragraph 7 it identifies the following priorities:

- youth exchanges;

- the study of the German language in Britain;

- contacts between British servicemen and their families and their German environment;

- and better diffusion of news and information.

Since this draft was completed, the Germans have told us that they would like to add a reference to European Union. This might create difficulties, but Sir G Howe would see no objection to a suitable reference to the Solemn Declaration adopted by the Ten Heads of Government in Stuttgart in June last year. A reference has now been included at the end of paragraph 2.

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

DRAFT STATEMENT ON ANGLO-GERMAN BILATERAL RELATIONS

1. At this, the 15th in the series of consultations between the Heads of Government, the Chancellor of the Federal Republic of Germany and the Prime Minister of the United Kingdom of Great Britain and Northern Ireland reviewed the state of relations between their two countries. They took into account a report on the progress of the relationship prepared by officials, which the Prime Minister and Chancellor Schmidt had called for at the conclusion of the 10th bilateral summit in Bonn on 18 November 1981.

2. The Heads of Government expressed great satisfaction that links between the two governments and peoples had continued to develop very successfully. They agreed that these links were a testimony to the common values of the British and German peoples; their shared belief in democracy, freedom, human rights and the dignity of the individual; and their determination to defend these values together with their other partners and allies. The close collaboration between Britain and the Federal Republic in the Western Alliance, the European Community and in European Political Cooperation bears eloquent witness to the many shared interests of the two

countries. The Heads of Government affirmed their profound belief in the idea of a developing Community of European nations able increasingly to play a role in the world commensurate with the combined economic weight and political experience of its member states. They reaffirmed the objectives in the Solemn Declaration on European Union.

3. The Heads of Government noted the vital contribution made by their two countries to the common defence of western freedoms within the North Atlantic Alliance. The contribution of British forces in Germany in this context is greatly valued by the Federal Government. It will be maintained. The Heads of Government reaffirmed the importance of the United Kingdom's rights and responsibilities relating to Berlin and to Germany as a whole. The Prime Minister reaffirmed the conviction of successive British governments that real and permanent stability in Europe will be difficult to achieve so long as the German nation is divided against its will.

4. The Heads of Government noted with particular satisfaction the very close consultation and alignment of policies which takes place between the two countries in bilateral and multilateral settings, particularly within

the framework of the European political cooperation. This has been sustained by largely converging interests and by a common fundamental outlook on foreign and security affairs, East-West relations, disarmament and arms control as well as economic and social policy.

5. The Heads of Government found that relations between the two Administrations were highly satisfactory, forming an active and varied partnership, conducted in a business-like manner, marked by openness and mutual trust. There are close relations, too, between the two parliaments, and between political parties of similar persuasions.

6. The Heads of Government agreed that commercial ties formed an integral element of the relationship. They noted with satisfaction the expansion of bilateral trade, a process that had accelerated dramatically since Britain's entry into the Community, and in the wake of which has come a similar increase in reciprocal investment with beneficial consequences for employment in both countries. These developments have been greatly promoted by the contribution of the Chambers of Commerce, and have without doubt been assisted by the close harmony

in the economic and financial policies pursued by both governments.

7. The Heads of Government confirmed that they attach particular importance to the work of unofficial and semi-official institutions which supplement the work of Governments in encouraging contact and increasing mutual understanding. They noted the particularly valuable work of the Anglo-German Society which organises the Koenigswinter Conferences, the Anglo-German Foundation for the Study of Industrial Society and the various organisations in the two countries concerned with town twinning and youth exchanges. They saw a continuing and important role for these and other organisations especially in bringing together the younger generation in the two countries. They agreed also that continued mutual understanding would be assisted by imaginative efforts to maintain and develop the teaching of each other's language, especially the study of German in British schools and other places of learning; and by continued efforts to exploit the potential for developing contacts through the presence of British servicemen and their families in Germany.

8. The Heads of Government noted that the increasing mutual involvement of their two countries makes it desirable to increase correspondingly the British and German peoples' knowledge of, and involvement in, each other's culture and activities. In particular, it is vitally important that the younger generation should be equipped for the Europe of tomorrow. The Heads of Government agreed that future efforts should focus on this requirement. There should be regular meetings of senior officials in the Foreign Offices responsible for cultural affairs to review progress and stimulate activity where it is needed. Attention should also be focused on the better and wider diffusion of news and information.

9. The Prime Minister and the Federal Chancellor are convinced that the furthering and strengthening of Anglo-German relations in line with the reports' suggestions and proposals can be best attained within the existing framework. They expressed confidence that the effective partnership between the two countries and peoples would be developed further both in the promotion of common interests and to shape Europe to meet the challenge of the last quarter of the 20th century. They

instructed their officials to be guided by these objectives.

CHANCELLOR KOHL

Tête-à-tête

EC Budget

Want settlement - before European elections if possible. But can't move on figure until sure a settlement obtainable.

Future of EC

Share your wish to develop Community. Working on paper on future - will let you have it in time for our discussions in autumn.

New Commission

A German candidate?
If not, Davignon.

European Elections

Like-minded parties should cooperate after elections. Personal representatives to meet soon on confidential basis to discuss what can be done?

/Defence Cooperation

Defence Cooperation

Interested in more active role for WEU. But cautious - no weakening of NATO.

Tornado for Turkey

Both UK and Germany need export orders. Financing terms will be crucial for Turkey. Hope your government will support industry's efforts as we will.

OECD Secretary-General

Hope you will support Couzens.

Meeting with Foreign Ministers

East/West Relations

Inner German Relations

Arms Control

Don't seek unnecessary activity while Russian refuse to negotiate.

Law of Sea

Don't sign Convention in present form. But do sign Provisional Understanding (to prevent overlapping).

Falklands/Argentina

Support our position (Genscher has just visited Argentina; Kohl goes there in July).

Bilateral Relations

Agree issue statement today?

Discussion over Lunch

International Economy

Economic Summit

Terrorism

ROOM ALLOCATION

Prime Minister/Federal German Chancellor : Long Gallery

Foreign Ministers : Hawtrey Room

Chancellor of the Exchequer/Federal Minister of Finance: White Parlour

Ministers of Defence : Study

Mr. Lamont/State Secretary : The Alcove, Great Parlour

Foreign Secretary's report at plenary in Kohl talks.

Pl. file

POINTS FOR PLENARY

European Community

1. Agreed on need to reach an early satisfactory agreement on budget.

2. Foreign Secretary ~~said~~ said Commission might have role to get process moving again.

3. Herr Genscher noted that German position not changed.

4. Agreed on importance of settling budget problem and getting on with discussion of new policies.

5. Foreign Secretary important to liberalise road transport and progress on air fares and border control.

6. Herr Genscher special German problems over road transport: FRG the transit country of Europe.

7. Herr Genscher new German ideas on non-life insurance covering business risks.

8. Common technology research: agreed need preserve strong role for private industry.

East/West

1. Discussion killer satellite: agreed US need to redress balance on research presently favouring Soviet Union.

2. But not overlook arms control component.

3. Agreed western position on arms control strong

4. Not on defensive in MBRF, CDE, INF and START.

/5.

5. Herr Genscher noted Warsaw Pact states making own position clear to Soviet Union on arms control: so Western statements had made impact.

6. On space based antimissile defence system US and Soviet Union probably equal progress: again need stress arms control component.

7. Main point keep Europe and USA together on this.

8. Agreed NATO Foreign Ministers meeting Washington end May important occasion to strengthen Alliance unity

9. Herr Genscher said need firm declaration on principles: provide opening for resuming dialogue.

10. Not pay price to Russians for returning to INF/START talks.

Economic Summit

1. Agreed need use Foreign Ministers meeting profitably for political discussion.

2. Political Directors meeting 18 May define topics.

3. Herr Genscher need look forward rather than back (Normandy).

Terrorism

1. Also be discussed at Summit.
2. Review of Vienna Convention: new problem State sponsored terrorism. Must be controlled
3. Agreed need not to damange position of Embassies and people (e.g. Germans) in Communist countries. Must n't damage

Southern Africa

1. Botha visit.
2. Progress being made on Namibia.
3. Still problem how deal Savimbi
4. Foreign Secretary mentioned South Africa/Mozambique agreement. (Machel visit).

Cyprus

1. Situation causing concern.
2. Need keep in touch: Security Council discussion today.
3. Herr Genscher said key lies in Turkish internal situation.

Law of the Sea Convention

1. Foreign Secretary importance not sign until Convention in satisfactory form.
2. Agreed should sign provisional agreement on deep sea mining
3. Herr Genscher in minority in Germany favouring signing Convention . No final decision made.

Argentina

1. Herr Genscher reported on visit: noted Argentines not put pressure on him.

2. Foreign Secretary noted negotiations going ahead: need keep sovereignty issue separate.

3 Swiss helpful : discussions confidential

Chancellor's report at Kohl summit

POINTS FOR PLENARY

No difference for file

1. Current Economic Developments

(a) Reviewed progress of UK and German economies. Both generally encouraging:-

- 3-3½% growth in 1984
- continuing low inflation
- budgetary positions under tight control

but continuing risks:

- international prospects (debt, interest rates)
- ability of France and other EC countries to follow UK and German lead
- specific domestic problems (labour disputes - metalworkers (Germany) and miners (UK)).

35 hour week

Therefore very important to maintain firm counter-inflationary policies.

(b) International Prospects

Still generally encouraging.
Main worry = risk of higher interest rates.
US policy crucial [exchange of views].

UK and German views close together.

[N.B. Dr. Stoltenberg expressed concern re. steel - especially possible pressures for renewal of subsidies in France. Agree raise at informal Ecofin.]

2. London Economic Summit

Chancellor outlined areas for possible discussion:-

/International Debt -

International Debt - examine new ideas (e.g. more direct private investment).

Japan - try to build on US pressure to open up capital markets.

US Deficit - possibly get US to make more forthcoming statement (recent signs encouraging).

Trade, Protectionism, etc - subject to OECD discussion, tackle mixed credits under this chapter.

3. International Debt Problems

Exchange of views. Agree must maintain adjustment process: and important for banks to maintain involvement.

But no global (Government) schemes. Also discussed briefly Argentina debt problem (continuing difficulties).

4. Community Affairs

(a) 1984 overspending:

- Chancellor expressed concern at request for more funds.
  UK position is that savings must be found.
  Therefore hope Germany will join UK in resisting loan request.
- Dr. Stoltenberg said that no Cabinet decision had been taken. But Commission's figures and legality needed closer scrutiny; and he personally would recommend against meeting loan request.

/ N.B. Domestic political considerations on both sides:-

- Germany: effects on farmers and CAP.
- UK: Parliament would not agree to any new finance while budget and refund issues unresolved. /

Both agree that difficulties arise if funds run out in October/November. Desirable to discuss in advance.

(b) Budgetary Imbalances:

Discussion of current state of negotiation.
Agreement reached on:-

(i) Flat rate 1000 mecu for UK for 1984;
(ii) System starting in 1985.

Key outstanding issue is reference figure for 1985. Chancellor explained background to figure of 1250 mecu and emphasised limited UK room for further manoeuvre. Dr. Stoltenberg explained that 1250 not acceptable to other members.

But both share wish to reach agreement during French Presidency if possible.

(c) Budget Discipline:

(c) Budget Discipline:

Agreed that important for this subject to be taken forward by ECOFIN and Finance Ministers, as already proposed.

- Chancellor expressed wish to tighten up proposed schemes so that they have binding force and suggested that forthcoming informal ECOFIN should remit subject to senior Finance Ministry officials;.

- Dr. Stoltenberg supported detailed discussions but thought that bilateral or trilateral (with French) might be useful first.

Both reasserted desirability of strong control of budget discipline generally by ECOFIN.

REPORT
FROM THE FEDERAL REPUBLIC OF GERMANY

J.a.
2/5.

PLEASE NOTE EMBARGO: not for publication until 6pm on Wednesday, May 2, 1984. (Check against delivery)

May 1, 1984.

EUROPE HAS TO WORK TOWARDS UNITY, SAYS KOHL

Today Europe and the European Community are faced by the question of how the process of unification can best be advanced during the coming years, Federal Chancellor Helmut Kohl said when he gave the 1984 Konrad Adenauer memorial lecture in Oxford on May 2 (6pm). The lecture was organised jointly by St Antony's College and the Konrad Adenauer Foundation. The following is the text of Dr Kohl's speech:

It gives me great pleasure to be able to speak to you today in Oxford, with its great and noble tradition, and particularly here in St Antony's College, where past and present are blended so well. There are close links between St Antony's College and the Federal Republic of Germany.

As Chancellor of the Federal Republic of Germany I welcome this opportunity to outline some of the main aspects of my Government's foreign policy to citizens of a country whose democratic traditions and virtues have long earned it particular respect among the German people.

As chairman of the Christian Democratic Union of Germany, I find it gratifying that my address constitutes this year's Konrad Adenauer lecture. As a member of the board of trustees of the Konrad Adenauer foundation, I am grateful that our relationship with your college has evolved from contacts established by the foundation.

For all these reasons it is natural that my remarks today on foreign policy should relate to the policy of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany and the first chairman of my party, a man to whose legacy I am firmly committed.

Adenauer's domestic and foreign policy can only be understood in the light of the personal experiences of a man who had lived through the disaster of World War One and the rise and ignominious collapse of the

PUBLISHED BY THE EMBASSY OF THE FEDERAL REPUBLIC OF GERMANY
23 BELGRAVE SQUARE LONDON SW1X 8PZ TELEPHONE: 01-235 5033 TELEX: 28191

first German democracy, who, after the Second World War, was confronted with the repercussions of the barbaric Nazi dictatorship and the aftermath of the war.

Herculean task

At home, the Germans had to develop a liberal society and rebuild their country from the ashes. Internationally, Germany had to be led out of isolation and reinstated as a respected and equal member of the world community. The prevailing difficulties made this seem a herculean task; the country was divided and torn by social upheaval.

More than 10 million expellees and refugees had to be integrated, 18 million Germans found themselves under the Communist heel. The fate of Berlin, the former eastern provinces and the Saarland was in the balance. The system of Allied control agreed at Potsdam did not come to an end until 1955.

Internationally, the Federal Republic of Germany was subjected to a mixture of threats and enticements by the Soviet Union. Europe was fragmented. The policies of France and the United Kingdom towards Germany were not free of uncertainties. A revival of United States isolationism was not entirely out of the question.

Against this background, it was clear to Adenauer that domestic and foreign policy could not be separated but had to remain closely intertwined, a principle which up to the present day has remained indispensable in shaping German policy.

Konrad Adenauer laid the foundations of modern German politics. He played a decisive part in developing the Christian Democratic Union of Germany and its Bavarian sister-party, the Christian Social Union, into the largest centrist popular bloc in Germany alongside the old-established Social Democrats. The CDU and CSU today form a sturdy pillar and a firm guarantee of German democracy.

By introducing the social market economy, Konrad Adenauer and Ludwig Erhard created the conditions for the development of prosperity and an exemplary system of social justice. The history of the Federal Republic of

Germany is marked by the absence of serious social strife.

Adenauer knew, however, that only within a community of like-minded states and peoples could the stability of German democracy, peace, freedom and social justice be permanently ensured in the face of totalitarian Communism.

His decision to opt for a free Europe, for an Alliance with the US and for Nato amounted to more than merely a wish to safeguard peace. The supreme objective for him, as for us today, was to preserve freedom. It was with this in mind that I said in my first Government policy statement on Oct. 13, 1982:

"For us Germans the Alliance is the central element of our raison d'etat. It embraces the basic values of our liberal constitution to which we are committed; the economic and social system under which we live; and the security that we need."

The concept of Europe, the future of free Europe, therefore means more to us Germans than the demand for a flourishing free-trade zone or Economic Community.

Momentous act

Adenauer's decision to integrate free Germany unreservedly and irrevocably into the free world of democratic nations, was a momentous act unprecedented in German history.

What invariably mattered in the European power system were the strategic corridors which crossed in the centre of the Continent, hence the struggle by all powers to wield influence in central Europe.

For Germans the Europeanisation of the heart of our Continent was always a source of both temptation and doom: temptation, because the attainment of nationhood would necessitate a rebellion against the prevailing power system; and doom, because central Europe could not be in full control of its own destiny and because any revolt would threaten the national existence and would herald partition and thus disaster.

Adenauer was concerned that renewed German nationalism, short-sighted pacifism and neutralism might cause distrust of Germany to break out anew. His policy of integration into the West sought to counteract this danger and to safeguard democracy in Germany. The relevance of that decision to our times is illustrated by those developments in Europe which can be grouped under the broad heading of "anti-Americanism."

Historical experience shows that these tendencies in Germany must be taken seriously. I need not spell out the possible repercussions of such a development on the European order and the structure of our Western Alliance. Precisely this danger makes the present Federal Government regard the decision in favour of European integration as irreversible.

Ever-closer union

Today Europe and the European Community are faced by the question of how the process of European unification can best be advanced during the coming years. It is of prime importance that this task be approached from the perspective formulated in the preamble to the EEC Treaty, in which the founders of the European Community announced their determination to lay the foundations of an ever-closer union in peace and freedom among the peoples of Europe.

This wording is unambiguous. It says clearly that this Community, to put it graphically, is more than just a bank into which members deposit a sum of money in the firm expectation that they will subsequently be able to withdraw a larger sum. It must be made clear that all member-states of the Community consider themselves permanently committed to the goal of European unification and that they regard the process which has brought us this far along the road as irreversible.

The outcome of the Brussels summit meeting is reason enough to recall these guidelines. The meeting of the European Council on March 19 and 20 was a bitter disappointment for the European public at large. I share this disappointment, but at the same time we must not overlook the fact that, notwithstanding the result in Brussels, we had managed by the first months of this year to complete most of the tasks we set ourselves at the

Stuttgart summit in the summer of 1983.

At the European Council meeting in Brussels, the Federal Government did all in its power to try to make the summit meeting a success. As had been the case with successive Federal Governments during the past decades, it was prominent among those member-states which pressed emphatically and convincingly for an ever-closer union of the free peoples of Europe.

For that reason, every Federal Chancellor since Konrad Adenauer has urged that national demands, justified though they may be, should be subordinated to the survival and the development of the Community. I take the same view.

The Federal Government will keep pursuing the path towards Europe. Not for one moment will it forget what is at stake in our Continent. It is still a question of whether Europe is capable, given the complexities of the international situation, given the military threat and economic and ecological problems, to bring the interests of its member-states to a common denominator and to unite.

There is no doubt in my mind that this unity will eventually require a tighter political organisation. Europe must learn to speak with one voice, in its relations with the United States as elsewhere. The question of the next months and years will be this: is every member of the Community prepared to regard its membership as irrevocable, even during the hardest of times? We most certainly are.

Are all members prepared to work for the political union of Europe without ifs and buts? The Federal Republic of Germany is. I hope that the answer our partners give to these two crucial questions will be the same as ours.

We shall not only have to talk about economic and political matters in the Community, but also increasingly about problems of security policy. The introduction of security as a component of European unification policy can of course be no alternative to the North Atlantic Alliance.

Needs of Nato

The Alliance is indispensable to the free peoples of Europe for as long as

they are confronted by an imperialist superpower on European soil, but it is essential that Europeans should increase their weight and influence in Nato, that they should assert their own specific interests more effectively than in the past.

The Atlantic Alliance must be adapted to the conditions and demands of the future and the European pillar of the transatlantic partnership strengthened. At the same time it is important to the Federal Government and the vast majority of population of the Federal Republic of Germany that Nato - and particularly the close friendship and partnership with the United States - should remain the cornerstone of German security policy and the guarantor of our freedom.

Only a strong and united alliance can safeguard peace in freedom. The alliance guarantees our independence. It serves the cause of peace in Europe and throughout the world and remains the basis of genuine detente.

The alliance, but also an improved East-West relationship, are indispensable conditions for progress in arms control and disarmament. The primary aim of the Atlantic Alliance was and is to prevent war, and so to preserve peace and freedom. The surest and hitherto sole guarantee against war is deterrence, including nuclear deterrence, for the Warsaw Pact possesses conventional superiority to this day.

The Soviet nuclear build-up in the seventies forced the Western Alliance to decide on appropriate counter-measures. By making a negotiated solution impossible, the Soviet Union regrettably spurned the Nato offer of an agreement on intermediate-range nuclear disarmament which would have obviated Western INF modernisation. In so doing they assumed a grave burden of responsibility.

The Alliance withstood the internal and external pressures to which it was exposed during the modernisation debate. It passed its acid test, one of great political and psychological importance, and emerged strengthened from the INF debate.

The West is prepared to return to the bargaining tables at any time to continue discussions on nuclear arms control and disarmament. The paramount objectives of my Government's security policy, like that of all

previous Federal Governments, have been and will remain the prevention of a military confrontation in Europe, an end to the arms race on European soil and in the world and guaranteed security at a low level of armaments.

As early as 1954, in the Paris Agreements, the Federal Government under the Chancellorship of Adenauer renounced the right to manufacture weapons of mass destruction, in particular atomic weapons, but also chemical and biological weapons. We stand by this decision.

Wherever possible, the Federal Republic of Germany has supported arms control and disarmament efforts. Progress in arms control presupposes greater mutual trust between East and West. The Federal Government will help in any way it can to restore the broad base of the East-West dialogue.

German Ostpolitik had its roots in Adenauer's early efforts to force a business-like and constructive relationship between the Federal Republic of Germany and the Soviet Union. The establishment of diplomatic relations between Bonn and Moscow in 1955, following Adenauer's visit to the Soviet Union, and the conclusion of the Treaty of Moscow 15 years later, are milestones in the post-war development of German-Soviet relations.

My Government seeks constructive and stable relations with our neighbours in Central and Eastern Europe, including the Soviet Union. The Soviet Union is a difficult partner. Since the end of the Second World War, its policy has violated German and European interests. Nevertheless, any policy aimed at preserving and stabilising peace in Europe requires that dialogue with the Soviet Union, the world power which is our close neighbour on European soil, be continued and that the attempt be made to improve relations with Moscow. This is especially necessary in difficult times.

We observe the agreements we have concluded, we act in accordance with the UN Charter and the Helsinki Final Act. Aware of the rich common heritage of our continent and conscious of our European responsibility, we shall not relax our efforts to preserve the advances made in relations with our neighbours in Eastern and South-Eastern Europe and to go on developing them.

Division of Germany

The Federal Government's pursuit of security and peace serves a high political purpose, namely to overcome the division of Germany and Europe. Together with the free West and within the European framework, we have the duty and the will to shape our future and to settle our national question as an act of peace.

We are aware of the European dimension of the German partition, which we shall be able to overcome only in the long term, with the support of our neighbours in Europe, and by peaceful means. We categorically reject war and the threat or use of force as a political instrument.

We realise how great a responsibility devolves upon our country in particular as a stabilising factor at the heart of Europe. One thing is certain: the Germans will never again neglect their European responsibility.

Relations with GDR

Our responsibility for Europe is also reflected - and particularly so - in our relations with the German Democratic Republic. The leadership of the GDR is anxious to reinterpret German history and to assume the inheritance of this revised history. Behind the presentation of German history by the GDR is the idea of a united Socialist-Communist Germany.

The object is to create a sense of national Communist identity as a substitute for the legitimisation of a society whose philosophy and reality have never been sanctioned by the people of the German Democratic Republic in free elections - nor ever would be. The German people therefore expect every Federal Government to work persistently for a state of peace in Europe in which they can recover their unity in free self-determination.

Those who support the idea of unity must approach and seek contact with the people of the GDR. We want to arrive at practical solutions that, too, is a way of meeting our national responsibility.

The more successfully the hardships of German partition can be eased and partition overcome within a stable and peaceful order in Europe, the more firmly will peace be consolidated in Europe. A long road lies ahead

of us before that can come about, but we have no reason to become discouraged. History never speaks a last word, it never creates an irreversible situation. International politics are in a constant state of flux.

Berlin's dual role

Progress in relations between the two German states also affects Berlin. This city has a dual role to play in both Germany and in Europe:

- It symbolises staunch defence of democracy and human rights be the free peoples of the West; and
- It is at the same time a barometer of relations between East and West.

France, the United Kingdom and the United States are active in Berlin in their own right. Their presence is a living symbol of our partnership in the Atlantic Community. The three powers are defending the "principles of democracy, individual liberty and the rule of law," as the preamble to the North Atlantic Treaty puts it.

We Germans owe a great debt of thanks to the three Allied Powers in Berlin. We remember with gratitude the words you spoke, Mrs Thatcher, on your visit to Berlin on Oct. 29, 1982:

"Their (the British forces') presence demonstrates the continuing commitment of Britain, with our French and American allies, to uphold the freedom of your city. They remain here because there is a vital task for them to do, and because you want them to do it we shall work to ensure that these cornerstones of Western freedom continue to guard our way of life."

Worldwide interests

I have addressed some of the elements of German policy, the basic principles and aims of my Government. As a leading industrial nation, the Federal Republic of Germany has diverse worldwide interests. Our eyes are not solely trained on Europe, the United States and the Middle East. Our relations with Africa, Asia and Latin America, with the entire Third World,

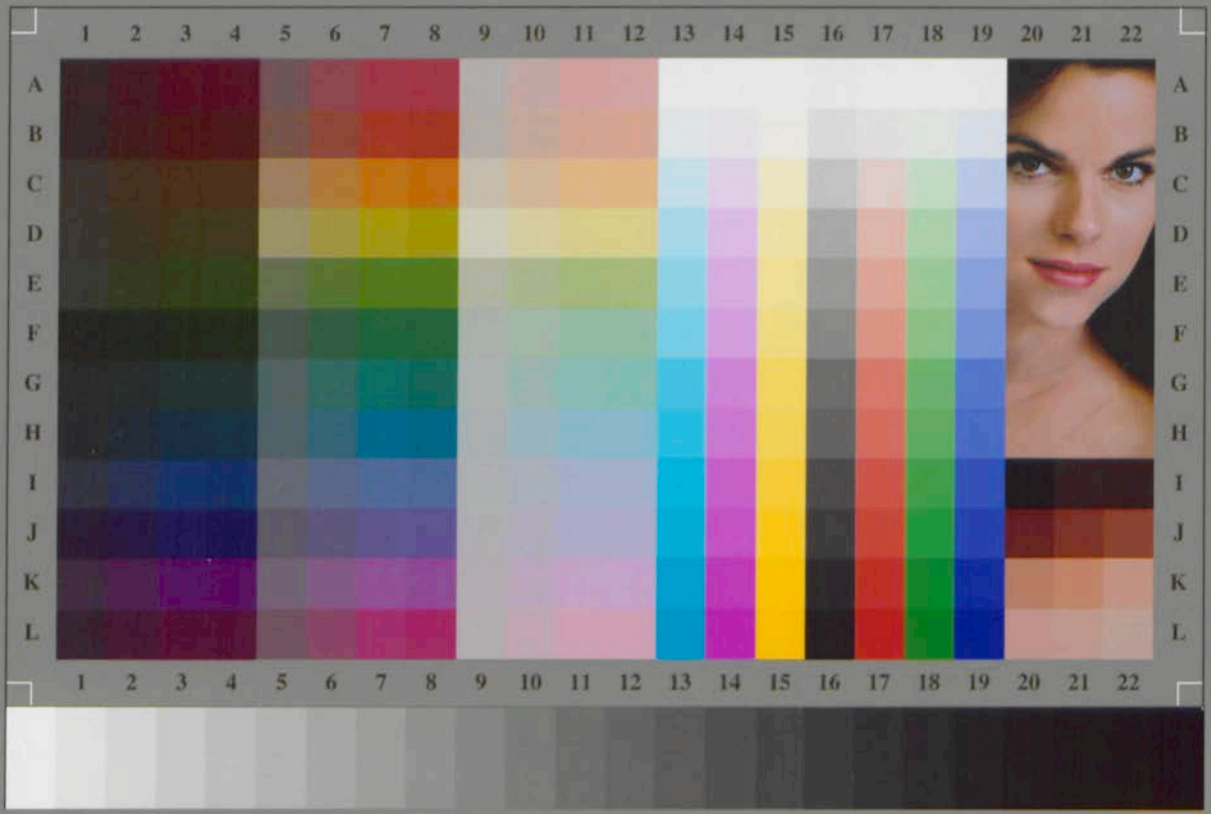
play a major part in our thinking and action in the field of foreign affairs.

Co-operation with the Third World is an important part of our policy for worldwide peace, it is based on respect for the independence and self-determination of these countries. We must all contribute to the peaceful settlement of the conflicts in Africa, Asia and Latin America. We must help to overcome poverty, hunger, despair and intolerable social divisions. All states, whatever their social order, are subject to the same responsibility to provide assistance in a spirit of solidarity.

Since the Federal Republic of Germany was founded, our political activity has focused on particular areas whose importance derives from historical experience and the geographical position of our country. These are, of course, the European and Atlantic areas. The national question, European unification and the security of Europe will continue to receive the special attention of every future Federal Government.

The conviction of Konrad Adenauer, the first Chancellor of the Federal Republic of Germany, his legacy to us, that only in close concert with the democratic nations of the West could Germany hope to solve its national problems one day by peaceful means, has become the guiding principle of the policies of all Federal Governments. We shall continue to pursue this course. By so doing, we want to render our contribution to the peace and freedom of the entire Western world.

KODAK Q-60 Color Input Target



IT8.7/2-1993
2007:03

FTP://FTP.KODAK.COM/GASTDS/Q60DATA

Q-60R2 Target for
KODAK
Professional Papers