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809

PREM 19/1245/1

Part 1 of 2

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SECRET

MT

PART 8

CONFIDENTIAL

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

GERMANY

PART 1: MAY 1979

PART 8: OCTOBER 83

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							
18.11.83		8/8/84					
6.12.83		24.8.84					
31.1.84		29.8.84					
3.2.84							
4.2.84		ENDS					
28.2.84							
5.3.84							
10.3.84							
16.4.84							
2.4.84							
6.4.84							
25/4/84							
10.5.84							
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10.5.84							
5.5.84							
11.5.84							
11.5.84							

PREM 19/1245



PM/84/69

PRIME MINISTERAnglo-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.

Prime Minister

Content to raise these points with Chancellor Kohl?

Yes no

FERB

30.4

cc FERB
ASC



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.

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

(GEOFFREY HOWE)

Foreign and Commonwealth Office

30 April 1984

GRS 990
CONFIDENTIAL

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No 10

FM BONN 271605Z APR 84

ADVANCE COPY

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

ASC
to see

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 DIMINISHED 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 PREOCCUPATION 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 BALLOTTED 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.

15

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.~~ 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.

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9

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

COPIES SENT TO
No. 10 DOWNING STREET

3.

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Prime Minister

CONFIDENTIAL

Qz.03695

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

MR COLES

FERB

27.4.

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.

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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

2

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,

ECL

CONFIDENTIAL

- 2 -

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/sq

Mr Coles (o/v)

26 April 1984

Dear Sir,

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



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.

A J Coles Esq
10 Downing Street

For me
R B Bone
(R B Bone)
Private Secretary

PRIME MINISTER

DTI notified by telephone.

DWS
26/4

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?

7
hs

DWS

25 April 1984



10 DOWNING STREET

From the Private Secretary

24 April, 1984

Anglo/German Bilaterals

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

BF | 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.

BF | 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

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
DAVID BARCLAY

24 April, 1984

Yes no
But surely Dr. Tebbit can come & have
Dr. Lamont do some questions?
no



Foreign and Commonwealth Office

London SW1A 2AH

Dep C.
Prime Minister⁽¹⁾

Content with this programme, which has been agreed with the Germans at official level?

John Johnson

*DWB
18/4*

17 April 1984

Can there be any demonstration schools. Has that been ~~discussed~~ in choosing the venue? not

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.

And see overpage mt.

On the basis that the entire event will take place at Chequers, we have agreed the following 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



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.

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.

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

Agree?

Should
 we meet
 her for me
 if we can
 how could
 meet the
 Chancellor
 and I feel
 even on it
 would that be
 acceptable?
 not.

DMB
 18/4

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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
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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cc ~~SY~~

OWB
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

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LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
2 MAY 1984

<u>EMV(84)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
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

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<u>EMV(84)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
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) ASAT SDI	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
KMS results



FILE

Ry

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.

R. J. COLES

16 April, 1984

NK

Mr. Joe

May 2nd 1984 at Chequers notes on decisions 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 Kholi ie: (Rooms 7 & 8 with Bathroom). 1st Floor.
 - b. The Long Gallery (Library) will be used for The Prime Minister and Dr Kholi 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 people.. 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 10 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.

A Thomas

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

010



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) Cabinet Office
- Mr Williamson)

PETER MARTIN

13 April 1984

010
CONFIDENTIAL

AJC
Cabinet Office
70 Whitehall
London SW1A 2AS

12 April 1984

PS(84) 4

A.S.C. 13/4.

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

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LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
2 MAY 1984

<u>EMV(84)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
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

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<u>EMV(84)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
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

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 right-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]

ASJC



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 ?

None

Told PAPA's office.

MM
11/4

Ye.

11/4

Mart
11/4.



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

Roger Bone Esq
Foreign and Commonwealth Office



A.S.C. $\frac{12}{4}$

b-a.

Mr. Cole, CABINET OFFICE

The 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

With the compliments of

APs/

Sir Robert Armstrong GCB, CVO

to feed them in them.

Secretary of the Cabinet

and Permanent Secretary to the

Proc. Mat.

Management and Personnel Office

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

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Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO
Permanent Under-Secretary of State

6 April 1984

Sir Robert Armstrong GCB CVO
CABINET OFFICE

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

My dear Robert,

ANGLO GERMAN SUMMIT : 2 MAY 1984

cc - Mr Goodall
Mr Williamson
✓ Mrs Lambert
✓ C. McGearty (NO10)

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

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2.

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 célèbres. 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.

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

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 European political and defence cooperation

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



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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

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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.

Antony Acland

Antony Acland



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



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LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT, 2 MAY

<u>Subject</u>	<u>Lead Dept</u>	<u>In Consultation with</u>
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)

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- | | | |
|--|------------|-------------------------------|
| 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 |

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de PC

JP



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

CONFIDENTIAL

- 2 -

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.

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?

Yes - but see above

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?

Yes not

A.C.

23 March 1984

*There is only
the White Paper.
my study of the
library. Kohl
will see the
noon
only 3
minutes
of*

①

RESTRICTED

LC 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 Sir,

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



U.S. DEPARTMENT OF STATE
OFFICE OF THE SECRETARY



1984 JUN 6 PM

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?

ck.

15 March 1984



10 DOWNING STREET

Mr. Ryder.

Which - Cleves or No. 10 -
would be most convenient for
the Prime Minister bearing in mind
that

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

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

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

A.F.C. $\frac{5}{3}$



Foreign and Commonwealth Office

London SW1A 2AH

14 March 1984

John Taylor

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.

Why Northolt?

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



- 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 - Chancellor arrives at Oxford;
approx
- 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.

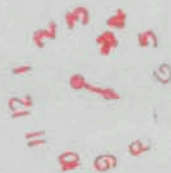
The Germans have asked if it is the Prime Minister's intention to attend Chancellor Kohl's lecture at Oxford (I enquired about this in my letter to you of 31 October).

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Germany Chancellors
visits 1978

19 4 MAR 1984





Leah

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.

BF 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.



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

FOREIGN AND COMMONWEALTH SECRETARY

Prime Minister.

[Handwritten signature]

A.F.C. $\frac{13}{3}$

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.

[Handwritten signature]

N.L.
9 March 1984

GERMANY: Chancellor Kohl's visit: Pt 8.



CONFIDENTIAL

DS

File



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).

SECRET

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

105
Sawyer

TOP COPY

CONFIDENTIAL

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GRS 355
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TO IMMEDIATE BONN
TELEGRAM NUMBER 136 OF 5 MARCH
INFO UKREP BRUSSELS, UKDEL OECD

MAR 16 1984		
RECEIVED		No.76
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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 FORWARD. NONE HAS WITHDRAWN DURING THE CONSULTATIVE PROCESS: ON 20 FEBRUARY SIR GEOFFREY HOWE MADE CLEAR THAT HE WAS UNABLE AT THAT STAGE

CONFIDENTIAL

3640 - 1

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

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PS/MR WHITNEY

SIR C. TICKELL

MR ADAMS

MR HANNAY



FILE
da

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.

P



FCS/84/67

SECRETARY OF STATE FOR ENERGY

IEA Executive Director

Prime Minister

mf

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 his candidate.

A.S.C. $\frac{2}{3}$.

L.A. Ad 5.

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. 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.

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

GEOFFREY HOWE

Foreign and Commonwealth Office

2 March 1984



FED
TAM

1963
JAN 10
10 30 AM
10 30 AM



Irine Nincula.

Foreign and Commonwealth Office

London SW1A 2AH

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

1 March 1984

Dear John,

A.D.C. 3/3 .

[Handwritten signature]

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

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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,
Peter Ricketts

(P F Ricketts)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL

OUT TELEGRAM

Classification and Caveats
CONFIDENTIAL

Precedence/Deskby
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

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Drafted by (Block capitals) PRIVATE SECRETARY		
Telephone number 233 4641		
Authorised for despatch		
Comcen reference	Time of despatch	

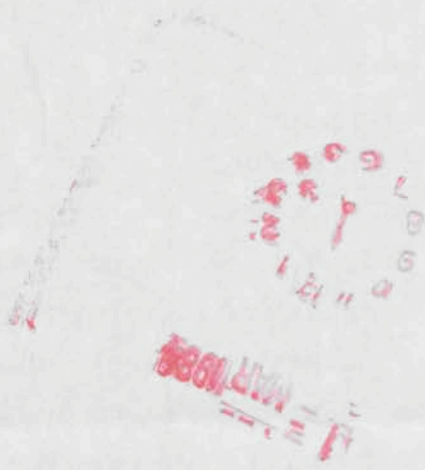
OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	Page 2
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1 <<<<
2 enjoy a wide measure of support within the IEA as a whole.
3 (ii) We have not been aware of an agreement within the Community
4 that there should at all costs be a Community candidate. When
5 this was discussed by Ministers on 23 January and again on
6 20 February, it was agreed to consult urgently with a view to
7 seeing whether agreement could be reached on a Community
8 candidate. But it has also been recognised from the beginning
9 that the US candidate was ~~technically~~ well qualified.
10 (iii) Three Community candidates have been put forward. None
11 has withdrawn during the consultative process: on 20 February,
12 Sir Geoffrey Howe made clear that he was unable at that stage
13 to choose between the three Community candidates who all seemed
14 equally well qualified. When the matter was put to the vote
15 on 27 February we therefore abstained. There was no question of
16 our voting for a US candidate. In the event, none of the
17 candidates was supported by a majority of Member States.
18 (iv) Our abstention was, therefore, in line with the comments
19 of Sir Geoffrey Howe at successive Foreign Affairs Councils.
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21 HOWE
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NNNN ends telegram	BLANK	Catchword
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GERMANY: Kohl visit
A8



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. 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.

Foreign and Commonwealth Office 2

London SW1A 2AH

28 February 1984

*John 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

S E C R E T



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

You are
R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

S E C R E T

28 FEB 1984

1234567890

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

John Major

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 insistence 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 laboratories there 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 Espirit 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.S.C.

28 February 1984

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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:
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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.S.C.

27 February 1984

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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

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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

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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.

DF Williamson
D F WILLIAMSON

27 February 1984

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

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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 our 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 disciplines 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 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 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

Own resources

/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 competitiveness. 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 Administrative Document for customs clearance.

- Adoption of the proposed Common Commercial Policy Regulation

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

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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

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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

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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

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/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. 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 consistently 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 share 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 Portuguese 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

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- 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

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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 anniversary 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 disposition 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.

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. 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

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. 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.

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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



CONFIDENTIAL

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 Community knows what they are the better.

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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]

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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

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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 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

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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.

Foreign and Commonwealth Office

24 February 1984

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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 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 responsibilities 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 responsibility 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 credibility 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 at 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.

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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 repressive 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.

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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.

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24 February 1984

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TO IMMEDIATE FCO

TELEGRAM NUMBER 265 OF 27TH FEBRUARY

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THE HAGUE, LUXEMBOURG, ROME, UKREP BRUSSELS,
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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

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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 SMALL 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

1.

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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

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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 RESOURCES 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

3.

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1649 - 1

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 CONCEDED 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.

4

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1649 - 1

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
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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)

A-JC-²⁴/₂

f-a.

Sir J Taylor (care of WED)

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.

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/...

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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.

73

J. L. Bullard

24 February 1984

CONFIDENTIAL

24 JAN 1984



Mr. Gyles

I think we have told Chandler Kobl
1545 not 1600 on 28 Feb.

Can you pl. check the file?

A.S. C. 17/2 ..

Mr Gyles

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

kw

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



cc: BELGIUM: Visit of
Mr Martens June
NETHERLANDS: UK/ Dutch
relations Sept 80

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

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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? not

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 sending one? not

31 January, 1984

A.S.C. 31/1

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.

DWS

26 January 1984

GRS 200

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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.

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

20 December 1983

A J Coles Esq
10 Downing Street

A.S.C. 27/12

p.a.

New Idm.

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 sincerely,
J O Kerr

J O KERR
Principal Private Secretary

Germany.
Units of Anschluss
Kohl
Part 8



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COLEMAN

cc FLO SF



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 attend all
pages about the Anglo/German
and Anglo/Italian Summits.

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

A.S.C. 15/12

15 December 1983

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

Dear Roger,

ANGLO-GERMAN SUMMIT

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.

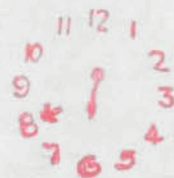
I do realise that the task of arranging these fixtures - and the comparable French and Italian ones - must cause major headaches, particularly for John Coles, to whom I am sending a copy of this letter. But I really would be very grateful if you or he could contrive to bring the Chancellor's office in 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

will request, if required.

1 - DEC 1983



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File 1/1

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



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.

BK 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

Don John

*ABG
/u.*

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.

John

R B Bone

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

Germany
Chancellor's
Visits Pt 8



11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99 100

17/12/1983



File 16
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.

ALCOLES

Roger Bone Esq
Foreign and Commonwealth Office



Lee R

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. Dept.
pl. attach the paper
A.S.C.
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.S.C.

Yes not

1 November 1983



10 DOWNING STREET

Jayel

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

A.J.C. $\frac{21}{10}$

John

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

JMB
31/10

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

31 October 1983

Jan T. ...

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 international 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.

Jan T. ...
R B Bone

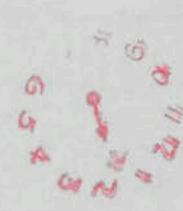
(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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Germany Chancellor VISITS A 2

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31 OCT 1983

ATSE

Panel meeting
to Cabinet office

Mark
25/10

BONN Summit

← The P.R. has not decided but we do not expect her to want R.T.A.
Lindsay is asking whether R.T.A. will be attending. They are not pressing - David Williamson will be going.

Can I tell her that you ^{Yes.} are ^{AR 25/10} not expecting R.T.A. to go?

Briefing Mtg (11.30 on 8/11)

a) FCS will only be able to attend for $\frac{1}{2}$ hr. as he has an Audience with the Queen.
Noted. AR 25/10

b) The Min. of Ag. will be in the USA - is a substitute necessary? ^{Yes.} AR 25/10. Mark 25/10.

file

259



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.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

BF

ST. ANTONY'S COLLEGE,
OXFORD.
OX2 6JF
TEL. 59851

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:-

ATC to Fco. 11/5/83

PART 8 begins:-

Michael Koses to ATC 11/10/83

