

PREM 19/1765

PRIME MINISTER'S MEETINGS WITH
 CHANCELLOR KOHL IN GERMANY.

GERMANY

PART 1: JUNE 1980

PART 5: NOV 1983

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
9.11.83		10.4.85		<p>PREM 9/1765</p> <p>PART 5</p> <p>ENDS</p>			
14.11.83		23.5.86					
2.12.83		28.5.86					
4.10.84							
5.10.84							
22/10/84							
26.10.84							
30/10/84							
21.10.84							
6.11.84							
21/11/84							
16.12.84							
11.1.85							
15.1.85							
17.1.85							
24.1.85							
31.1.85							
1.2.85							

PART 5 ends:-

CDP to FCO

28/5/86.

PART 6 begins:-

Bonn Tel 21/8/86.

CONFIDENTIAL



10 DOWNING STREET

28 May 1986

From the Private Secretary

POSSIBLE SUPPLY OF GERMAN TORPEDOES TO ARGENTINA

Thank you for your letter of 27 May enclosing a draft message from the Prime Minister to Chancellor Kohl about the possible supply of German torpedoes to Argentina.

I think that we need to make clear that we do not ourselves doubt the German assurances, all we want is to have them in a form suitable to be conveyed to the Italians. This could be done by inserting in the last paragraph after "....act responsibly on this issue" a passage to the effect "Speaking for myself and for Britain, I have no doubt at all that your assurance still stands. But it is important to reassure the Italian Government of the Federal Republic's intention. I should therefore be most grateful for confirmation, in a form suitable to be conveyed to the Italian Government, that...".

I also gave you on the telephone a small amendment to the first sentence.

With these changes, the message may issue.

I am copying this letter to John Howe (Ministry of Defence).

(CHARLES POWELL)

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

JAIASU
cc MOD

CONFIDENTIAL

cede
~~SECRET~~



Foreign and Commonwealth Office

London SW1A 2AH

27 May 1986

Dear Charles,

*Prime Minister
Agree to send
this message to
Chancellor Kohl?*

Possible Supply of German Torpedoes to Argentina

*CDP
27/5*

I understand that, because their bilateral in Tokyo was shorter than expected, the Prime Minister was unable to raise the matter of torpedoes with Chancellor Kohl. We believe that it would be advisable for the Prime Minister to pursue the subject by a letter to Kohl. The aim would be to obtain a renewed assurance on the supply of advanced torpedoes to Argentina, which we could use to avert possible Italian sale of similar torpedoes.

The background is that Kohl gave the Prime Minister last year (copy enclosed) an assurance that the Federal Government would not permit the export to Argentina of AEG-Telefunken surface and underwater target (SUT) torpedoes while conditions in the South Atlantic remained unsettled. We have been seeking a similarly clear assurance from the Italians in respect of the comparable torpedoes made by Whitehead Moto Fides (a FIAT subsidiary). They have been reluctant to give one, but have continued to block supply of such torpedoes to Argentina.

In recent months, however, the Italians have claimed to be increasingly concerned that the Germans may sell SUT torpedoes to Argentina, even though we have repeatedly told them of the assurance the Germans have given us "at a very senior level" (meaning Chancellor Kohl). They insist that they would be content only with a "cast-iron" assurance of German non-supply. The Foreign Secretary raised the subject with Andreotti at the Anglo-Italian Summit on 12 March, but Andreotti was evasive; Sir Geoffrey Howe therefore sent a message to Andreotti in early April, directly requesting an assurance that the Italians would not sell the torpedoes to Argentina, but there has to date been no response. We see a danger that unless we can convince the Italians that the Germans will not supply the torpedoes, they may break ranks and sell, for fear of losing the business to German companies. Our aim, therefore, is to secure a reaffirmation of Kohl's assurance of last year and then to deploy with the Italians in order to pin them down to a corresponding assurance.

/it

CONFIDENTIAL

CONFIDENTIAL



Our Ambassador in Bonn took this matter up with the German Foreign Minister on 11 March. Genscher was, however, not willing to give a satisfactory assurance. The Ambassador saw a risk, if we pursued the question of assurances with Genscher, that Kohl's undertaking of last year might become watered down by Genscher himself or the German bureaucracy; he therefore recommended tackling Kohl in person.

I now attach a draft letter from the Prime Minister to Kohl presenting the arguments and incorporating suggestions by Sir Julian Bullard (Bonn telno 421, copy attached) and requesting a renewed assurance. Sir Julian Bullard could hand over the letter (or a message in advance of the letter) when he sees Kohl tomorrow: to do so he needs instructions by noon, and we have a suitable telegram to send if the Prime Minister is content. We propose also to authorise Sir Julian Bullard to tell Kohl that the Prime Minister may wish to refer to this issue in the margins of the next European Council.

The British press reported on 14 May that on the previous day the German police had raided the offices in Hamburg of the Argentine Naval Commission in Europe following allegations in "Stern" magazine that the Commission had illegally traded in arms, during and after the Falklands conflict. But we do not think it would be appropriate to refer to this in the letter to Kohl.

I am copying this letter to Richard Mottram at the Ministry of Defence.

Yours ever

R N Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference DL1ASY

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

TO: His Excellency Herr Dr Helmut Kohl

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT: *found*
 I ~~much~~ *very much* enjoyed our ~~useful~~ conversation in Tokyo on 6 May. I was only sorry that we were not able to have more time. One subject which I had wanted to raise is ~~that~~ of Argentina and its continuing interest in acquiring modern arms.

As you know, we have taken a number of specific initiatives since 1982 aimed at achieving more normal bilateral relations with Argentina. These include:

- a) negotiations in September 1982 at the IMF meeting in Toronto aimed at reciprocal removal of all financial restrictions. We implemented our side of the agreement reached, but Argentina has only done so partially;
- b) six EC presidency approaches to the Argentine Government to suggest discussion of normalisation^{ing} ~~of~~ commercial and economic relations with the Community. *10*

Enclosures—flag(s).....

The Argentines rejected such discussion unless Britain first agreed to negotiations on sovereignty;

c) our proposal in May 1983 for restoration of the UK-Argentine Air Services Agreement. There was no Argentine response;

d) ^{the} ~~at~~ Berne talks in July 1984, ^{when} we sought to discuss practical issues, with an agreed formula for an exchange of statements on sovereignty. The Argentine departure from this arrangement led directly to deadlock;

e) our announcement in July 1985 of our unilateral decision to lift restrictions on Argentine imports. The Argentines failed to reciprocate at ~~that~~ time, although there are now unconfirmed reports ^{that} they are discreetly lifting restrictions on trade with Britain.

There has thus been little constructive response from Argentina to our ~~various~~ initiatives ~~designed~~ to bring about improved relations.

Even more relevant to the question of arms supplies is the fact that Argentina has not formally declared a cessation of hostilities. This underlines the need to avoid any increase in the offensive power of the Argentine armed forces, notwithstanding President Alfonsin's repeated assertions of his intention to pursue the Argentine claim to the Falklands by peaceful means.

Against this background I was most grateful for your personal assurances, confirmed in your letter of 25 March 1985, that the Federal Government will not permit the supply to Argentina of Surface and Underwater Target (SUT) torpedoes manufactured in Germany. Circumstances in the south Atlantic have not changed since then. However, we are concerned that the Italian Government may contemplate authorising the sale of comparable torpedoes through fear that the Italian manufacturer may otherwise lose the business to its German competitor. I believe it is very much in our mutual interest that the Italian Government should act responsibly on this issue. It is important to reassure them as soon as possible about the Federal Government's intention. I should therefore be most grateful for confirmation, in a form suitable to be conveyed to the Italian Government, that your assurance of last year remains in force.

*of
the*

*Specific for yourself - no
whatsoever but it
I have no doubt
does*

RESTRICTED

dg28ec



bc: PC

10 DOWNING STREET

From the Private Secretary

23 May 1986

INTERVIEWS WITH THE GERMAN MEDIA

Thank you for your letter of 22 May conveying the Foreign Secretary's hopes that the Prime Minister will consider using the State Visit by President von Weizsaecker in July and her own visit to Germany in September as pegs on which to hang major interviews.

I have discussed this with Bernard Ingham and we both agree that there is no prospect of the Prime Minister being able to find the time for ARD Television in June. There are simply too many other commitments, and we need to give priority to interviews for the domestic audience.

The prospects for September are better and I will put the proposal to the Prime Minister. But it would be helpful to know, before doing so, whether you would give priority then to the television appearance or the interview with the Frankfurter Allgemeine Zeitung.

Charles Powell

Colin Budd, Esq.,
Foreign and Commonwealth Office.

JB

RESTRICTED

010
RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

22 May 1986

Dear Charles,

Interviews with German Media

The Foreign Secretary hopes that the Prime Minister will consider using the State Visit by President von Weizsaecker (1-4 July) and her visit to Germany for the Anglo-German Summit and visit to BFG (16-17 September) as pegs on which to hang major interviews.

The State Visit in particular will offer an opportunity to reinforce public appreciation of a relationship whose profile does not always match its quality. We recommend that the Prime Minister take up the proposal for a "Face the Press" interview offered by ARD (first German TV channel). This would be conducted by three journalists, and cover the range of key political issues underlying Anglo-German relations, including defence relations, Community matters and economic prospects. It would be broadcast on the evening of Sunday 29 June, immediately before the State Visit beginning on 1 July, and last around 30 minutes.

The primary purpose would be to balance the coverage of ceremonial, which the visit is sure to generate, with a more political element. On the eve of our EC Presidency the Germans should be receptive to a message about the role of Britain and Germany in Europe. It would be assured an especially wide audience, given the public focus on Anglo-German relations in advance of the State Visit, and should receive further coverage in the domestic press.

In the case of the Prime Minister's visit to Germany in September, the Embassy recommend that we give priority to the most important and influential independent national daily in the FRG, the Frankfurter Allgemeine Zeitung (FAZ). Its political orientation is centre right; it is well disposed to the UK; and there is the additional advantage that it is close to Kohl and the CDU. It is the FAZ's editorial policy not to publish interviews verbatim, but as the Prime Minister's recent interview with The Times showed, a narrative format can be just as effective.

Yours ever,
Colin Budd

(C R Budd)

Private Secretary

C D Powell Esq
PS/10 Downing Street

RESTRICTED



SECRET



file
75

6

10 DOWNING STREET

From the Private Secretary

10 April 1985

I attach a copy of Chancellor Kohl's reply to the Prime Minister's letter of 1 February. The Prime Minister will see this on her return, and I have already informed Charles Powell of its contents.

Meanwhile, I should be grateful if you would provide a draft for the Prime Minister to send in response.

I am copying this letter and that of Chancellor Kohl to Richard Mottram (Ministry of Defence).

FCO advised
no reply necessary.
CDP agreed.
SE.

MARK ADDISON 19.4

Len Appleyard Esq
Foreign and Commonwealth Office

SECRET

JB

Subject

VS-Vertraulich

Translation attached

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

CC Master
OPS
Bonn, den 25. März 1985

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 1564185

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

L o n d o n

Gefahr Magnum!

Für Ihren Brief vom 1. Februar danke ich Ihnen vielmals.
Sie wissen, daß ich für Ihre Sorgen über die Lieferung von
Torpedos neuerer Technologie nach Argentinien großes Ver-
ständnis habe.

Ich versichere Ihnen, daß die Bundesregierung die Ausfuhr
dieser Waffen nicht genehmigt hat und nicht genehmigen wird,
solange sich die Verhältnisse im Südatlantik nicht konsoli-
diert haben.

his father's first
72
L. J. J.

Germany: meetings with Kohl 175



FRANKFURT
MESSAGE

Final Statement!

Final Statement

175

175

Courtesy Translation

*cc Fed
on 25 March 1985*

FEDERAL REPUBLIC OF GERMANY
THE FEDERAL CHANCELLOR

Bonn, 25 March 1985

Dear Margaret,

Many thanks for your letter of 1 February.
You know that I fully understand your concern
about deliveries of state-of-the-art torpedoes to
Argentina.

I can assure you that the Federal Government has
not authorized the export of such weapons, nor will
do so for as long as conditions in the Southern
Atlantic remain unsettled.

Yours sincerely,
sgd. Helmut Kohl

The Rt.Hon. Margaret Thatcher, M.P.,
Prime Minister of the United Kingdom
of Great Britain and Northern Ireland,
London

SECRET



10 DOWNING STREET

THE PRIME MINISTER

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 16/85**

1 February, 1985

Dear Helmut

During our meeting in Bonn on 18 January, I said that I would write to you about certain indications we had received that a German company are hoping to sell advanced torpedoes to Argentina.

I have been very grateful for the repeated assurances we have received from you that German Surface and Underwater Target (SUT) torpedoes will not be supplied to Argentina. I am sure you understand our concern at the threat these weapons would represent to our ships and submarines in the South Atlantic. I raised the subject with you again because we had received indications from the international arms market that AEG Telefunken were hoping to receive authorisation, even if not immediately, to export SUT torpedoes to Argentina.

Our Ambassador in Bonn raised the matter with Herr Genscher shortly before we met. Herr Genscher told him that your Government was still considering whether to give permission for the manufacture of these torpedoes, but added that if this permission were granted it would be accompanied by a warning that it did not constitute permission to export them. The Embassy were separately informed by your Foreign Ministry that the Federal Government intended to authorise manufacture of the torpedoes.

/ I am

SECRET

*SA
File
cc 700
cc Master
OPS
(Copy on Argentina
relations P439)*

5

I am most grateful for the firm personal assurance which you gave at our meeting that we can continue to rely on the Federal Republic of Germany not to permit the supply of these weapons to Argentina. I am sure you will appreciate that the Argentine Government's unwillingness to declare a formal cessation of hostilities makes it imperative that we continue to seek the co-operation of all our friends and allies in preventing the sale to Argentina of advanced torpedoes and other sophisticated weapon systems which could constitute a threat to our forces.

With best wishes.

Warm regards

Yours sincerely

Manjani

His Excellency Herr Dr. Helmut Kohl

SECRET

cc/PC



Foreign and Commonwealth Office

London SW1A 2AH

31 January, 1985

Dear Charles,

Anglo-German Summit, Bonn: 18 January

Thank you for your letter of 18 January enclosing records of the Prime Minister's conversation with Chancellor Kohl.

You asked for a draft letter to Chancellor Kohl on the subject of arms sales to Argentina. I attach a self-explanatory draft.

I am copying this letter and attachment to Richard Mottram (MOD).

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

PM's mtgs with Kohl:

GERMANY

PTS.

SECRET

DSR 11 (Revised)

DRAFT: ~~minute~~/letter/~~teleletter~~/~~despatch~~/~~note~~

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Chancellor Kohl

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

that I would During our meeting in Bonn on 18 January, *I said* ~~you asked~~ me to write to you about certain indications we had received that a German company are hoping to sell advanced torpedoes to Argentina.

CAVEAT.....

I have been very grateful for the repeated assurances we have received from you that German Surface and Underwater Target (SUT) torpedoes will not be supplied to Argentina. I am sure you understand our concern at the threat these weapons would represent to our ships and submarines in the South Atlantic. I raised the subject with you again because we had received indications from the international arms market that AEG Telefunken were hoping to receive authorisation, even if not immediately, to export SUT torpedoes to Argentina.

Enclosures—flag(s).....

Our Ambassador in Bonn raised the matter with Herr Genscher shortly before we met. Herr Genscher told him that your Government was still considering whether to give permission for the manufacture of these torpedoes, but added that if this permission were granted it would be accompanied by a warning that it did not constitute

SECRET

/ permission

permission to export them. The Embassy were separately informed by your Foreign Ministry that the Federal Government intended to authorise manufacture of the torpedoes.

I am most grateful for the ^{fim} personal assurance which you gave at our meeting that we can continue to rely on the FRG not to permit the supply of these weapons to Argentina. I am sure you will appreciate that the Argentine Government's unwillingness to declare a formal cessation of hostilities makes it imperative that we continue to seek the co-operation of all our friends and allies in preventing the sale to Argentina of advanced torpedoes and other sophisticated weapon systems which could constitute a threat to our forces. ~~We will continue to welcome any information you may obtain on potential sales of such weapons by other countries to Argentina.~~

With best wishes.

CD 31/11



10 DOWNING STREET

From the Private Secretary

24 January, 1985

Chemical Weapons/Gorbachev

Thank you for your letter of 24 January. There are two possibilities:

- i) The Prime Minister raised Chemical Weapons with Gorbachev and I neglected to record it; and
- ii) the Prime Minister mistakenly thought that she had raised Chemical Weapons and I none the less recorded her telling Chancellor Kohl that she had.

My memory does not help. Can we not agree that it must have been a very passing reference?

C. D. POWELL

SHQ

Colin Budd, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

cejc



Foreign and Commonwealth Office

London SW1A 2AH

24 January 1985

*at flap
P.C. we see
with record of
Gorbachev disc*

Dear Charles,

Chemical Weapons/Gorbachev

In the record of the Prime Minister's meeting with Chancellor Kohl on 18 January which you kindly sent over, it is mentioned on page 4 that Mrs Thatcher had raised with Gorbachev chemical weapons and the threat posed by Soviet superiority in that field. As far as we can trace, we have no record of any such discussion. Is there anything more you can tell us about it?

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

GERTMAN
PT-5 mtg with
Chancellor in Germany
PT 5

24 JAN 1985

10 11 12 11 2 3
9 8 7 6 5 4



Re

10 DOWNING STREET

THE PRIME MINISTER

22 January 1985

Ann [unclear]?

Dear Mr. President.

It was a great pleasure to meet you on Friday and I found our talks as always very illuminating. I was particularly pleased to be able to inform you of the invitation which I know Her Majesty The Queen intends to extend to you for a State Visit in 1986.

But I am sure that we shall have a chance to meet again before then, during the Economic Summit, and continue our discussions. In the meantime, I send you my warm best wishes.

Yours sincerely

Margaret Thatcher

His Excellency Dr. Richard von Weizsaecker



CC FCO

hle

JR

JKRARS

10 DOWNING STREET

THE PRIME MINISTER

21 January 1985

Sir Julian

Just to thank you and your staff for the work which you put into the preparations and arrangements for the Anglo-German Summit. It went off very well and I shall be proposing dates to the Chancellor for his visit to Chequers in the summer.

I was pleased that he spoke in such warm terms of you. Keep up the good work!

Warm regards.

Yours sincerely

Maya Thatcher

His Excellency
Sir Julian Bullard, KCMG.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T&B/85



10 DOWNING STREET

THE PRIME MINISTER

file

JR

JKR ARQ

cc FCO
HMA Bonn

21 January 1985

Dear Helmut,

I am most grateful to you for the excellent atmosphere of our talks on Friday, which you were kind enough to describe as like a Cabinet meeting. As I said in my remarks at lunch, the usual adjectives do not do justice to the warmth and informality of our meetings, to which your personal contribution is so decisive. I was particularly pleased to confirm how very close our views are on the vital issues of East/West relations and arms control. I was glad, too, that we were able to discuss the sensitive issue of the commemoration of the end of the Second World War and reach a clear understanding about the spirit in which both of us believe this should take place.

I look forward very much to your visit to Chequers in the summer, when we can have a fuller discussion of European Community issues. I shall write to you separately about the particular matter concerning Argentina.

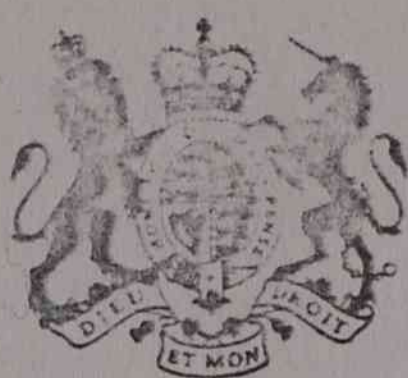
Please also accept the thanks of my whole delegation for your excellent hospitality and for the arrangements made for our visit, as well as my personal thanks for the beautiful clock.

With warm best wishes to you and your wife,

Yours sincerely

Raymond

His Excellency Herr Dr. Helmut Kohl



10 DOWNING STREET

CC. Master.

From the Private Secretary

21 January 1985

**ANGLO/GERMAN SUMMIT:
PRIME MINISTER'S MEETING WITH FEDERAL PRESIDENT**

Following the Anglo/German consultations in Bonn on 18 January, the Prime Minister met President von Weizsaecker for forty-five minutes. They met alone.

The Prime Minister has told me that she let the Federal President know that The Queen would be inviting him to pay a State Visit in 1986. He should say nothing about this until it was confirmed in writing. The Federal President was delighted and undertook to say nothing about it for the time being. The Prime Minister has commented that Chancellor Kohl appeared, from remarks which he made to her after lunch that day, to be aware of the invitation.

The Prime Minister and the Federal President had also had a general talk about East/West relations, during which the Prime Minister gave von Weizsaecker an account of her meeting with Gorbachev. The theme of German reunification was not raised.

There was some discussion of the commemoration of the Fortieth Anniversary of VE Day. In the course of this, von Weizsaecker said that the East German people would welcome a VE ceremony at Torgau, the place where British, American and Soviet forces met on 25 April 1945. The East Germans would be pleased because the presence of the United States and ourselves would make them feel less isolated.

I am copying this letter to Richard Mottram in the Ministry of Defence.

(C.D. POWELL)

Len Appleyard, Esq.,
Foreign and Commonwealth Office.

RW

PRIME MINISTER

ANGLO-GERMAN SUMMIT: MEETING WITH THE FEDERAL PRESIDENT

It would be helpful to know:

Did you tell the President about the invitation for a State Visit in 1986?

Yes - he would be delighted.

Did you discuss East/West and German reunification?

I told him to say nothing until

Gorbachev etc.

No.

continued in

Did you discuss VE Day?

Yes -

writing.

Did any other points arise?

N.B. Kohl

seemed to

know

judging from

some remarks

to me just

after lunch.

e.d.p.

He indicated

that the

East German people

would welcome

a VE day ceremony

at Torgla(?), the

place where at the

end of the war the

U.S. soldiers and

the Soviets met. (I will

look at my notes). The

East Germans would

be pleased because of

the presence of the U.S.

soldiers because they would feel
- less isolated etc

18 January 1985

CE BOBNN/FCO 002/19

ADVANCE COPY

DD FCO 192000Z

GRS 1720

CONFIDENTIAL

DESKBY 192000Z

FM BONN 191730Z JAN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 49 OF 19 JANUARY

FOLLOWING FOR PRIVATE SECRETARY

ANGLO-GERMAN SUMMIT

FOLLOWING IS DRAFT TELEGRAM ON PLENARY MEETING

BEGINS

ANGLO-GERMAN CONSULTATIONS, BONN, 18 JANUARY

1. THE PRIME MINISTER, ACCOMPANIED BY MYSELF, THE SECRETARY OF STATE FOR DEFENCE, THE SECRETARY OF STATE FOR THE ENVIRONMENT AND THE MINISTER FOR TRADE VISITED BONN ON 18 JANUARY FOR THE 16TH BILATERAL ANGLO-GERMAN SUMMIT. IN ADDITION TO CHANCELLOR KOHL, THE GERMAN MINISTERS PARTICIPATING WERE GENSCHER (FOREIGN AFFAIRS), WOERNER (DEFENCE), ZIMMERMANN (INTERIOR) AND BANGEMANN (ECONOMICS). FOLLOWING IS A SUMMARY ACCOUNT OF THE PLENARY SESSION, WHERE PARTICIPANTS REPORTED ON THEIR BILATERAL DISCUSSIONS.

HEADS OF GOVERNMENT

WM CHANCELLOR KOHL SAID THAT HE AND THE PRIME MINISTER HAD DISCUSSED THREE MAIN THEMES: EAST/WEST RELATIONS, THE 40TH ANNIVERSARY OF THE END OF THE WAR IN EUROPE AND COMMUNITY ISSUES. ON EAST/WEST RELATIONS, THERE WAS CLOSE ANGLO-GERMAN CONSULTATION AND AGREEMENT. THE US-SOVIET NEGOTIATIONS NOW STARTING MUST BE CARRIED FORWARD TO SUCCESS, BUT NOT UNDER TIME PRESSURE. THAT WOULD REQUIRE THE SAME DETERMINATION, PATIENCE AND SKILL AS HAD BROUGHT THE RUSSIANS TO THE NEGOTIATING TABLE. THE TWO YEARS FREE OF ELECTIONS IN THE MAJOR WESTERN COUNTRIES OFFERED AN OPPORTUNITY WHICH SHOULD NOT BE MISSED. CONSULTATION BETWEEN EUROPE AND THE US WAS NOW VERY GOOD. THE 40TH ANNIVERSARY TOUCHED THE GERMANS DEEPLY. HE WAS GRATEFUL FOR THE GREAT UNDERSTANDING THE PRIME MINISTER HAD SHOWN FOR GERMAN FEELINGS. EC ENLARGEMENT ON THE DUE DATE WAS VITAL. THERE COULD BE NO INCREASE OF OUR RESOURCES BEFORE THEN. AT THE MARCH COUNCIL IT WOULD NOT BE POSSIBLE TO DISCUSS PROPERLY THE FURTHER DEVELOPMENT OF THE COMMUNITY, BUT AS AGREED IN DUBLIN A DAY WOULD BE SET ASIDE AT THE MILAN SUMMIT FOR THAT PURPOSE. BEFORE THEN IT WAS IMPORTANT FOR THE BRITISH AND GERMANS TO KEEP VERY CLOSELY IN TOUCH AND DEVELOP A COMMON VIEW. HE WAS LOOKING FORWARD TO A DAY'S DISCUSSION WITH THE PRIME MINISTER AT CHEQUERS BEFORE JUNE.

H. keep on file CC. Master

EN

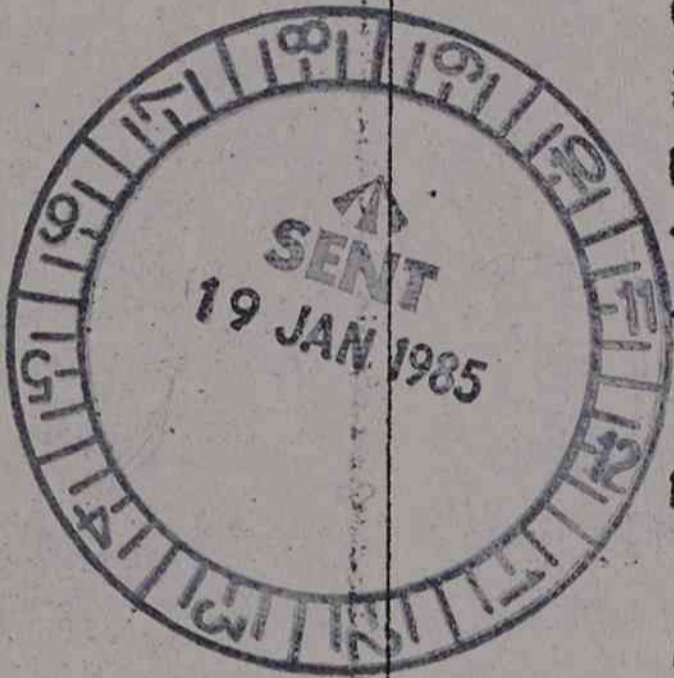
*PS
PS / LADY / Hunt
PS / Mr. R. G. ...
PS / Mr. R. F. ...*

1959 R / P. S.

*Mr. Derek Thomas
Mr. Brattin
Mr. ...
Mr. ...*

*HD / WES
1 to / (E. G.)
1 to / (E. G.)
1 to / NEWS D.*

NO. 10 DST



3. THE PRIME MINISTER ENDORSED KOHL'S REPORT AND ADDED THAT IN THREE MAIN AREAS - ECONOMIC POLICY, EUROPEAN AFFAIRS AND EAST/WEST RELATIONS - GOVERNMENTS IN THE WEST FACED UP TO DIFFICULT DECISIONS AND ACHIEVED SUCCESSES IN 1984. THIS HAD LAID THE BASIS FOR FURTHER PROGRESS IN 1985. THE WEST HAD ALSO COME CLOSER TOGETHER, ESPECIALLY AT HEAD OF GOVERNMENT LEVEL. THE 40TH ANNIVERSARY WOULD BE AN OPPORTUNITY FOR MARKING 40 YEARS OF PEACE WITH FREEDOM AND JUSTICE AND FOR PLEDGING OURSELVES TO CONTINUE TO WORK TO THIS CAUSE.

FOREIGN MINISTERS

4. GENSCHER REPORTED THAT HE AND I HAD DISCUSSED THE SHULTZ/GROMYKO MEETING, COMMUNITY AFFAIRS AND A RANGE OF REGIONAL PROBLEMS. IN VIRTUALLY ALL CASES THERE WAS A COMMON ASSESSMENT. HE HAD POINTED TO THE RISK THAT THE SOVIET UNION IN NEGOTIATIONS WITH THE US WOULD ATTEMPT TO TREAT EUROPE AS A MERE REGIONAL ISSUE, AND WE HAD AGREED THAT SUCH GAMBITS MUST BE RESISTED AND THE INTEGRITY OF THE ALLIANCE BE UPHELD. ON THE MIDDLE EAST, GENSCHER ENDORSED MY VIEW THAT THE TEN SHOULD WORK TO PREVENT CHAOS FOLLOWING ISRAELI WITHDRAWAL FROM LEBANON. SYRIA'S ROLE MUST BE RECOGNISED AND THE INFLUENCE OF THE ARAB MODERATES BE ENCOURAGED. THERE WAS NO NEED FOR A NEW STATEMENT BY THE TEN ON ARAB/ISRAEL. ON TURKEY, WE HAD AGREED THAT EFFORTS TO ENCOURAGE DEMOCRACY SHOULD CONTINUE. THAT MEANT SUPPORTING THE OZAL GOVERNMENT. DENMARK MUST BE INFLUENCED TO COOPERATE IN THIS. THE HOLDING OF THE HIGH LEVEL MEETING ON CYPRUS WAS TO BE WELCOMED. ON CHILE, THE BEST WAY OF INFLUENCING DEVELOPMENTS WAS PROBABLY SENIOR OFFICIAL CONTACTS RATHER THAN POLITICAL ONES, WHICH WERE LIKELY TO AROUSE PUBLIC CONTROVERSY. GENSCHER SAID THAT HE AND I HAD AGREED ON THE NEED TO DEVELOP FURTHER PRACTICAL COOPERATION IN THE STRUGGLE AGAINST TERRORISM.

5. I ADDED THAT I WAS GRATEFUL THAT GENSCHER HAD OFFERED HELP REGARDING LIBYA. BUT BRITISH POLICY WAS TO GET THE HOSTAGES OUT WITHOUT ANY CONDITIONS. ON LEBANON, WE SHOULD BE READY FOR DISCUSSION AT THE UN ON WIDENING THE BASIS OF UNIFIL. ON FAMINE IN AFRICA, IT WAS IMPORTANT NOT TO RAISE UNDUE EXPECTATIONS ABOUT NEW PROGRAMMES. GENSCHER AND I HAD AGREED THAT NEITHER GOVERNMENT COULD MAKE FUNDS AVAILABLE FOR THE WORLD BANK'S AFRICA FUND. ON COCOM I HAD POINTED TO THE IMPORTANCE OF REACHING AGREEMENT AMONG THE MAJOR ALLIES ON THE PROPOSAL FOR A DEFENCE EXPERTS GROUP. OTHERWISE THE US MIGHT IMPOSE RESTRICTIONS UNILATERALLY.

6. REPORTING ON HIS AND MY DISCUSSION OF EC ISSUES, GENSCHER REITERATED THE FRG VIEW THAT NEW OWN RESOURCES COULD ONLY BE IMPLEMENTED SIMULTANEOUSLY WITH ENLARGEMENT. HE HAD PUT THE CASE FOR AN INTERGOVERNMENTAL AGREEMENT TO COVER THE 1985 SHORTFALL AND THE UK'S ABATEMENT. HE HAD SAID FARM COSTS MUST BE LIMITED BUT WITHOUT ENDANGERING THE EXISTENCE OF FAMILY FARMS. MEDITERRANEAN PRODUCTS SHOULD NOT BE EXEMPT FROM EFFORTS TO REDUCE SURPLUSES AND TO APPLY FINANCIAL DISCIPLINE. ON IMPS, GENSCHER SAW DANGER IN THE ITALIAN EXPECTATION THAT THESE SHOULD APPLY TO OTHER COUNTRIES BESIDES GREECE. HE HAD TRIED TO DISABUSE ANDREOTTI WHEN THE LATTER VISITED BONN ON 17 JANUARY. GREECE ALREADY STOOD TO GAIN SUBSTANTIALLY WITHOUT IMPS. HE NOTED UK AND FRG AGREEMENT TO HOLD TO THE ORDER OF FIGURES AGREED AT DUBLIN. HE SAID THAT, ALTHOUGH HE UNDERSTOOD THE GREEK GOVERNMENT'S POLITICAL DIFFICULTIES, IT WOULD HAVE TO DECIDE WHETHER IT WAS PREPARED TO TAKE SOLE RESPONSIBILITY FOR BLOCKING ENLARGEMENT. GENSCHER SUMMED UP THAT, APART FROM THE

HAVE TO DECIDE WHETHER IT WAS PREPARED TO TAKE SOLE RESPONSIBILITY FOR BLOCKING ENLARGEMENT. GENSCHER SUMMED UP THAT, APART FROM THE DIFFERENCE IN FRG AGRICULTURE STRUCTURES, WHICH MADE GERMANY'S PROBLEMS MORE COMPLEX THAN OURS, UK AND FRG POSITIONS WERE VERY CLOSE.

7. I AGREED, AND REITERATED THE BRITISH WISH TO WORK WITH THE FRG IN PRACTICAL EFFORTS TO STRENGTHEN EUROPEAN UNITY. I STRESSED OUR COMMITMENT TO ENLARGEMENT, TO MORE ACTIVE POLITICAL COOPERATION AND TO IMPROVING THE WORKING OF THE INSTITUTIONS. BUT OUR FIRST PRIORITY WAS TO COMPLETE THE COMMON MARKET IN GOODS AND SERVICES ON WHICH SO MUCH COULD BE BUILT. I DID NOT BELIEVE THAT ANY EC MEMBER WAS WILLING TO ALLOW ACTION AGAINST ITS OWN ESSENTIAL INTERESTS. I UNDERLINED THE IMPORTANCE OF PRESERVING THE AGREED COMMUNITY REGIME ON FISHING. ON CAP PRICE FIXING, I SET OUT THE NEED FOR DECISIONS COMPATIBLE WITH THE FINANCIAL GUIDELINE AND A RIGOROUS PRICE POLICY. I EMPHASISED THE IMPORTANCE OF THE FONTAINEBLEAU CONCLUSIONS ON NEW OWN RESOURCES AND OUR ABATEMENT FOR 1984. HMG DID NOT FAVOUR A NEW INTERGOVERNMENTAL AGREEMENT.

DEFENCE MINISTERS

8. WOERNER REPORTED THAT HIS TALKS WITH MR HESELTINE HAD FOCUSED FIRST ON THE NATO INITIATIVE ON STRENGTHENING CONVENTIONAL DEFENCE. THEY HAD AGREED ON THE NEED FOR A CONCEPTUAL FRAMEWORK, SO AS TO GET THE PRIORITIES RIGHT: THAT NO ADDITIONAL RESOURCES COULD BE PROVIDED BY THE UK OR FRG: BUT THAT EXISTING RESOURCES MUST BE USED MORE EFFICIENTLY. WE MUST WORK HARDER FOR US RECOGNITION OF EUROPEAN DEFENCE EFFORTS AND SHOULD ENCOURAGE THE SMALLER MEMBERS OF THE ALLIANCE TO CONTRIBUTE MORE. THE TWO DEFENCE MINISTERS RECOMMENDED THAT THEIR HEADS OF GOVERNMENT SHOULD MAKE CLEAR TO THE SMALLER EUROPEAN ALLIES THAT THEY MUST BEAR THEIR FAIR SHARE OF THE POLITICAL, PSYCHOLOGICAL AND FINANCIAL DEFENCE BURDENS IN THE ALLIANCE. WOERNER SAID THAT HE AND MR HESELTINE HAD AGREED ON THE IMPORTANCE OF CLOSE CONSULTATIONS BY THE US ON SDI, AS THE NEGOTIATIONS AND THE RESEARCH PROGRAMME PROCEEDED. ON COOPERATION IN ARMS PRODUCTION, THERE WERE FAVOURABLE DEVELOPMENTS ON THE BILATERAL AND EUROPEAN LEVELS. MR HESELTINE'S ACHIEVEMENT IN REACTIVATING IEPG HAD BEEN PARTICULARLY USEFUL.

TRADE AND ECONOMY

9. BANGEMANN SAID HIS TALKS WITH MR CHANNON HAD COVERED FIVE TOPICS:-

- (I) PREPARATION FOR THE BONN ECONOMIC SUMMIT. BOTH GOVERNMENTS WERE CONCERNED TO COMBAT PROTECTIONIST TRENDS AND FAVOURED A NEW GATT ROUND:
- (II) THE EC ATTITUDE TO REPLACEMENT OF THE MULTI-FIBRE AGREEMENT. WE WERE AGREED IT SHOULD BE GRADUALLY STEPPED DOWN AND NOT EXTENDED UNCHANGED OR TERMINATED.
- (III) SHIPBUILDING. WE AGREED THAT EC GOVERNMENTS SHOULD PROGRESSIVELY REDUCE ~~THE~~ SUBSIDY AND DEVELOP A COMMON POLICY TOWARDS THE SUBSIDY POLICIES OF OTHER COUNTRIES. IT HAD BEEN NOTED THAT THE UK HAD PARTICULAR PROBLEMS UNTIL 1986:
- (IV) STEEL. ALL SUBSIDIES TO FIRMS SHOULD BE HELD WITHIN PRESENT LIMITS FOR 1985. AFTER 1985 SPECIFIC AIDS SHOULD ONLY BE GRANTED IF TIED TO REDUCTIONS IN CAPACITY:
- (V) AIRBUS AND SPACE TECHNOLOGY. THE FRG BELIEVED THAT THE A300

(V) AIRBUS AND SPACE TECHNOLOGY. THE FRG BELIEVED THAT THE A300 FAMILY MUST BE MODERNISED AND EXTENDED TO MAINTAIN ITS COMPETITIVE POSITION.

10. MR CHANNON STRESSED THE IMPORTANCE OF LIBERALISING TRADE OF ALL KINDS, INCLUDING SERVICES AND AGRICULTURE. ON AUTO EMISSIONS IT WAS IMPORTANT TO FIND A COMMUNITY SOLUTION WHICH WOULD NOT UPSET THE INTERNAL MARKET.

XXX ENVIRONMENT

11. ZIMMERMANN REPORTED HIS DISCUSSION WITH MR JENKIN ON THE FOLLOW-UP TO THE DECEMBER CONFERENCE IN LONDON AND PREPARATIONS FOR FORTHCOMING DISCUSSIONS AT THE BONN ECONOMIC SUMMIT AND IN OECD. IT WAS AGREED THAT BOTH SIDES WOULD TRY TO PERSUADE THE FRENCH TO JOIN IN THE AGREED OBJECTIVES. THERE HAD BEEN A DETAILED EXCHANGE ON LARGE COMBUSTION PLANTS. IT HAD BEEN AGREED THAT ALL POSSIBILITIES SHOULD BE EXPLORED TO FIND AN EC SOLUTION SATISFACTORY FOR ALL. MR JENKIN HAD SHOWN UNDERSTANDING FOR THE PROBLEM OF DYING FORESTS, FOR WHICH COMMON SOLUTIONS WERE NEEDED. THE ONLY DIFFERENCE ON THE DIRECTIVE ON BEVERAGE CONTAINERS WAS ON ITS LEGAL FORM. ZIMMERMANN HAD BEEN GLAD TO LEARN OF THE GREAT IMPORTANCE ATTACHED TO THE PRESERVATION OF THE COUNTRYSIDE IN BRITAIN. DISCUSSION ON THE FOLLOW-UP TO THE BREMEN NORTH SEA CONFERENCE SHOWED THAT THERE WAS STILL A DIFFERENCE BETWEEN US ON WHETHER THE NORTH SEA SHOULD BE DECLARED A SPECIAL AREA.

12. MR JENKIN EXPRESSED SATISFACTION AT THE CLOSENESS OF VIEWS ON PRESERVATION OF THE COUNTRYSIDE. ON OTHER ISSUES, EG LARGE COMBUSTION PLANTS, ANY DIFFERENCES BETWEEN THE UK AND FRG WERE ONLY ON MEANS TO COMMON AIMS. ON VEHICLE EMISSIONS THE NEED WAS FOR AN EARLY EC SOLUTION THAT WOULD PRESERVE THE INTERNAL MARKET, AND GIVE MANUFACTURERS THE CLEAR GUIDANCE THEY NEEDED, WHILE AT THE SAME TIME PROTECTING THE ENVIRONMENT.

13. WINDING UP, KOHL CHARACTERISED THE OPENNESS AND FRIENDLY CLOSENESS OF THE CONSULTATIONS AS HAVING RESEMBLED A JOINT CABINET MEETING. EVERY COUNTRY NEEDED FRIENDS, BUT NONE SO MUCH AS THE FRG, WHICH WAS PLEASED TO NUMBER BRITAIN AMONG THEM.

ENDS

RESIDENT CLERK PLEASE INFORM PRIVATE SECRETARY OF THIS TELEGRAM'S ARRIVAL.

BULLARD

NNNN

GRS 750

CONFIDENTIAL

CONFIDENTIAL

FM BONN 191930Z JAN 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 50 OF 19 JANUARY

INFO ROUTINE UKDEL NATO, UKREP BRUSSELS, PARIS, ROME, WASHINGTON,
MOSCOW, BMG BERLIN

INFO SAVING EAST BERLIN, CGS IN FRG

ANGLO/GERMAN CONSULTATIONS 18 JANUARY

SUMMARY

1. AN ESPECIALLY HARMONIOUS SUMMIT, WHICH GOT A GOOD PRESS HERE. IT DEMONSTRATED THE GROWING WARMTH IN UK/FRG RELATIONS.

DETAIL

2. I FOUND THE ATMOSPHERE AT YESTERDAY'S SUMMIT EXCEPTIONALLY CORDIAL. IT SHOWED HOW NATURALLY BRITISH AND GERMAN MINISTERS AND OFFICIALS CAN COMMUNICATE. KOHL'S PHRASE ABOUT THIS SUMMIT BEING A KIND OF JOINT CABINET MEETING WAS MEANT SERIOUSLY. HIS WARMHEARTEDNESS, HIS FREQUENT REFERENCES TO THE NEED FOR HISTORICAL PERSPECTIVE IN POLITICS AND HIS AVOIDANCE OF DETAIL IN DISCUSSION WERE ALL TYPICAL OF THE CHANCELLOR. THE PRIME MINISTER'S REMARKS ABOUT THE ACHIEVEMENTS OF 1984 AND THE SOUND BASIS THEY PROVIDE FOR DEALING WITH THE DECISIONS OF 1985 WILL HAVE GONE DOWN WELL WITH KOHL AND HIS COLLEAGUES.

3. USEFUL WORK WAS DONE ON A NUMBER OF CONCRETE MATTERS: FOR INSTANCE THE 40TH ANNIVERSARY OF VE DAY: SDI, WHERE THE PRIME MINISTER'S DISTINCTION BETWEEN RESEARCH AND DEPLOYMENT IS WARMLY ENDORSED BY THE GERMANS: NATO CONVENTIONAL DEFENCE: ASPECTS OF DEFENCE EQUIPMENT COLLABORATION: AND THE VERY TOPICAL ISSUE OF VEHICLE EMISSIONS, WHERE THERE WERE THE FIRST SIGNS OF SOME GIVE IN THE GERMAN POSITION, ALTHOUGH MUCH REMAINS TO BE DONE BEFORE THE IMPLICATIONS OF THIS ARE CLEAR. YOUR OWN DISCUSSION WITH GENSCHER ABOUT THE COMMUNITY WAS THOROUGH AND FRIENDLY, BUT THE DIFFERENCE OF OPINION ABOUT THE TIMING OF NEW OWN RESOURCES REMAINS A HARD NUT TO CRACK.

4. KOHL'S INTERVIEW IN THE TIMES OF 18 JANUARY PROVIDED A GOOD PUBLIC BACKGROUND FOR THE SUMMIT. IT SEEMED TO ME THAT HE WENT OUT OF HIS WAY TO SHOW THAT HE ATTACHES IMPORTANCE TO BRITAIN, AND NOT ONLY TO OUR DEFENCE CONTRIBUTION. ON EUROPE, HE WAS OBVIOUSLY TRYING TO SAY THINGS THAT WE SHOULD NOT WANT TO DISSENT FROM. HIS STATEMENT THAT 'IT WILL NOT BE POSSIBLE TO MOVE EUROPE FORWARDS WITHOUT GREAT BRITAIN PLAYING A SUBSTANTIAL POLITICAL ROLE' IMPLICITLY RETRACTS KOHL'S EARLIER EXPRESSION OF WILLINGNESS TO SEE A TWO-SPEED EUROPE IN WHICH THE ORIGINAL SIX WOULD MOVE THE FASTEST. HE REPEATED HIS SUGGESTION OF A NEW TREATY, BUT ONLY AS AN IDEA WHICH THE COMMUNITY SHOULD 'SERIOUSLY CONSIDER': AND AT THE PRESS CONFERENCE AFTER THE SUMMIT HE TURNED ASIDE A QUESTION ABOUT WHETHER THIS PROPOSAL HAD BEEN DISCUSSED AND HOW THE PRIME MINISTER HAD REACTED TO IT, SAYING THAT THE TIME FOR SUCH DISCUSSION WOULD BE AFTER THE DOOGIE COMMITTEE HAD REPORTED.

CONFIDENTIAL

15.

5. YESTERDAY'S GERMAN PRESS CARRIED AN UNUSUAL NUMBER OF CURTAIN-RAISING ARTICLES FROM CORRESPONDENTS IN LONDON, REFLECTING THE VERY FULL BRIEFING THERE. THERE WAS GOOD TELEVISION COVERAGE. TODAY'S PRESS HAS MANY PROMINENT REPORTS, MOSTLY AS SECOND LEAD STORIES. THEY NOTE THE HIGH LEVEL OF AGREEMENT AND THE PARTICULAR WARMTH OF THIS SUMMIT. THE PRIME MINISTER'S AND KOHL'S REMARKS ABOUT THE 40TH ANNIVERSARY OF VE DAY RECEIVE TOP BILLING: "SYMBOL OF HOPE" (FRANKFURTER ALLGEMEINE), "UNITY WITH LONDON ON 8 MAY" (SUD-DEUTSCHE ZEITUNG), "A DAY OF FREEDOM" (DIE WELT). SEVERAL PAPERS SAY THERE ARE CONTINUING DIFFERENCES REGARDING THE CONCEPT OF EUROPEAN UNITY AND NOTE THE PLANNED MEETING AT CHEQUERS. THE DIFFERENCE ABOUT THE DATE FOR NEW OWN RESOURCES IS ALSO MENTIONED. DIE WELT HAS AN EXTREMELY POSITIVE ARTICLE ABOUT THE PRIME MINISTER (TRANSLATION BY BAG). IT ATTRIBUTES TO MRS THATCHER "A PRAGMATISM WHICH BORDERS ON VISION" AND "A REALISM WHICH CAN CLAIM TO BE AKIN TO IDEALISM". IT PRAISES HER PARTICULARLY FOR FORCING THE COMMUNITY TO RECOGNISE THE ABNORMALITIES OF THE BUDGET AND FOR SETTING NEW STRATEGIC DIRECTIONS DOMESTICALLY IN BRITAIN.

[Wow!]

6. THIS SUMMIT CONFIRMED MY FEELING OF GROWING WARMTH IN ANGLO/GERMAN RELATIONS. ONE REASON IS THE SETTLEMENT OF THE EC BUDGET ISSUE AND THE CONVERGENCE OF THINKING IN THE 2 COUNTRIES ABOUT THE FUTURE OF EUROPE. ANOTHER IS THE INCREASING RECOGNITION HERE OF THE IMPORTANCE OF OUR MANIFOLD RELATIONSHIP. RECENT SUCCESSES IN BRITISH FOREIGN POLICY, SUCH AS HONG KONG AND THE GORBACHEV VISIT, HAVE ALSO HELPED. THERE ARE GOOD PROSPECTS OF MAINTAINING THE IMPROVED ATMOSPHERE, PROVIDED OUR DIFFERENCES ARE CAREFULLY HANDLED. THIS TIME THE 40TH ANNIVERSARY PROVIDED A TOPICAL SUBJECT FOR THE MEDIA TO LATCH ON TO, AND THIS HAS HELPED THE PUBLIC IMPACT. I HOPE THAT NEW DEVELOPMENTS IN BILATERAL RELATIONS MAY SOMETIMES PROVIDE THE PUBLIC KEY-NOTE AT FUTURE SUMMITS AND THAT THE NEWLY APPOINTED COORDINATORS OF BILATERAL RELATIONS MAY PRODUCE SUITABLE IDEAS. BUT CLEARLY THE SPECIAL SPRING MEETING AT CHEQUERS, PROPOSED BY KOHL AND ENVISAGED BY HIM AS A CHANCE TO TALK IN DEPTH ABOUT THE FUTURE OF EUROPE, WILL BE BOTH MORE IMPORTANT AND MORE DIFFICULT THAN THIS ONE IN BONN.

BONN WILL PASS TO BMG BERLIN AND SAVING TO CGS IN FRG AND EAST BERLIN.

COPIES SENT TO
No. 10 DOWNING STREET

BULLARD
LIMITED
WED
PROTOCOL D
ECD (I)
ECD (E)
DEF D
MAED
TRED
ER D
NEWS D
-INFO D
PS
PS/LADY YOUNG
PS/PUS
MR DEREK THOMAS
MR JENKINS
MR WESTON
MR RENWICK
MR O'NEILL

COPIES TO
MISS LAMBERT CABINET OFFICE

2
CONFIDENTIAL

Transcript by
JAMES LEE of:

PRESS CONFERENCE GIVEN BY CHANCELLOR KOHL
OF WEST GERMANY AND PRIME MINISTER MRS. THATCHER
IN BONN ON FRIDAY, JANUARY 18, 1985.

=====

CHANCELLOR KOHL

Prime Minister, Ladies and Gentlemen,

I should like to welcome you very warmly for our
press talk.

The 16th Anglo-German consultation has again been
marked by friendship and a very high degree of agreement on
international issues.

Almost the most important thing for me is that in
this way we can quite regularly, almost in the form of
Cabinet Meetings if you like, discuss current problems,
exchange views, also talk about differences of opinion,
which is all of the very greatest importance.

In these talks which Mrs. Thatcher and I have had
and which our colleagues had amongst themselves, we were
able to discuss in detail and in great depth the question
which is of the very greatest importance and that is that
of East-West relations.

We are both extremely happy, of course, that the prognosis which we pronounced during the deployment debate - this forecast - has been confirmed, which was at the time that we said that if there was no agreement that deployment would take place, and as I said, our prognosis has been confirmed, namely that further talks would in fact follow and now, as we all know, there has been this Geneva meeting between the United States and the USSR and there they have agreed to talk about further talks.

The thing which is of greatest importance is in our view that we must not be put under any pressure of time. We shall need a great deal of patience in these talks and there will also be needed the ability on both sides to move towards one another.

We are highly satisfied that the US President and the United States Administration have in fact kept their promise, which was that there would be very close consultation with their European Allies. We are perfectly certain that this consultation will be extremely useful, in that it will open up for us - the European Allies - to take a certain influence on the course of these talks.

In this context, it is very important to note that the position of the West is the stronger, the clearer its unity is, which has again been proved.

Mrs. Thatcher told me about the visit paid to her by Mr. Gorbachev and we both agreed that it would be very

important that over and above and beyond the field of talks about armaments, it will be important to activate political contacts in all fields, in all spheres, and at all levels.

We had a very interesting and in-depth discussion about the subject which is of great interest to everybody, and that is the 40th anniversary of the end of the War on 8 May 1945.

I explained to the Prime Minister the specific psychological situation in the Federal Republic and I explained to her that two-thirds of the population alive in the Federal Republic today do not, from their own experience, remember the terrible things that happened under the Hitler regime, because they were born after it, and it is important, therefore, for us to commemorate this day in being aware of the history of our people and remembering the terrible things that were done in the name of Germany, but it is also in this sense for us a day of liberation and at the same time we must remember all the suffering and all the dead, and so when we commemorate this we commemorate this date by turning inwards and thinking about our past and our future.

It is also important in remembering this zero hour in German history, we should remember the fact that the chance which was offered us at that time was used. We built up the Federal Republic and we have contributed to maintaining peace and freedom and progress for 40 years, and that is the very great achievement of the generation before us, and of course, in all this we must always think

back to the by now almost legendary speech of Winston Churchill which he delivered in Zurich, which helped to lay the foundation for this future development.

We also spoke in depth about the state of the European Community and, of course, in this context the enlargement through the accession of Spain and Portugal, and I pointed out that as we had promised these countries, the negotiations to this end must be successfully concluded. And I also pointed out that we are determined that the increase of the Community's own resources which is planned for 1 January 1986 is absolutely tied to that enlargement of the Community by these two countries, and we have agreed that some consensus will have to be found with regard to securing the 1985 Budget for the Community.

As you know, the next-but-one European Community Summit Meeting will take place towards the end of June in Milan and there it will look into the Report which by then will have been completed by the ad hoc Commission on the subject of the further development of political union in Europe, and we agreed that before that time - and here the Prime Minister has kindly invited me to come to Chequers - we would prepare this conference very intensively at a meeting in Chequers, where we would have time and we would not be under any pressure of time, and I attach particular importance to that meeting there, because I feel that the Milan Summit which will, as I have said, take place somewhere towards the end of June, will be of the very greatest importance for the future development of Europe.

PRIME MINISTER

Thank you very much. I endorse what Chancellor Kohl has said, but may I add a few words of my own.

We have discussed three of the main strands of politics: the economic strand, which is of such significance both to our people and to other peoples across Europe and in Africa and the wider world; the strand of the development of ^{the} European Economic Community, in which we have seen such advance in the last year; and the strand of East-West relations, upon which I believe we are on the verge of a great step forward.

We looked at it from the viewpoint of what had been achieved in the kind of year that 1984 was, and what we could hope for in 1985.

In economic matters, during the year 1984, in spite of all problems, both our economies were able to grow - Germany by a little bit more than ours, but we grew, I think by about 2-2½%, and the figures we had out yesterday indicated that industrial production had gone up in this quarter over the last quarter by some 2%. We have also in Britain had certain problems with coal strikes and, of course, our economy would have grown more had we not had those. But growth and holding inflation and more cooperation between ourselves and the United States have, I think, formed a very good basis as we go into the year 1985, and may I just add that I thought there was a very satisfactory communique from the G5 Nations Statement of Communique out yesterday.

Secondly, as far as the Community was concerned, 1984 was the year in which we addressed the fundamental problems which had been put on one side year after year. We addressed them and are very far on the way to solving them, and also we are on the way to enlarging the Community and sorting out those problems. Again, the same thing: we addressed and solved fundamental problems, and that augurs very well for 1985.

And thirdly, the third great strand: 1984/85 showed, I believe, new hope for progress in East-West relations. This is partly because Germany, ourselves and our Allies were very firm in 1984 over the stationing of Pershing and Cruise missiles and we showed our resolve and our strength. We have always wanted to negotiate with the Warsaw Pact countries to try to get armaments down and bring new hope for our people. I believe that our strength in 1984 and our determination has borne fruit. As Chancellor Kohl said, we were both very pleased indeed with the results of the talks between the United States and the USSR - the Schultz-Gromyko talks - in Geneva. There is a long way to go, but we again have a new hope, a new basis, for confidence.

And so, 1985 is going to be a year of decision. We are entitled to approach the great decisions that we will have to take in a spirit of confidence, cooperation and friendship.

I will confine my remarks now to referring to what Chancellor Kohl referred to - the 8th May 1945 - on which we see the 40th anniversary this year, and of course the August day in 1945 of which we also see the 40th anniversary.

Our people naturally wish to commemorate this day that year which saw the end of the conflict in Europe and the end of the conflict in the Far East. We shall, of course, recall the sacrifice of those who died. We shall also approach it in the spirit of commemorating 40 years of peace with freedom, because we believe that that year saw a new rebirth of freedom - a new rebirth which affects us all - and which we can all commemorate.

It is a freedom which Germany and we stand staunchly together, always ready to defend. A freedom of which we regard ourselves as trustees for future generations; and a freedom which is a beacon of hope for those who have yet to possess it. And I hope and believe that that approach and that feeling will find an echo in the hearts of all who love liberty everywhere, and all who love liberty in the Federal Republic of Germany and in the United Kingdom.

And so I hope that day will be a rededication to the values we cherish and I hope and believe that the year will be a year of coming together to solve the problems that lie ahead, to try to find a better world for those to whom we are responsible and for those everywhere.

Thank you.

=====

QUESTION (MR. BRUNSON, ITV)

Prime Minister and Chancellor, I know VE-Day has not been the main topic of your discussions but, as you say, there is great interest.

You, Prime Minister, have said that there will be a national celebration, and you, Chancellor, I know, are considering one. Will there be - or could there be - any international commemoration which could involve not only your two selves but also perhaps the Soviet Union?

PRIME MINISTER

I doubt it. I think that each of us would wish to remember that day in our own way; each in our own countries will decide who should be present at that occasion, and as I said in the house yesterday, of course we would expect to have our High Commissioners present because you know the Commonwealth was a very much a part of those days and, of course, we would wish to have the ambassadors present of Europe and those of our Allies. So naturally, we would expect to see our ambassador from Germany and of course we would wish also or expect to see the ambassador for the Soviet Union. I am in some difficulty about this, because the form of celebration has not entirely been decided and I am almost talking about invitations before anyone can receive them or before consultations have taken place in full. So will you just take it as an indication of the way in which we are thinking, because I must consult

very widely before we finally decide. It is a national celebration.

CHANCELLOR KOHL

I know nothing of an international commemoration about which you have asked.

For us Germans, this will be a day of commemoration, a day of confrontation with our own history, and a day concerning our future, and I think that is the way it will be done.

QUESTION (IN GERMAN)

In your interview with "The Times", Federal Chancellor, you said that any reform of the Community must not be something that is just on paper, but it must be based on very solid foundations and in this context you would be prepared to consider a new treaty which would lay down the new forms in clear terms.

Could you perhaps explain this a little further, what you have in mind there, and what the reaction of your partners to this attitude is?

CHANCELLOR KOHL

Well, as I have just said, in the summer of this year there will be the European Community Summit in Milan which will have to be very carefully prepared, and in this context I have also referred to the talks which I hope to have with the Prime Minister at Chequers, and also there

will be of course talks with other member states involved, and all this requires a great deal of very careful preparation. So I do not think that we should now start a public discussion about these matters, because that might then even involve a certain amount of prestige. That is not what I propose we should do at all.

What I want to do is to talk very carefully with as many people as possible to ensure that the Milan Summit will be successful, and as the Prime Minister has said, I think 1985 will be a year for decisions and a year of decisions, and therefore bearing all this in mind, I cannot - and in fact I will not - now enter into any details at this stage.

QUESTION

The reactions of other partners please?

CHANCELLOR KOHL

We have talked about them. We have touched upon this. This was the first more or less intensive discussion on this, but we have to continue our talks.

CHANCELLOR KOHL

Prime Minister, would you like to add something on this?

PRIME MINISTER

No, I am quite happy with that reply.

QUESTION

Question to the Chancellor and the Prime Minister.
Have you discussed or agreed any reference to the 8th May in the Final Communique of the Economic Summit in Bonn in May?

CHANCELLOR KOHL

No, we have not talked about that today. It will be done no doubt in the preparation for this Economic Summit.

QUESTION

Is it likely after today's discussions?

CHANCELLOR KOHL

I am quite sure when we meet on that occasion that then our guests/^{who}will be the guests of the Federal Republic, will stress what the Prime Minister has just stressed when she spoke to you, which is that the maintenance for 40 years of peace and freedom is a very great historic achievement from which we have all benefited.

PRIME MINISTER

My answer would be no. I have forgotten what your original question was, but that was the answer to it!

When you go on to further details about Bonn Summits and so on, can I say all the preparations for what will happen in this commemoration are, as far as are concerned,

only in the formative stage. We must consult widely and take into consideration all the very deep and sensitive feelings and get it right, and the problem that we have is that we announce we are going to do something and you promptly want a detailed blueprint of everything that is going to happen. Well, you cannot have it! Not yet!

QUESTION

Mrs. Thatcher, what meaning does Victory in Europe Day have for the young people in Britain, the post-war generation?

PRIME MINISTER

I tried to indicate that in what I said. It means that we treasure and are prepared always to defend a peace with freedom and justice - not peace at any price, but peace with freedom and justice. That is what democracy is and I believe that young people do cherish those values very much indeed.

QUESTION

Prime Minister, was there any discussion about the position of Sterling in your discussions with the Chancellor?

PRIME MINISTER

Only a brief discussion of the strength of the dollar and the welcome for the statement from the G5 Ministers. Among them of course was the one from the Federal Republic of

Germany and the Bank Governor and the United Kingdom, in Washington yesterday.

QUESTION

Prime Minister, a source of some irritation between the two governments has been your Government's refusal to take as alarmist a view of pollution to the environment as the Germans do. At about the time you began meeting with Mr. Kohl this morning, a stage II smog alarm was extended to the whole of the Ruhr district here in Germany. Do you think this kind of development might change your Government's views about pollution?

PRIME MINISTER

Conservative Governments in Britain have a very good record on environmental matters. A Clean Air Act was passed by a Conservative Government I think during the period when I was first in Parliament in 1959/64 or even before - 1956, before I was in Parliament. So much so that our last smog was in the early 1950s, so we have a very good record on legislation on clear air and clear rivers and indeed, the Thames is a very much cleaner river than it used to be.

With regard to sulphur dioxide in the air, since 1970 our air has shown a diminution of sulphur oxide of 40% since 1970 and, indeed 20% since 1980. We are also leading the campaign to get rid of lead in petrol which, as you know, goes, I think by the end of this decade. So do not believe all you hear, if that is what you are hearing!

PRIME MINISTER

I am told we might have had one smog in the early 60s, but it is still over 20 years ago!

QUESTION

I was going to raise this issue but that has now been settled, but talking about not believing everything one hears, there has been a North Sea Conference about cleaning up the North Sea and one believes that the United Kingdom is rather reticent about cleaning up the North Sea. Did you talk about this at all or, I would also ask, are you prepared to go beyond purely national measures and join in international measures to this end, such as the Federal Government would like to see?

PRIME MINISTER

Of course in environmental matters you have to go to international measures and cooperate by their very nature, because what one does affects the other, but it is never enough to say what you are not going to do or where you are not going to dump stuff, until you have made a plan and got precise details of what you are going to do with things, and if you do not in fact put things into seas - and of course they would have to be properly treated - then they are going to stay on land, and then you have got to have a look and say: "Where on land shall they go?". You must make a precise plan, not only of what you are not going to do, but of the consequences for that decision of what you must do, and

that is the way in which we approach matters on the North Sea.

I might say we are the keenest to have a clean North Sea. We are one of the great conserving fish nations - great conservers the British, and if we had not been there would not have been any fish to fish!



FILE

WJ

10 DOWNING STREET

From the Private Secretary

SIR ROBIN NICOLSON
CABINET OFFICE

ANGLO-GERMAN SUMMIT - SPACE STATION

You minuted the Prime Minister on 16 January suggesting that she might take the initiative by raising UK participation in the US Manned Station programme with Chancellor Kohl.

In the event there was no time to bring up this matter.

(C.D. Powell)

18 January, 1985

CONFIDENTIAL



HLI

67

cc: PC

10 DOWNING STREET

From the Private Secretary

18 January, 1985

ANGLO-GERMAN SUMMIT: BELGIAN INF DEPLOYMENT

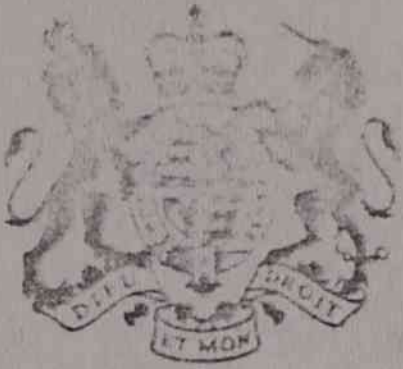
Thank you for your letter of 17 January.

As you will see from the record, the Prime Minister raised this point with the Federal Chancellor but it did not in the event figure at the Press Conference.

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



file ✓

cpc

10 DOWNING STREET

From the Private Secretary

18 January 1985

Dear Colin,

ANGLO-GERMAN SUMMIT, BONN: 18 JANUARY

I enclose records of:

- (a) the Prime Minister's meeting with Chancellor Kohl;
and
(b) the subsequent meeting between the Prime Minister and the Chancellor at which Foreign Ministers were also present.

The Prime Minister would wish them to be given only a very limited circulation.

There are two points which require follow-up action:

- (a) invitation to Chancellor Kohl to visit Chequers for discussions on the future of the Community. I will discuss details for this direct with Teltschik;
- (b) a letter to Chancellor Kohl on the subject of arms sales to Argentina. I should be grateful for a draft.

I am copying this letter and the complete records to Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office). I am also copying the second record to Ivor Llewelyn (MAFF).

Yours sincerely,

(C.D. POWELL)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

cc. Master

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND THE FEDERAL
GERMAN CHANCELLOR IN THE FEDERAL CHANCELLERY IN BONN ON
18 JANUARY 1985 AT 9.30 AM.

Present:

Prime Minister
Mr. C.D. Powell

Chancellor Kohl
Herr Teltschik

Chancellor Kohl welcomed the Prime Minister. He wished to say how happy to he was that Sir J. Bullard was Ambassador in Bonn. He intended to maintain contact with him outside normal protocol channels and see him regularly. The Prime Minister referred to the succession of distinguished German Ambassadors in London.

The Prime Minister invited the Chancellor to visit Chequers during the period between the Bonn Economic Summit in May and the European Council in June for a full discussion of the future of the Community. Chancellor Kohl accepted the invitation. There was no great hurry, as the report of the Dooge Committee would not be available until March. He had taken careful note of the Prime Minister's remarks on the future of the Community to Die Welt.

German Domestic Scene

Chancellor Kohl suggested that he might start by saying something about developments in the Federal Republic. 1984 had been a difficult year. There had been problems in getting the budget straight, and cutting public expenditure, and trouble with the trade unions. But he had surmounted these problems and the prospects for 1985 were promising. A recent opinion poll had shown that the CDU was standing even higher than at the time of the elections two years ago. At the same time the FDP were slowly getting back on its feet. The latest polls showed their standing at about 6% and he believed that they would succeed in clearing the 5% hurdle in the

forthcoming Land elections. The SPD on the other hand were in a sorry state. Herr Brandt lived in the clouds and paid only occasional visits to earth. He had a new young wife who was very left-wing and clearly exercised considerable influence over him. The Social Democrats spent their time chasing after the Greens. They had taken over Gromyko's positions on arms control, attacked President Reagan and continued to call for a bigger state role in the economy and for higher public spending. As for the Greens, he believed that they had passed their zenith although they still benefited from the SPD's weakness. Since they had no responsibilities they could pursue purely populist policies. They preached unilateral disarmament. They were particularly strongly represented in the media. Indeed the media as a whole were far more left-wing than when he had become Chairman of the CDU 12 years ago. Der Spiegel espoused Green positions more and more frequently, as did Die Zeit.

Turning to the German economy, Chancellor Kohl said that the outlook was good. He expected 3% growth this year unless there were serious disturbances because of the dollar. Inflation was being kept down and there was a slow but steady decline in unemployment. The total number of unemployed should go down below two million reasonably soon. But much remained to be done: to cut down bureaucracy, to give more scope to enterprise, to reduce the myriad restrictions imposed on industry, to weed out the more irrational aspects of social legislation, and to reduce capacity in the building industry substantially.

All in all, his message was one of optimism. A recent poll had shown that, for the first time in 12 years, a majority of Germans regarded the new year hopefully.

UK Economy

The Prime Minister gave a brief account of economic developments in the United Kingdom. We had had 2% growth in 1984. It would have been 3% had it not been for the miners'

strike. The main problem remained unemployment. There were many factors in this. In the past there had been hidden unemployment because of restrictive practices and overmanning. Much of this had been got rid of. There were also demographic factors at work. There had been one million more school leavers entering the job market than people retiring over the last six years. This meant that we had to create more jobs just to stand still. Many people believed that jobs could be created by splashing out public money. This was not the case. Britain shared some of the problems which Chancellor Kohl had described, particularly the thicket of regulations which made it difficult for people to start up in business. We had not had the same success as Germany in cutting public expenditure.

International Economic Questions

The Prime Minister said that there was no doubt that the US dollar had gone too high. Speculators had had it too good for too long. She was very pleased with the outcome of the G5 meeting in Washington on 17 January and the agreement that there should if necessary be coordinated intervention in the exchange markets. Whether this actually happened was not so important as the fact that speculators would know that it might and that they would get their fingers burnt. There were many risks in the present high dollar, not least in that it made US industry uncompetitive which might push the US Administration into protectionism. She welcomed the cooperation which there had been between the Federal Republic and the United Kingdom in the G5.

More generally, the Prime Minister said that she shared Chancellor Kohl's confidence about the future both as regards the economy, Europe and East/West relations.

East/West Relations

The Prime Minister said that 1984 had been a critical year in East/West relations. The decision to deploy Cruise

CONFIDENTIAL

4

and Pershing had been of the utmost importance in demonstrating the Alliance's determination. She had been pleased to see that Mr. Martens and Mr. Tindemans had been reminded by President Reagan of the importance of sticking to plans for deployment. She and Chancellor Kohl should reinforce the message. It was essential that the missiles should be deployed on time. Any changes should come about only as a result of the negotiations not in advance of them. Chancellor Kohl hoped that Belgium would abide by the timetable although he did not think it would be the end of the world if the Belgians delayed a decision.

Chancellor Kohl asked the Prime Minister to tell him about Gorbachev's visit to the United Kingdom. The Prime Minister said that Gorbachev himself clearly attached great importance to it. He had made the most of the visit and got a lot of publicity for himself out of it. He was confident, carried an air of authority and did not stick to a written brief. It was possible to speak frankly to him and she had tackled him on a number of sensitive issues such as the Soviet dissidents, Jewish emigration and the weaknesses of the Communist system. She had warned Gorbachev not to waste time trying to divide Europe from the United States but had pointed to the common interest of the Soviet Union and the Alliance in avoiding conflict and securing peace at a lower level of armaments.

The Prime Minister continued that Gorbachev had given particular attention to the Strategic Defence Initiative. His goal had been to get her to persuade President Reagan to drop research into it. She had told him that it was the Soviet Union that had taken a lead on ABM, ASAT and laser research. It was natural that the United States had to catch up. She had made clear to Gorbachev that the West wanted to reduce nuclear weapons. She had also raised chemical weapons and the threat posed by Soviet superiority in this field. She had urged increased contacts between the Soviet Union and Western Europe as a means of building confidence.

CONFIDENTIAL

The Prime Minister said that she felt that she had got a lot across to Gorbachev and that he had enjoyed the frankness of their discussions. Her overall impression, however, was that he was absolutely in the Communist mould so far as domestic matters were concerned although he had shown some interest in the modifications to Communist practice introduced in Hungary. Chancellor Kohl asked whether Gorbachev saw himself as Crown Prince. The Prime Minister said that he had been careful constantly to quote Chernenko and the Politburo as the authority for what he said. She thought that he knew that he was being billed as the heir apparent and that this could be dangerous for him. It was difficult to assess how he stood vis a vis Romanov as a candidate for the leadership.

Chancellor Kohl acknowledged that no-one knew what went on in the Kremlin despite the efforts of intelligence services. He had very recently received confirmation that Chernenko was seriously ill and that this was the reason for the postponement of his visit to Sofia. His illness might last months. Even so, he would carry on. He was like an icon which his supporters carried about. In his view the longer Chernenko remained, the greater the chances of Gorbachev succeeding him. But if he were to disappear from the scene shortly, it was more likely that one of the old guard would take his place. We tended to under-estimate the extent to which each Soviet leader had his own faction who were determined to keep him up front as the guarantee of their own continuing powers and privileges. He himself had held interesting discussions with Shcherbitsky who ranked high in the Politburo. The latter had found it hard to grasp the way in which democratic societies organised themselves and conducted their business.

Strategic Defence Initiative

The Prime Minister said that, shortly after her meeting with Gorbachev, she had visited Washington to see President Reagan. Their discussion had concentrated on the Strategic Defence Initiative and they had been able to reach a

common position. The essence of this was that the United States ought to go ahead with research on the Strategic Defence Initiative but that testing and deployment would have to be the subject of negotiation since they would breach the ABM Treaty. She and President Reagan had drawn up four points on the Strategic Defence Initiative which had subsequently been mirrored in the United States approach at the talks with the Soviet Union in Geneva. She had been confident that Chancellor Kohl would agree with her views. The Prime Minister continued that, following the Geneva talks, she had been fully briefed by Mr. Macfarlane. It was clear that the outcome of Geneva had been a plus for the United States. Gromyko had tried to get the Americans to drop research on the SDI but had failed. But there was no doubt that many problems still lay ahead and that public opinion would have to be reconciled to the likelihood that progress would be slow. She thought that the outcome had given a boost for Secretary Shultz's standing in Washington.

Chancellor Kohl said that he felt that the next two years were vital. We were lucky to have President Reagan. But in two years' time his term would be drawing to its close. He believed that President Reagan genuinely wanted to get things moving on East/West relations. The question was whether the Soviet Union was able to respond effectively. It would be tragic if they proved immobile because of their internal weakness. He believed that the East European leaders increasingly had influence over Moscow and were using it to persuade the Soviet leadership to be more flexible. This strengthened the case for developing contacts with East European countries. In the negotiations which would follow Geneva it was important that the US should demonstrate goodwill without giving away anything essential. The Americans also needed to improve the public presentation of their policies. Weinberger's recent speech on the Strategic Defence Initiative had been totally counter-productive in Europe. The readiness of the Americans to consult as evinced by the thorough briefings of their allies after the Geneva talks was a good omen. He had every confidence in Secretary

Shultz and agreed with the Prime Minister that his influence appeared to have increased.

Commemoration of the 40th Anniversary of VE Day

The Prime Minister said that there was a natural wish in Britain to commemorate the 40th anniversary of VE Day and the Government had to take account of this. It had taken no decision as yet how to commemorate the event but wished to do so in the spirit of celebrating 40 years of peace and freedom. She understood that the Federal Government was intending to hold a service in Cologne Cathedral. She thought that a similar service in the United Kingdom might be appropriate, to which foreign Ambassadors including the Soviet Ambassador would be invited. Points which she intended to emphasise publicly were that 8 May 1945 was the day on which we were all delivered from tyranny, that Britain and Germany were allies now, that we naturally wanted to honour those who had made sacrifices in the war, but at the same time the emphasis should be on the achievements of reconstruction and reconciliation and on looking to the future. She saw the occasion as a domestic one and did not think that any international ceremony would be desirable.

Chancellor Kohl said that he was grateful to the Prime Minister for taking the initiative in raising this matter. It went deep into the German psychology. The fact was that some two-thirds of Germans now alive had not participated in the Second World War. But Hitler's crimes had been committed in the name of Germany and today's Germans could not deny their history. The Federal Government intended to mark the occasion in several ways. On 21 April he would speak at a ceremony organised by the Central Council of Jewish Organisations at the former Belsen concentration camp. The Federal President would address a meeting of the Bundestag and Bundesrat. On 8 May itself there would be an ecumenical memorial service in Cologne Cathedral to commemorate all those who had died. The most important thing was to hit the right note and here he agreed with the themes enumerated by the Prime Minister. It

was significant that the Economic Summit would be held shortly before 8 May. This would be a visible reminder of the reconciliation of former enemies.

Chancellor Kohl continued that he perfectly understood that many people in the United Kingdom would want to mark VE Day. He had no problem with this. It all depended on the tone. There was no doubt that the Soviet Union would try to exploit the anniversary to slander the Federal Republic. The subject would inevitably come up at the press conference which he and the Prime Minister would give after the Summit. He hoped that the Prime Minister would speak on the lines which she had used with him. President Mitterrand's assurance that France would do nothing which would weigh heavily on the hearts of their German friends had made a great impression in Germany.

Falklands/Argentina

The Prime Minister thanked the Chancellor for his message on this subject. We had been trying to negotiate a restoration of normal relations with Argentina. But there could be no negotiations on sovereignty: this was not on the agenda. Unfortunately our efforts so far to restore normal relations had not been successful. But we would try again if there seemed to be a real chance of success. Meanwhile, we were being helpful over the rescheduling of Argentina's debts. There was one particular point which she wished to raise with the Chancellor about arms sales. There were indications that a German company was hoping to sell advanced torpedoes to Argentina. This would be of the greatest concern to us. Chancellor Kohl expressed surprise. So far as he knew the matter was in suspense. Certainly no request for a decision had been put forward to him (this followed a hasty and untranslated exchange with Herr Teltschik in which the latter admitted rather sheepishly that there had been recent development). We would have no problems with the FRG on this score: he could give a personal assurance. Perhaps the Prime

18. 18

CONFIDENTIAL

9

Minister could write to him about it. The Prime Minister undertook to do so.

The meeting ended at 1115.

C.D.P.

C.D. POWELL

18 January 1985

CONFIDENTIAL

cc. Master

NOTE OF A RECORD OF A MEETING AT THE CHANCELLERY, BONN
AT 1115 ON FRIDAY 18 JANUARY

Present:

Prime Minister	Chancellor Kohl
Sir G Howe	Herr Genscher
Sir J Bullard	Baron von Wechmar
Mr Butler	Herr Teltschik

Future Development of the Community

The Foreign Secretary reported that he had emphasised to Herr Genscher HMG's concern that the work of the Dooge Committee and the Committee on the People's Europe should lead to practical consequences. HMG wished to see an improvement in political co-operation and the completion of the internal market. We favoured an improvement in the machinery of decision taking, while feeling that no Member State would want to see its national interests disregarded. Herr Genscher had underlined the importance which the German Government attached to this work and their support for an inter-governmental conference in due course. He had responded that the British Government felt that, wherever such a conference fitted, the work should concentrate on practical measures and a close partnership should be maintained between the British and German Governments in their approach.

Financial Issues in the Community

Herr Genscher, reporting on his discussion with the Foreign Secretary, said that the German Government thought that a further inter-governmental agreement would be necessary for

1985 which would cover the Community's deficit as well as the British reimbursement. The German Government could not agree to an increase in own resources before enlargement. He raised the question whether such inter-governmental agreements were really contrary to the interests of the British Government. British insistence that an increase in own resources was the solution to the Community's financial problems rather than inter-governmental agreements could align them with those governments who would be pressing for solving the Community's financial difficulties by further increases in own resources.

On agricultural prices, Herr Genscher continued that the German Government were shortly to discuss this and would then be able to take a position on all the current problems in the Community, among which agriculture was one of the most important. The past year had been a difficult one for German farmers and, in considering whether there should be a zero price increase for milk and a 5 per cent reduction for grain this year, the German Government would have to strike a balance between the need to restrain agricultural spending and the need to maintain the livelihoods of their farmers. He himself would not approach these problems from the narrow viewpoint of a Foreign Minister. Account had to be taken of the structural problems of farming in the north of Germany, which had been favoured by the milk regime relative to the small farms in the west and south. This could not be repeated on grain. But he had also emphasised on the preceding day to Signor Andreotti that a tough approach could only be sold to German farmers if it also applied to Mediterranean products.

The Foreign Secretary said that he had emphasised that HMG's position on the Community budget rested firmly on the two Fontainebleau agreements. It was essential that the abatement of the UK contribution took place through adjustments on the revenue side and that the increase in own resources took effect not later than 1 January 1986. We recognised the link with enlargement but we had reservations about a second inter-governmental agreement: the first was still causing us difficulties and such agreements could become

a bad habit as a way of solving the Community's problems. He had suggested that British and German officials should continue to seek a resolution within these parameters.

As regards agricultural prices, the Foreign Secretary said that it was essential to honour the terms of the budgetary guidelines which had been agreed: this required a restrictive price policy and effective application of guarantee thresholds. Expenditure on the CAP had increased by 73 per cent since 1979 and on Mediterranean products by over 250 per cent. Expenditure on wine had increased 17 times in the last 6 years. Olive oil production was already in surplus, at 104 per cent of consumption, before enlargement. These circumstances required the 5 per cent cut in prices for cereals and zero increases for milk and wine.

The Prime Minister endorsed this comment adding that grain farmers had done particularly well. As regards a further inter-governmental agreement she suggested that people would begin to say, whenever the Community ran short of money, that the problem could be resolved by a further inter-governmental agreement: this would undermine the financial discipline in the Community. She strongly endorsed what Herr Genscher had said about Mediterranean products. Moreover, the Greeks should not be offered more than the 600 mecu already on the table for Integrated Mediterranean Programmes.

Herr Genscher suggested that a deadline should be set for enlargement. As regards the increase in own resources, the German Government were bound by undertakings to their Parliament that the increase in own resources should be linked to enlargement. Even if the Government wanted to escape from this commitment, which they did not, they could not do so.

Chancellor Kohl emphasised that the position of his party was quite different from that of their predecessors. He had always supported the Social Democrats on Community questions, but the SPD and the Greens had forced a debate shortly before the last European Council on a motion binding the Government

not to make any promises about money: the Federal Government had used their majority to vote this motion down, but it had its effect on public opinion. The Federal Government could explain an increase in own resources linked to enlargement but they could not explain such an increase without enlargement. He also wished to add another point, which he could not mention in public. The German Government were bound by promises to Spain and Portugal to achieve enlargement as soon as possible. But there were also NATO reasons for seeking enlargement. And there were left wingers both inside Germany and outside it who would like to see enlargement delayed. Unless the need for an increase in own resources provided a reason for achieving enlargement, the opponents might succeed in delaying it indefinitely.

Chancellor Kohl added that the position of Greece was also relevant to this issue. Mr. Mitsotakis perhaps had a chance of winning the election in the autumn, and it was in the interest of the West that he should do so. Europe could not stand a division of labour by which one half of Europe was responsible for the defence of the whole, with all the public expenditure pressures which that entailed. For example, Germany was having to extend its conscription period and was at the same time facing problems of promotion blockages and of achieving voluntary retirements within its armed forces. At the same time, Papandreou's position in impeding enlargement was weakened by the fact that he could not afford to leave the European Community: therefore the enlargement negotiation had to be played to a finish.

Herr Genscher added the problem of the Integrated Mediterranean Programme was really a problem confined to Greece. But it needed to be handled with care. After the expectations which had been aroused Papandreou could not settle for a realistic figure before the election. But he could obstruct enlargement. Therefore a way needed to be found both of confining any benefit under the Integrated Mediterranean Programmes to Greece and of separating the settlement of that problem from enlargement.

President Mitterrand had confirmed that France was not looking for a benefit from the Integrated Mediterranean Programmes.

The Foreign Secretary commented that this was because France would now be a net contributor. He suggested that a solution needed to be found in the context of other structural funds since Greece was already benefiting to the tune of 3 billion mecu from those funds. Herr Genscher agreed that the most promising way forward was to find a 'Greek window' in the existing structural funds.

The Prime Minister questioned whether Greece would really oppose enlargement of the Community, bearing in mind that Papandreou could hardly hold up the admission of two socialist governments. Herr Genscher said that Papandreou saw himself as conducting a struggle for the Mediterranean countries against the North European countries. Chancellor Kohl added that there was a vicious circle. Unless there was a settlement on IMPS, Papandreou could not agree to enlargement; but without enlargement there was no money for a settlement with Papandreou. The negotiation was a poker-game, but it needed to be said firmly that a settlement would apply to Greece alone. And the issue would become more difficult if it were left open.

The Prime Minister said that she had been disturbed by references to a further increase in own resources on 1 January 1988. Chancellor Kohl said that the Federal Government was not advocating such an increase but he recalled that Fontainebleau left open such a possibility for consideration. The Prime Minister said that she could not contemplate such a further increase in proximity to a General Election in Britain.

At this point Chancellor Kohl suggested that Ministers should move to the plenary meeting.

The meeting ended at noon.

C.D.P.

18 January 1985

010
CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

17 January 1985

Dear Charles,

Anglo-German Summit: Belgian INF Deployment

Since the briefing for the Anglo-German summit was prepared Messrs Martens and Tindemans have been in Washington, where they faced strong American pressure to stick to the deployment schedule for their share of INF. The Belgians repeated their commitment to accept deployment of 48 GLCM by the end of 1987 in the absence of an arms control agreement, and said they would decide by March on the timing of the deployment of the first flight. Tindemans will now be consulting with the other basing countries. (His office told us today that he would like to meet the Foreign Secretary before the end of January.)

However, Martens appears to be looking increasingly to a compromise, possible postponing the first deployment until 1986, ie after the elections. The issue has dominated the Belgian media in recent days. German and British efforts to persuade the Government to go ahead with deployment have been reported. The Ambassador in Brussels believes the Belgians will pay particular attention to public British and German government views. This reinforces the case for raising the matter with Chancellor Kohl and concerting a line to be used at the post-summit press conference. The Prime Minister may also wish to discuss with him how to keep up the pressure on the Belgians in the run-up to their decision in March. Our tactics will need to be carefully judged. At this stage the priority is to provide evidence of Alliance pressure to adhere to the timetable which will counterbalance internal pressure the other way. It is however unlikely to be in the Allied interest to press the issue to the point where Martens is defeated in the elections due later this year, and we may in due course have to look with the US and other basing countries to see what possible compromises will be least damaging and maximise the chances of eventual Belgian deployment in full.

You may wish to add the following to the notes for the press conference:

"We both believe it is important in the context of the agreement reached at Geneva that NATO should maintain the agreed timetable for the deployment of its INF missiles, in accordance with the remarkable solidarity we have achieved

/in

CONFIDENTIAL

CONFIDENTIAL



in the last few years. We have repeatedly stated our readiness to halt, reverse or modify deployment in accordance with a negotiated agreement. But it would be wrong for the Alliance to make any concessions to the Soviet Union outside the negotiating framework. As regards the Belgian position we welcome the visits which Mr Tindemans is due to pay to our capitals and the chance this will provide to express our views directly to them."

We have not yet been able to consult the Foreign Secretary about this, but will of course brief him overnight. The Prime Minister may like to discuss the point with him on the plane.

Y *ew*
Peter Ricketts

PR (C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

<p>DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1765</i> (one piece/item number)</p>	<p>Date and sign</p>
<p>Extract/Item details:</p> <p><i>Letter from Appleyard to Powell dated 17 January 1985</i></p>	
<p>CLOSED FOR YEARS UNDER FOI EXEMPTION</p>	
<p>RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958</p>	<p><i>17 March 2015</i> <i>Wayland</i></p>
<p>TEMPORARILY RETAINED</p>	
<p>MISSING AT TRANSFER</p>	
<p>MISSING</p>	
<p>NUMBER NOT USED</p>	

Instructions for completion of Dummy Card

Use **Black Pen** to complete form

Use the card for one piece/item number only

Enter the Department, Series and Piece/Item references clearly
e.g.

DEPARTMENT/SERIES	GRA 168
PIECE/ITEM	49
(ONE PIECE/ITEM NUMBER ONLY)			

Please Sign and Date in the box adjacent to the description that applies to the document being replaced by the Dummy Card

If the document is Closed under a FOI exemption, enter the number of years closed. See the TNA guidance *Preparation of records for transfer to The National Archives*, section 18.2

The box described as 'Missing' is for TNA use only (it will apply to a document that is not in its proper place after it has been transferred to TNA)

WSHFO 8/18
DD F C O 180600Z



ADVANCE COPY

DD BONN 180800Z

IMMEDIATE

GRS 450
RESTRICTED
DESKBY 180600Z F C O
DESKBY 180800Z BONN
FM WASHINGTON 180015Z JAN 85
TO IMMEDIATE F C O
TELEGRAM NUMBER 155 DATED 17 JANUARY
AND TO IMMEDIATE BONN

* D/B 180600Z
MR POWELL NOTOJST
HDS ECD(E)
MAED.
NAD.
W Derek Thomas
TYPISTS

FOLLOWING FOR POWELL AND THOMAS (PRIME MINISTER'S PARTY)
TELECON THOMAS/KERR: ENVIRONMENTAL CONTROLS AND AUTOMOBILES.

1. THE EPA HAVE NOT ISSUED ANY RECENT NEW REPORTS ON THEIR EXPERIENCE WITH CATALYTIC CONVERTERS. BUT THEY MAINTAIN THAT BOTH PERFORMANCE AND EFFICIENCY HAVE STEADILY IMPROVED, AND THAT THE LATEST VERSIONS LAST THE CAR'S LIFETIME, IF IT IS WELL MAINTAINED AND DRIVEN.

2. EPA STUDIES HOWEVER SHOW THAT PERCENTAGE EFFICIENCY FALLS FROM THE 90'S AT FIRST TO THE 80'S OVER THE FIRST 25,000 MILES, AND TO AROUND 50 AFTER 100,000 MILES. IN ADDITION FAILURES CAN OCCUR THROUGH MISFUELING WITH LEADED PETROL, AND TAMPERING/REMOVAL. OVERHEATING CAN RESULT IN CATALYTIC MELTDOWN: THE EPA MAINTAIN THAT THIS IS A MINOR CAUSE OF FAILURE, BUT THEIR INFORMATION RELATES TO US DRIVING PATTERNS, AND SPEEDS HERE ARE OF COURSE LOWER THAN IN EUROPE, WHERE CATALYTIC CONVERTERS WOULD THEREFORE BE MORE SEVERELY TESTED.

3. ON THE WIDER ISSUE OF THE EFFECT ON THE ENVIRONMENT OF PASSENGER VEHICLE POLLUTION CONTROLS, EPA WAX LYRICAL: THEY SEE THEM AS THE GREATEST SUCCESS OF THE CLEAN AIR ACT. IN CITIES, THERE HAS BEEN A 90 PERCENT REDUCTION IN HYDROCARBON, CARBON MONOXIDE, AND NOX FROM VEHICLES, WHICH REPRESENTS THE LARGEST SINGLE CONTRIBUTION TO AIR QUALITY IMPROVEMENT. MOST PROGRESS HAS BEEN ON NOX, WITH PROGRESS ON OZONE SIGNIFICANT BUT LESS MARKED. LEAD-FREE PETROL HAS ALSO DRASTICALLY REDUCED LEAD EMISSIONS, AND HAS BEEN ASSOCIATED WITH REDUCTIONS IN BLOOD LEAD CONCENTRATIONS AMONG CITY POPULATIONS.

4. OUT IN THE COUNTRYSIDE, THE EFFECTS ARE NO DOUBT MUCH LESS MARKED. ALL ONE CAN SAY WITH CERTAINTY IS THAT THE US RECORD OF EMISSION CONTROLS IS MUCH BETTER IN RESPECT OF VEHICLES THAN STATIONARY SOURCES: AND THAT, SO FAR AS FOREST DAMAGE IS CONCERNED, RECENT US RESEARCH IMPLICATES NOT ONLY OZONE, BUT ALSO NOX, THE FERTILING EFFECT OF THE LATTER CAUSING NEW GROWTH WHICH IS MORE SUSCEPTIBLE TO FROST AND WEATHER DAMAGE.

Same as EC proposals.

5. IT MAY BE RELEVANT TO NOTE THAT THERE IS IN THE US NO REPEAT NO LEGISLATIVE REQUIREMENT FOR CATALYTIC CONVERTERS IN CARS. THE CLEAN AIR ACT MERELY MANDATES VEHICLE EMISSION STANDARDS. CATALYSTS HAVE, SINCE 1976, BEEN THE AUTOMOBILE INDUSTRY'S CHOSEN MEANS OF MEETING THESE STANDARDS. BUT ENGINEERING CONTROLS (EG LEAN BURN) WOULD BE EQUALLY ACCEPTABLE, PROVIDED THE STANDARDS WERE MET.

6. SO CONVERGENCE OF EC AND US PRACTICE WOULD POINT TO EC-WIDE AGREEMENT ON STANDARDS, BUT A "LAISSEZ FAIRE" APPROACH TO METHODS OF MEETING THEM.

7. ADVANCE COPIES TO POWELL (NO 10) PLEASE.

WRIGHT

NNNN

CO. 17/i



**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

Foreign and Commonwealth Office

London SW1A 2AH

17 January 1985

Dear Charles,

The Anglo-German Summit on 18 January

I enclose for the Prime Minister's briefing meeting at 16.30 on 17 January:

- a checklist;
 - a note for the tête-à-tête meeting with President Richard von Weizsaecker
- [REDACTED]
- notes for the reply to Kohl's toast at lunch (no formal speeches);
 - notes for joint press conference;
 - Sir Julian Bullard's scene-setting telegram.

The Foreign Secretary thinks that there should be three main objectives for the talks with Kohl at this Summit:

- Reassure him of our support in rebutting unfounded Soviet charges of 'militarism' and revanchism and for the development of a more constructive East/West dialogue. Soviet anti-German propaganda, particularly in connection with the 40th Anniversary of the end of the War, is currently his major preoccupation. The Bonn Economic Summit (2-4 May) plays a key role in Kohl's strategy to contain Soviet propaganda. He will be very interested in plans for a British national commemoration of VE Day.
- Persuade Kohl to see things our way over arms control, especially the SDI. He is afraid that the Soviet response to SDI will be more missiles, giving a new twist to the arms race.
- Get Kohl to move towards our own positive and practical ideas on the Community. You have the Foreign Secretary's minute of 14 January. The trick will be to convince Kohl that our practical ideas complement his vision and do not conflict with it.

/ It is ...

CONFIDENTIAL



It is for Kohl to suggest the order of discussion. But in view of his need for reassurance on VE Day, we suggest that the Prime Minister start with this, move on to East/West relations and arms control, and conclude with the Community. Discussion of Community issues could continue in greater detail when Genscher and Sir Geoffrey join you. The joint discussion could then take stock of conclusions reached on East/West relations and arms control during the tête-à-tête, and go on to bilateral and European defence cooperation. I have written to you separately about possible German arms sales to Argentina, which we suggest should be raised tête-à-tête with Kohl.

The Prime Minister might have a word with Kohl about how to handle the press conference when Genscher and Sir Geoffrey have joined them. The enclosed notes cover:

- I - The SDI
- II - The 40th Anniversary of the end of the War
- III - The Community
- IV - The appointment of Sir Norman Statham and Dr Walter Gehlhof as Special Representatives for Anglo-German contacts and cooperation.

The first three are likely to come up in questions. In the case of Sir Norman Statham and Dr Gehlhof, it is simply a question of giving some publicity to their appointments which flow from the joint statement issued after the Summit at Chequers on 2 May. They have already embarked on their tasks of looking at areas in which contacts and cooperation (mainly non-governmental) could be gingered up.

I am copying this letter to the Private Secretaries of Ministers attending the Summit and to Sir Robert Armstrong.

Yours ever,

Len Appleyard

(L V Appleyard)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

W.040

CONFIDENTIAL

16 January 1985

PRIME MINISTER

ANGLO-GERMAN SUMMIT - SPACE STATION

Although your meeting with Chancellor Kohl comes before the E(A) meeting on Space when the decision on whether or not the UK should participate in the US Manned Space Station programme will be taken, you may feel that there would be value in taking the initiative by raising the following four points with Chancellor Kohl:

- (a) The UK interest lies in providing a free-flying platform as part of the German/Italian "Columbus" Space Station module. Anglo-German collaboration on Columbus would be generally helpful to the Germans and also in their current effort to resist an expensive French rival project called "Hermes" - a mini US Shuttle which fits on top of the Ariane launcher.
- (b) We know that the German aerospace industry would welcome British Aerospace's participation and expertise in Columbus (they're not too happy about working with the Italians!). You could stress the critical role which you expect UK private sector industry to play in the funding and technical decision-making in any UK participation in the Space Station programme.
- (c) In turn, UK industry participation will depend on taking the prime role in the free-flying platform - the Germans clearly expect to take the prime role in the systems architecture of Columbus and the Italians in the provision for manned occupation of the module.
- (d) The Continentals tend to under-estimate the UK's place in space technology because of our relatively small

- 1 -
CONFIDENTIAL

CONFIDENTIAL

Government expenditure compared with theirs and our virtual absence from the glamorous ESA launcher programme. It would be worth stressing our excellent track record in satellites, communications and scientific payloads where we are second only to the USA, also our determination to remain a leader in space technology whether through space station or otherwise.

2. Of course, point (d) will be made simply by raising the matter of space, rather than waiting for Chancellor Kohl to raise it, and hence counteract the widespread view in Germany that the UK is not a serious partner in space activities.

3. I am copying this minute to Sir Robert Armstrong.

RBN

ROBIN NICHOLSON
Chief Scientific Adviser

Cabinet Office
16 January 1985

- 2 -

CONFIDENTIAL

16 JAN 1985

10 11 12 13
14 15 16 17
18 19 20 21
22 23 24 25

CONFIDENTIAL

PRIME MINISTER

ANGLO-GERMAN SUMMIT

Briefing meeting tomorrow from 1630-1800. List of those attending attached. You have seen the briefs.

If convenient, Patrick Jenkin's subjects should be taken first as he has a back-bench Committee at 1700.

You will want to focus on the issues which Chancellor Kohl is expecting you to raise:

(i) East/West relations and Arms Control

You will want to tell him about Gorbachev and your meeting with Reagan, and make sure that he is on board the four points on SDI (attached).

Foreign Secretary and Defence Secretary should identify particular UK objectives which they want you to secure and warn of possible pitfalls, e.g. German/American efforts to push through increased spending on conventional defence in NATO.

(ii) European Community

Here again you will want advice on specific UK objectives, and the priority between them. Michael Butler's view is that you should press Kohl hard to agree the New Own Resources decision now, otherwise there is no chance of bringing in new own resources before the end of the year, with

CONFIDENTIAL

- 2 -

implications for our 1000 m ecu abatement. This might be first priority: a common position on IMPs second: agricultural prices third: and a discussion of Dooge-ery last. (Kohl's priorities are likely to be the opposite).

(iii) Prospect for the Bonn Economic Summit

You will want to ask Kohl how he sees the Summit. You were suspicious of references to measures to ensure better integration of developing countries into the world economy. There is also talk of an initiative on Africa.

(iv) European Defence Co-operation

The briefing gives priority to this, but there does not seem to be much new to say. Defence Secretary could be asked to explain what he wants.

(v) Falklands

Kohl needs to be stiffened generally. There is also a point on arms sales.

(vi) Terrorism

The brief is not very specific. How does Kohl intend to handle this at the Economic Summit?

(vii) Space

Robin Nicholson has suggested that you raise this (separate minute in your box)

CONFIDENTIAL

- 3 -

(viii) VE Day

This will rank high on Kohl's list of subjects.
You will want to soothe him about our intentions.

(ix) Environmental issues

The brief does not offer you anything new to say
to the Germans. You could ask Environment Secretary
whether he envisages anything other than damage
limitation.

(x) Bilateral

You have to announce at the press conference the
appointment of Sir Norman Statham (and
Dr. Gehlhoff) as special representatives for
Anglo-German contacts.

C.D.P.

16 January 1985

14. 13.

LIST OF THOSE ATTENDING BRIEFING MEETING ON ANGLO-GERMAN
SUMMIT AT 1630 ON THURSDAY 17 JANUARY 1985

Foreign and Commonwealth Secretary

Secretary of State for Defence

Secretary of State for the Environment

Minister of State, Department of Trade and Industry,
Mr. Channon

H.E. Sir Julian Bullard

Mr. Derek Thomas, Foreign and Commonwealth Office

Sir Peter Harrop, Department of the Environment

Mr. Roy Williams, Department of Trade and Industry

Sir Robin Nicholson, Cabinet Office

Mr. David Nichols, Ministry of Defence

Mr. David Williamson, Cabinet Office.

GRS 600

CONFIDENTIAL

CONFIDENTIAL
(AMENDED DISTRIBUTION 16 JANUARY)

FM BONN 151600Z JAN 85

TO PRIORITY FCO

TELEGRAM NUMBER 35 OF 15 JANUARY

AND TO PRIORITY MODUK

INFO PRIORITY PARIS UKREP BRUSSELS WASHINGTON BMG BERLIN CICC(G)

ANGLO-GERMAN SUMMIT CONSULTATIONS, 18 JANUARY

1. THIS WEEK'S SUMMIT WILL BE DIFFERENT IN CHARACTER FROM THE ONE WHICH WE HAD PREPARED BUT HAD TO CANCEL ON 2 NOVEMBER, BEFORE THE DUBLIN MEETING OF THE EUROPEAN COUNCIL AND THE RESUMPTION OF AMERICAN-SOVIET TALKS. THE SITUATION IN THE COMMUNITY AND THE WORLD, TOGETHER WITH THE TIME OF YEAR, SHOULD NOW BE CONDUSIVE TO THE KIND OF 'STRATEGIC' DISCUSSION WHICH KOHL WAS ADVOCATING TO ME THE OTHER DAY.

2. THE GENERAL SITUATION HERE IS DESCRIBED IN MY ANNUAL REVIEW. PARTLY AS A RESULT OF THE COLD WEATHER (MINUS 10 DEGREES CENTIGRADE IN BONN THIS MORNING), POLITICAL LIFE HAS BEEN SLOW TO START UP AGAIN AFTER THE HOLIDAYS. BOTH KOHL AND GENSCHER HAVE RECENTLY FOUND TIME TO SEE ME FOR AN HOUR (BONN TELNOS 12 AND 26-27). KOHL, WHO HAS A TALENT FOR NOT NOTICING HIS OWN MISTAKES, IS CONVINCED THAT HE DID A GOOD YEAR'S WORK IN 1984. HE CAN POINT TO THE ACHIEVEMENTS IN THE ECONOMY (2.6 PER CENT GROWTH, AROUND 2 PER CENT INFLATION, A SURPLUS OF NEARLY DM.55 BILLION ON TRADE ACCOUNT), AND TO THE DECISION TO GO AHEAD WITH INF DEPLOYMENT, WITHOUT WHICH HE BELIEVES THAT GROMYKO WOULD NEVER HAVE COME TO GENEVA. WITH HIS CONFIDENT TEMPERAMENT KOHL PROBABLY SEES 1985 AS A YEAR OF OPPORTUNITIES FOR GERMANY AND FOR HIMSELF, RATHER THAN THE YEAR OF RISKS WHICH IT IS TOO. GENSCHER FOR HIS PART SEEMS RECONCILED TO SHEDDING THE CHAIRMANSHIP OF HIS PARTY NEXT MONTH. HE IS PARRYING RATHER THAN REPELLING KOHL'S INROADS INTO INTERNATIONAL AFFAIRS. COMPARED WITH PAST SUMMITS THIS MAY BE A MEETING WHERE KOHL TALKS MORE ON INTERNATIONAL QUESTIONS AND GENSCHER LESS.

3. THERE ARE THREE LAND ELECTIONS IN THE OFFING, IN MARCH AND MAY, WHICH THE GOVERNMENT WILL HAVE TO TAKE VERY SERIOUSLY SINCE IN EVERY CASE THE GREENS COULD MAKE SIGNIFICANT GAINS. BUT WITH THE HALF-WAY POINT BEHIND THEM THE COALITION AND THE COMMENTATORS ARE FOCUSSHING MORE AND MORE ON THE NEXT FEDERAL ELECTIONS DUE IN FEBRUARY 1987.

4. AS TO THE SUBJECTS ON THE AGENDA, YOU WILL FIND THE GERMAN ATTITUDE TO EAST-WEST RELATIONS VERY CLOSE TO OURS, EXCEPT THAT SOME PEOPLE IN BONN PROBABLY DO PIN EXAGGERATED HOPES ON THE AMERICAN-SOVIET DIALOGUE. THE FRG WILL HOPE TO WORK CLOSELY WITH US IN KEEPING EUROPE PLUGGED INTO AMERICAN THINKING. THEY NEED OUR HELP IN NAVIGATING THE SEA OF IMPENDING ANNIVERSARIES. THEY ARE FAIRLY CONFIDENT OF BEING ABLE TO GET BACK INTO THE EAST-WEST DIALOGUE THEMSELVES DURING THE NEXT FEW MONTHS, AND HOPE THAT WE WILL NOT GET TOO FAR AHEAD OF THEM IN THE MEANWHILE IN TALKING TO THE GDR.

CONFIDENTIAL

CONFIDENTIAL

5. ON THE COMMUNITY, THIS MAY BE A CHANCE TO BRING KOHL'S PERSONAL WAVELENGTH CLOSER TO OURS BY PEGGING AWAY WITH THE FACTS AND ARGUMENTS WHICH YOU HAVE RECENTLY RESTATED IN YOUR INTERVIEW WITH HANDELSBLATT AND WHICH ARE GRADUALLY SINKING IN HERE. IT WAS A PLEASURE TO HEAR KOHL USE THE WORD "PRAGMATIC" THE OTHER DAY. HIS VISION OF EUROPE IS STILL OF A CONTINENT PROCEEDING BY MAJESTIC LEAPS FORWARD. BUT DELORS' SPEECH TO THE EUROPEAN PARLIAMENT (UKDEL STRASBOURG TELNO 4) IS TIMELY AND QUOTABLE. AS TO THE 1985 BUDGET, THE PROBLEM IS LARGELY OF GERMAN ORIGIN AND I HOPE WE CAN GIVE A PATIENT HEARING TO ANY GERMAN PROPOSAL FOR SOLVING IT.

6. ON THE ENVIRONMENT, I RECOMMEND THAT WE MAKE OUR CASE IN A FACTUAL TONE, BUT ACKNOWLEDGE THE STRONG POLITICAL AND EMOTIONAL FACTORS ON THE GERMAN SIDE. THE DISCUSSION REALLY IS MORE ABOUT MEANS THAN ABOUT ENDS.

7. UNDER THE HEADING OF BILATERAL QUESTIONS, MY MAIN HOPE IS THAT THE SUMMIT CAN BE USED TO REINFORCE THE SUCCESS WITH WHICH WE HAVE BEEN DEVELOPING THE ANGLO-GERMAN MILITARY RELATIONSHIP, INCLUDING COOPERATION IN ARMS PROCUREMENT: THE VISIT BY THE CGS ON 14-15 FEBRUARY IS ONLY THE LATEST EXAMPLE.

BONN WILL PASS TO BMG BERLIN AND CHCC(G).

BULLARD

FCO (PALACE) WHITEHALL
WED

2
CONFIDENTIAL



PM/85/5

PRIME MINISTEREuropean Community: Your Meeting with Chancellor Kohl

1. You may like to have some thoughts on the handling of Community issues in your talks with Chancellor Kohl. Speaking notes have been provided in a self-contained form (Brief No 3).

2. Over the past few months we have been finding the Germans quite difficult partners in the Community. They feel that they were out-manoeuvred at Fontainebleau, when we got our budget correction and they did not. They are strongly committed to enlargement of the Community and suspect that, given half a chance, it is not only the Greeks who might back-slide. The German Government has given firm undertakings to the Bundestag that new own resources will not be made available until enlargement takes place. This is creating difficulties over the financing of the 1.3 billion ecu shortfall this year and the 1,000 mecus abatement agreed for us at Fontainebleau. The Germans are our natural allies on the question of integrated Mediterranean programmes, but are still likely in the end to go further than we would wish, even though they will have to pay 33% of whatever sum is agreed for IMPs (while our own net contribution post-Fontainebleau will be 7%). You will have seen Michael Jopling's disturbing account of his talks with the German Agriculture Minister, in which Kiechle argued that large price increases will be required in the next price-fixing.

3. Beyond these immediate issues, Kohl is the main force behind the proposals for new steps in the development of the Community. He believes that unless improved decision-making procedures are agreed and existing cooperation intensified, the enlarged Community will be unmanageable. He also thinks that in President Mitterrand he has found a kindred spirit;

Prime Minister
 A summary of
 Community issues for the
 Anglo-German Summit
 CDP
 15/1



that Mitterrand is prepared to go further than his predecessors over moves towards European integration; and that this opportunity must be seized. Mitterrand in fact will probably not be prepared to go as far as Kohl imagines. But the French, concerned about trends in opinion in Germany, are disposed to help Kohl politically; and for their own reasons- because they see it as an effective way of promoting French interests in the Community - they will be prepared to go along with a watered down version of what Kohl wants.

4. We need to establish common ground with the Germans on the points where our interests coincide; and to encourage them towards our own positive but more practical ideas for the development of the Community.

5. On the development of the Community I suggest that our approach should be to convince Kohl that it should be possible to reach agreements of practical value which would meet his political requirement while not asking the impossible of us. It would, I think be worth taking up his suggestion, made to Sir Julian Bullard, that he might come to Chequers for a discussion of this subject between the Brussels and Milan European Councils. But we need to start influencing his thinking now and your meeting provides the opportunity to put some key points to him.

6. You might argue as follows:

- we recognise the problems which enlargement will pose, and very much want to see the Community move forward;
- but this work should not be carried forward in a way which, far from strengthening unity, would create new divisions;
- we hope that Ruhfus will concentrate his efforts in the Dooge Committee, as Malcolm Rifkind will be doing, on achieving the widest possible area of agreement. That

/is



is the Committee's mandate;

- we want the existing Treaty provisions to be fulfilled: that means completion of the common market;
- we could agree to formalising the arrangements for political cooperation, where our record is second to none;
- we are also prepared to look at ways of guarding against abuse of the claim that very important national interests are at stake;
- this could be done by requiring the member state concerned formally to justify its position in a special procedure of the Council. (We believe that our ideas on this are not far from those of the French.)
- but the cohesion of the Community itself requires that no member state should be voted down on a matter which really is of great importance to it (eg the FRG in relation to vehicle emission standards, or the sugaring of wine, to take two recent instances);
- we are open to practical ideas of increased cooperation in areas like science, education, health and internal security, though a great deal of practical cooperation is going on already;
- our attitude to this work will depend on whether we see a genuine commitment to make a reality, within an agreed time-scale, of the key provisions in relation to completion of the common market (eg liberalisation of transport, insurance, banking etc where the Germans so far have been just as opposed to a genuine opening up of their market as have the French);
- we want this not just because Britain is strong in the services sector, but because creation of a genuine common market is a way to create jobs and keep Europe competitive.

7. On enlargement it will be worth emphasising that:

- our commitment to enlargement is just as strong as that

/of



of the Germans, and for the same reasons;

- enlargement will make the Community more cumbersome.
But it is a political necessity if we are to help consolidate democratic pro-Western Governments in Spain and Portugal;
- it already has paid dividends in this regard, viz our own agreement with Spain over the opening of the border with Gibraltar and the Spanish Prime Minister's declaration of support for NATO membership at his recent Party conference;
- if Spain enters the Community on schedule on 1 January 1986, the prospects will be good for a positive vote in the referendum on NATO membership;
- following the agreements in Dublin, the outstanding issues in the negotiations should be resolved by the time of the European Council in March;
- enlargement must take place as planned, on 1 January 1986.

8. You will want to mention another area on which we shall need to remain in close touch - the way to deal with Papandreou's demands on integrated Mediterranean programmes. You might point out that:

- the ideas put forward by Natali for programmes costing 6.6 billion ecus were absurd;
- Greece last year got £570 million (2 billion Deutschmarks) and Italy £700 million (2.5 billion Deutschmarks) net benefits from the Community;
- expenditure on Mediterranean agriculture programmes has increased by 250 per cent over the last three years;
- Greece has a GDP per head only slightly below that of Spain, and much higher than that of Portugal;
- even so, something will have to be done for Greece;
- but it is not reasonable that Italy, which is much more
/prosperous



prosperous, should receive a high proportion of IMPs;

- we should adopt a common approach and agree a figure for IMPs which we should then defend in the Community.

9. It will be important to seek to enlist Kohl's support in countering the pressure his own Agriculture Minister is currently exerting for a substantial increase in agricultural prices. The financial guideline under the budget discipline arrangements agreed at the Dublin European Council must not be breached in the price-fixing. The pressure on the own resources and the 1984 and 1985 budget over-runs are largely due to the high rate of increase in agricultural spending (on average 18% per annum over the past three years). A serious effort to start correcting this situation was made in the 1984 price-fixing. The effects of the guarantee thresholds which have now been introduced for milk, cereals, wine, etc will be negated if the Community does not continue to pursue a restrictive pricing policy. You might like to cite one or two examples eg:

- Community expenditure on milk in 1984 was nearly £3.5 billion (12.6 billion Deutschmarks) - one fifth of the total Community budget;
- the Community this year has an exportable surplus of 45 million tonnes of cereals. Real levels of support per hectare for cereals have risen steadily with higher yields;
- there is no possibility of disposing economically of surpluses on this scale. Stocks of cereals in intervention could rise from 11 million to 22 million tonnes by this summer;
- the cost of the wine regime has increase by seventeen times over the last six years (from 62 million to 1.1 billion ecus).

You may wish to emphasise to Kohl that a determined effort to being about a proper balance between supply and demand through a restrictive pricing policy is the more essential as the US

Administration



Administration is intending to reduce its own farm subsidies and encourage US farmers to export more aggressively.

10. Finally there is the question of the 1985 budget over-run and the new own resources decision. With the possible exception of the Netherlands all other Member States except the FRG believe that the best course is to finance the 1.3 billion ecu over-run and our abatement by bringing forward the new own resources. None of them believe, however, that the Germans will move until the enlargement negotiations are completed. It may be very difficult to get them to move even then. But our 1,000 mecu abatement next year must be financed as all heads of government agreed at Fontainebleau by the reduction of our VAT contribution in 1985. To give effect to the Fontainebleau agreement, this must be incorporated in the new own resources decision. We shall not, of course, put the new own resources decision to Parliament without our 1,000 mecu abatement. We do not need to instigate a major argument with the Germans on this matter now. No one in the Community is questioning that we shall receive our 1,000 mecu. But we must put Kohl quietly but firmly on notice that we look to the German Government to honour that commitment; and that we do not see how this can be done except through the new own resources decision.

11. Kohl is likely to raise environmental issues and briefing is being provided on these.

12. The differences between our approach and that of the Germans over the next few months ought to be manageable. But they will be the easier to manage if there is a firm understanding between us that we will use our combined weight to ensure that enlargement does take place on schedule and to contain Greek demands on the IMPs; and that there is sufficient common ground between us on the development of the Community to offer Kohl the prospect of this work leading to something in which

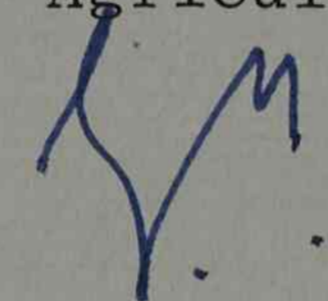
/we

CONFIDENTIAL



could participate. Time, further discussion and the increasing involvement of governments should reinforce our efforts to inject greater realism into what is proposed.

13. I am copying this minute to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, the Minister for Agriculture and Sir Robert Armstrong.



(GEOFFREY HOWE)

Foreign and Commonwealth Office
15 January 1985

CONFIDENTIAL



From the Secretary of the Cabinet

Mr Powell *CPM*

1. Mr Cartledge is content not to attend the briefing, as is Mr Renwick.
2. I understand that Sir Cyril Whitmore would like to send Mr David Nichols in his stead. I hope this is alright.
3. Mr Patrick Jenkin has a meeting with ball benches at 5.00 pm on 17/1/85. Could he be "on foot" to allow him to get away?

Ros Manning
APS / Sir Robert Armstrong

15.1.85.

010
010

POA63C

COP



20/1/85

~~Rosalind~~
I think we must regrettably drop Mr. Renwick. He PM keeps complaining about the size of these meetings.

Ref. A085/128

MR POWELL

Prime Minister's Briefing Meeting on Anglo-German Summit at 4.30 pm on Thursday 17 January 1985

Can we ask Mr.

The Foreign and Commonwealth Office has suggested that the following Ministers and officials attend the Prime Minister's briefing:

- Foreign and Commonwealth Secretary
- Secretary of State for Defence
- Secretary of State for the Environment
- Minister of State, Department of Trade and Industry, Mr Channon
- HE Sir Julian Bullard
- Mr Derek Thomas, Foreign and Commonwealth Office
- ~~[Mr Robin Renwick, Foreign and Commonwealth Office]~~
- ~~Sir Clive Whitmore, Ministry of Defence~~
- Sir Peter Harrop, Department of the Environment
- Mr Roy Williams, Department of Trade and Industry
- Sir Robin Nicholson, Cabinet Office
- Mr David Williamson, Cabinet Office
- ~~Mr Bryan Cartledge, Cabinet Office~~

Cartledge to retire gracefully, give the reference of Sir C Whitmore & Mr. Renwick? Bryan's low will strike with at US visit!
EDP
15/1

2. The Foreign and Commonwealth Office has suggested that if Mr David Williamson attended Mr Robin Renwick could be dispensed with, to keep the numbers down.

3. I should be grateful if you could let me know if you are content with this list.

Rosalind Mulligan

ROSALIND MULLIGAN

15 January 1985



15 JAN 1985



~~CSP~~

11/1/85

Anglo-German Summit

Briefing for No 10. ~~Part 1~~

Are you content with the distribution as below? -

Copy

YES

- ① PM
- ② CSP
- ③ FERB
- ④ Sir Percy Cradock.
- ⑤ Bernard Ingham
- ⑥ Duty Clerk
- ⑦ Press
- ⑧ Spare

ADD

Do you want Policy Unit to have a set as well? ~~Yes~~ **NO** Martin.

ANGLO-GERMAN SUMMIT ON 18 JANUARYCHECKLIST FOR PRIME MINISTEREast/West Relations (Brief No 5)

1. Not allow Russians to drive wedges between Germany and its Allies in 40th Anniversary of the end of the War. Bonn Economic Summit a good opportunity to demonstrate solidarity.

2. British National Commemoration:

Have to respond to public feeling. Form of commemoration for consideration and whom to invite. Aims to honour dead, stress themes of 40 years of peace and reconstruction, look to the future.

Arms Control and Disarmament (Brief No 6)

3. SDI. Germans share our misgivings on strategic grounds. Their basic concern: SDI could lead to an increase in arsenals on both sides. Kohl will ask about Prime Minister's pre-Christmas talks with Reagan.

4. Chemical Weapons (CW). A sensitive political issue and high priority in Germany. Germans share our difficulties over new US proposals for a 'no refusal' inspection regime. Seek agreement that we should work together to make these more negotiable.

Political and Defence Cooperation in Europe (Brief No 5)

5. Look at ways to strengthen bilateral defence cooperation (list of projects at annex to Brief No 5): vital to a strong NATO. Stress UK commitment to forward defence, and interest in WEU.

The/

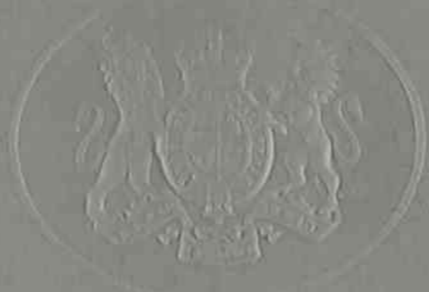


The Community (Brief No 3)

6. Work with Germany for maximum agreement on practical steps which all can implement. France, UK and Germany should try to agree on what ought to be done better in the Community. Welcome Kohl's wish for one day visit to Chequers between March and June European Councils.

Specifics

- Internal Market: welcome emphasis in Dooge Report on need for early completion.
- Political cooperation: UK second to none in commitments. Must act more together.
Decision-taking: can be improved. Ready to guard against abuse of unanimity rules. Member states must not be voted down on their important national interest (eg. Germany on sugaring of wine or vehicle emission standards).
- Committed to enlargement by 1 January 1986. After enlargement, one Commissioner per member state.
- Work together to reduce Greek demands on Integrated Mediterranean Programmes (IMPS). Final solution will have to give Greeks higher share of receipts.
- Contain CAP costs at price fixing. Must conform to agricultural guideline. Restrictive price policy essential, including cut for cereals.
- Implement Fontainebleau Conclusions. New own resources decision must be adopted very soon to ensure UK 1000 mecu revenue side abatement for 1984 and entry into force of new ceiling by 1 January 1986.
- Must have agreed Community solution to environmental problems (control of vehicle emissions) which secures unity of the market. UK aims to reduce SO₂ and NO_x emissions by 30% by end of the century. Stress initiatives already taken by the UK and seek support for proposals UK has tabled in the Community on vehicle emissions (see also brief no 8).
- Avoid confrontation with US over trade. On agricultural sector, this only possible if EC hold down agricultural prices.



International Economic Issues (Brief No 9)

7. Explore Kohl's approach to economic and political aspects of the Bonn Economic Summit.
8. Strategy agreed at London Economic Summit working satisfactorily. World prospects encouraging. US budget and external deficits, unemployment, debt and protectionism are still problems. Need to work together to encourage Americans to handle these problems responsibly.
9. (If Kohl asks about sterling)
- Recent sterling fall reflected not only weak oil prices and strong dollar but also concern about domestic monetary conditions and level of government borrowing and expenditure.
 - No exchange rate target but we take account of exchange rate movements when they reflect domestic monetary conditions and when monetary aggregates are difficult to interpret.
 - Sterling now steady as recent interest rate rises have shown government's determination to maintain counter inflation policy.

International Terrorism (Brief No 10)

10. Strongly believe in greater international cooperation in the Summit Seven. Useful to get Kohl's endorsement of this.

Falklands/Argentina (Brief No 7)

11. Concern about possible supply of German (SUT) torpedoes to Argentina. Our approach to relations with Argentina.

Bilateral Relations (Brief No 11)

12. Ask Kohl to mention appointments of Sir Norman Statham and Dr Walter Gehlhof as Special Representatives for Anglo-German contacts and cooperation at the press conference.

J. C. School

- Brown



~~Prime Minister~~
I'm pretty sure he
will also raise the
40 Anniversary of VE Day.

THE PRIME MINISTER'S MEETING WITH PRESIDENT VON WEIZSAECKER: CDP.
1530 ON 18 JANUARY IN THE VILLA HAMMERSCHMIDT

17/1

INTRODUCTION

1. President von Weizsaecker has said he would like his meeting with the Prime Minister to be strictly tête-à-tête - no advisers, Private Secretaries or note-takers (interpretation is not required). Personality note is attached.

OBJECTIVES

2. To discuss East/West relations, the future of Germany and the future of Europe - the themes proposed by von Weizsaecker.
3. To tell von Weizsaecker in confidence that The Queen intends to invite him to make a State Visit to the United Kingdom in 1986.

BACKGROUND

East/West Relations: the future of Germany and Europe

4. Von Weizsaecker will be more active politically than most of his predecessors. He believes strongly in his duty (enshrined in the Basic Law) to look after the interests of all Germans, including those in the GDR. He is a convinced advocate of the need for greater cooperation and dialogue between East and West. In the early 70's he took the lead in the CDU in advocating acceptance of the FRG's Eastern treaties with the Soviet Union, the GDR, Poland, and Czechoslovakia. In his meetings with the Prime Minister and Sir Geoffrey Howe when he visited the UK for the Koenigswinter Conference in April 1984 he argued that the Western Europeans were not well placed to develop relations with Eastern Europe and the Soviet Union because of the situation in the European

Community. He recognised that a European Union was not currently practical politics but stressed his conviction that free trade and effective political cooperation were not a sufficient agenda for the Community. Von Weizsaecker is intensely interested in strengthening Europe and is likely to explain (more lucidly than Kohl) the German concept that European Union is vital to the German people as both an attainable substitute for reunification and as a means to that end.

Reunification

5. Von Weizsaecker has given much thought to the question how in the long term the division of Germany could be overcome. The position of successive British Governments has been that real and permanent stability in Europe will be difficult to achieve so long as the German people remains divided against its will.

Proposed State Visit in 1986

6.

**CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000**

Present plans which should not be discussed are that von Weizsaecker would be invited to come in June and that the visit would be based on London;



VON WEIZSAECKER, DR RICHARD

President of the Federal Republic of Germany.

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

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

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

Succeeded Carstens as Federal President in July 1984.

Von Weizsaecker is a man of great intelligence, international interests and wide experience. He has a good sense, an upright character and charm. An excellent speaker. An intellectual and philosopher with a conversational style to match. In foreign policy he has given much thought to the question of how in the long term the division of Germany could be overcome. Liberal views on domestic policy. An old friend of Britain who has given much time to the Koenigswinter Conferences.

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

GRS 740

CONFIDENTIAL

CONFIDENTIAL

DESKBY 081600Z

FM BONN 081345Z JAN 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 012 OF 08 JANUARY

INFO PRIORITY WASHINGTON, PARIS, MOSCOW, BMG BERLIN, UKREP BRUSSELS

INFO ROUTINE OTHER EC POSTS, EAST BERLIN, UKDEL NATO

INFO SAVING CONSULATES GENERAL IN THE FRG

MY TELNO 004 TO WED: CALL ON CHANCELLOR KOHL

SUMMARY

1. A 70 MINUTE TOUR D'HORIZON IN ADVANCE OF THE 18 JANUARY ANGLO-GERMAN SUMMIT CONSULTATIONS IN BONN. KOHL CORDIAL AND EXPANSIVE. MORE STRESS ON THE SENSITIVITY OF THE 40TH ANNIVERSARY OF THE END OF THE WAR IN EUROPE. FRG AND UK MUST KEEP REMINDING REAGAN OF EUROPE'S INTERESTS IN THE US/USSR DIALOGUE. NEED FOR LONG-TERM THINKING ON DEVELOPMENTS IN EASTERN EUROPE.

DETAIL

2. I CALLED ON KOHL ON 7 JANUARY, HIS FIRST DAY BACK AT HIS DESK. HE WAS IN FRIENDLY AND TALKATIVE MOOD. HE STARTED WITH A LONG DIGRESSION INTO THE RELATIVELY UNIMPORTANT QUESTION OF DRAFT DODGERS COMING TO BERLIN AND SO STRENGTHENING THE GREEN AND MALCONTENT ELEMENT THERE. WHEN THE FEDERAL AND BERLIN AUTHORITIES HAD THOROUGHLY CONSIDERED WHAT COULD BE DONE THEY WOULD APPROACH THE ALLIES. I SAID WE WERE AWARE OF THE PROBLEM; THE QUESTION WAS WHETHER IT COULD BE BETTER TACKLED AT THE BERLIN OR AT THE FRG END.

[Raised with you by Reagan of Berlin. Kohl may refer at summit]

3. KOHL THEN SPOKE AT LENGTH ABOUT THE NEED FOR MORE LONG-TERM AND STRATEGIC THINKING BY HEADS OF GOVERNMENT ON SUCH ISSUES AS EUROPEAN UNION AND THE WAY TIME WAS WORKING AGAINST THE SOVIET UNION AND BRINGING SLOW CHANGE IN EASTERN EUROPE. HE THOUGHT THAT THE MOST UNDERRATED EVENT OF 1984 WAS KADAR'S AGREEMENT TO ADMIT AUSTRIAN CABLE TV TO HUNGARY.

4. I PRESSED KOHL TO EXPLAIN HIS IDEAS ON EUROPEAN UNION, REMINDING HIM OF THE SPEECHES AND ARTICLES IN WHICH YOU HAD MADE THE BRITISH APPROACH VERY CLEAR. HE SAID HE WANTED PRAGMATIC, PRACTICAL STEPS FORWARD, BUT WOULD NOT SPECIFY. THE MEETING OF THE EUROPEAN COUNCIL AT BRUSSELS WOULD BE SWAMPED WITH DETAIL, BUT HE WOULD CONTINUE TO PRESS STRONGLY THAT A DAY BE KEPT ASIDE AT MILAN FOR A REAL DISCUSSION OF THE LONGER-TERM PERSPECTIVE.

HE SAID I UNDERSTOOD THAT THEY HAD BEEN ACCEPTED. I REITERATED THE NEED TO IMPLEMENT THE CONCLUSIONS OF FONTAINEBLEAU, INCLUDING THE 1000 MECU REFUND. KOHL SAID "YES, YES".

[Something missing?]

CONFIDENTIAL

15. AS

CONFIDENTIAL

5. AS REGARDS THE SHULTZ-GROMYKO TALKS THE CHANCELLOR SAID THAT TRANSATLANTIC CONSULTATION MUST BE CLOSER THAN EVER BEFORE. EUROPE MUST SPEAK WITH ONE VOICE TO THE US. EVENTS WERE AT A TURNING POINT AND THE WEST PERHAPS IN A STRONGER POSITION THAN AT ANY TIME SINCE THE WAR. HE AND THE PRIME MINISTER WERE BEST FITTED, BY THEIR PERSONAL RELATIONSHIP WITH REAGAN AND THEIR BASIC SUPPORT OF US POLICIES, TO KEEP REMINDING THE US OF EUROPEAN NEEDS AND INTERESTS.

6. KOHL AGAIN STRESSED THE SIGNIFICANCE OF THE WAY THE 40TH ANNIVERSARY OF THE END OF THE WAR IN EUROPE WOULD BE HANDLED IN THE FRG AND BY HER ALLIES. IT WOULD BE MUCH MORE IMPORTANT THAN EARLIER ANNIVERSARIES FOR THE SENSIBILITIES AND FUTURE ORIENTATION OF THE NEW POST-WAR AND POST-NAZI GENERATION OF GERMANS. IT WAS A CENTRAL TASK FOR HIM TO WORK TO CONSOLIDATE AND MAKE IRREVERSIBLE THE ANCHORAGE OF THE WEST GERMANS WITHIN THE WEST. THIS WAS WHY HE WAS DEVOTING SO MUCH TIME TO THE REFUGEE AND EXPELLEE ORGANISATIONS. HE WANTED ALSO TO COUNTER TRENDS TOWARDS LEFT WING NATIONALIST FORMS OF NEUTRALISM. THE GDR'S ATTEMPTS TO APPROPRIATE GERMAN NATIONAL TRADITIONS WAS A THREAT IN THIS CONNECTION.

7. I DREW THE CONCLUSION THAT THE MAIN SUBJECTS FOR THE ANGLO-GERMAN SUMMIT CONSULTATIONS ON 18 JANUARY WOULD BE EAST-WEST RELATIONS, TRANSATLANTIC QUESTIONS AND THE COMMUNITY. (KOHL HAD NOT MENTIONED THE ENVIRONMENT, AND I DID NOT DRAW ATTENTION TO IT). BUT I WAS PARTICULARLY PLEASED THAT THE TWO MINISTERS OF DEFENCE WOULD BE MEETING: THEY SAW EYE TO EYE ON SO MANY THINGS, EG WEU AND IEPC. KOHL AGREED AND SAID THAT MUCH MORE SHOULD BE DONE IN DEFENCE INDUSTRIAL COOPERATION.

8. I TOLD THE CHANCELLOR OF THE SOVIET REJECTION OF THE LATEST ALLIED APPEAL TO THE USSR FOR HESS'S RELEASE. THIS APPEAL, AT UK INSTIGATION, HAD FOLLOWED KOHL'S WARNING TO ME OF NEW CHURCH PRESSURES. THE CHANCELLOR STRESSED THE NEED TO BRING HOME TO ORDINARY GERMANS THAT THE SOVIET UNION WAS ALONE RESPONSIBLE FOR HESS'S CONTINUED DETENTION.

COMMENT

9. EVEN MORE THAN USUAL, KOHL APPEARED TO HAVE PLENTY OF TIME TO TALK BUT NOT MUCH INCLINATION TO LISTEN. AUSTEN CHAMBERLAIN

2
CONFIDENTIAL

TAND

CONFIDENTIAL

AND LOCARNO MADE THEIR USUAL APPEARANCES, THOUGH ONLY BRIEFLY.
KOHL'S CONCEPT OF THE ANGLO-GERMAN SUMMIT SEEMED TO BE FORWARD-
LOOKING AND "STRATEGIC" MEETING BETWEEN HIMSELF AND THE PRIME
MINISTER, WITH SPECIALIST QUESTIONS BEING HANDLED MAINLY BY THE
ACCOMPANYING MINISTERS.

10. FULL RECORD FOLLOWS BY BAG (NOT TO ALL).

BONN WILL PASS TO BMG BERLIN AND CONSULATES GENERAL IN THE FRG.

BULLARD

LIMITED
WED
SOV D.
EED
NAD
SED
PLANNING STAFF
INFORMATION D
NEWS D
RESEARCH D
ECD'S
DEFENCE D
ACDD
ERD
MAED
PS
PS/LADY YOUNG
PS/MR RIRKIND
PS/MR LUCE
PS/MR RENTON
PS/PUS
MR DEREK THOMAS
MR BRAITHWAITE
MR GOODALL
MR JENKINS
MR WESTON
MR RENWICK
MR O'NEILL

COPIES TO
PS/MR HESELYNE MOD
PS/MR JENKINS DHSS
PS/MR CHANNON DTI
PS/MR LAWSON DOE
PS/SIR R ARMSTRONG
MS LAMBERT CAB. OFFICE
MR HOWYNN DS12 MOD

COPIES SENT TO
No. 10 DOWNING STREET

3

CONFIDENTIAL

CONFIDENTIAL

Qz.04150

MR POWELL

ANGLO-GERMAN SUMMIT, 18 JANUARY

The briefing for the Anglo-German summit, postponed from 2 November, is being revised and resubmitted. The Foreign and Commonwealth Secretary may also send forward a minute setting out his advice on the main European Community points which may be raised at the Prime Minister's meeting with Chancellor Kohl on 18 January.

We spoke on Friday about whether it would be useful to have available, as a complement to the briefing and the Foreign and Commonwealth Secretary's minute, a skeleton of some of the points in summary form. This is attached. It draws both on the current briefing and on the speaking note prepared for the postponed summit meeting (my minute of 30 October). It is important that our objectives on the development of the Community should be kept in the centre of the stage at a time when Germany is looking so closely to France ("Europe" this week is quoting Chancellor Kohl's New Year message that Germany is "resolutely determined, with its friend, France, to give decisive impetus to the European Union concept in 1985") and that Chancellor Kohl should be convinced that he can obtain what he needs politically with our cooperation provided that he takes account of our views.

I am sending copies to Colin Budd (FCO), David Peretz (Treasury) and to Sir Robert Armstrong.

D F Williamson
D F WILLIAMSON

8 January 1985

CONFIDENTIAL

Prime Minister
Some of this strains a bit too far to find points of consensus with the Germans - see x & y
CDP 15/1

CONFIDENTIAL

Anglo-German Summit, 18 January: summary note of certain Community points for meeting with Chancellor Kohl

1. Development of the Community (Dooge Committee)

Certainly time to consider development of the Community (post-Fontainebleau, pre-enlargement). Britain wants stronger Community, more efficient in decision making. Have already declared in favour of more active political cooperation. Also prepared to look for new areas of cooperation. Do not see any great differences between Britain and Germany. Concerned that there should not be any impression in Bonn that Britain holding back. Understand and support your political motivation and your belief that, if Community stands still, it goes backward.

At Dublin decided that Dooge Committee should put forward report with maximum areas of agreement for March European Council, with a view to decisions in June. Important to maintain close contact (Ruhfus/Rifkind on Dooge Committee) and to ensure that there are discussions between Governments before European Council tackles these questions substantively in June. We British practical people. Let us decide - Bonn, Paris, London in first instance - what ought to be done better in the Community. When we know what we want to do, can determine whether covered by existing Treaties or whether more is needed.

Here are areas where we can move forward together:

- external commercial policy. Community should think more in terms of a single external commercial policy and build itself into a position of leadership on world trading practices (member states by far world's biggest traders);

/- political cooperation

CONFIDENTIAL

- political cooperation. "The Ten must show more political will to act together" (Europe - the future). This means taking a step forward, if necessary by new undertakings on consultation. Following up Jurgen Ruhfus' ideas in Dooge Committee;
- a wealth-creating Community. Determined to achieve and present Community as a creator of wealth and jobs. You know our insistence on a truly open common market for goods and services. Governments of Centre and Right must be true to their principles (ally in Delors);
- institutions and decision-making. Must work better, particularly relations between Council and European Parliament. Strong advocates of earlier contacts with European Parliament, which would do much to remove present climate of confrontation. In Council itself biggest single cause of deadlock is failure to follow Treaty procedures, including majority voting where provided for. "Luxembourg Compromise" very seldom a cause of difficulty. Prepared to look at ways of guarding against abuse of the unanimity rule. But cohesion of the Community itself requires that no member state should be voted down on a matter which is of very great political importance to it (eg Germany on vehicle emission standards or sugaring of wine, to take two recent cases);
- other areas of cooperation. Shall look at other areas of cooperation (eg health, education and internal security) on their merits. If more formal arrangement for cooperation can be shown to be an advantage, we should take it;
- a less bureaucratic Community. Much to be done to make Community act more in the interests of ordinary people (cheaper and easier movement of goods and travellers, rights of establishment etc).

/Look

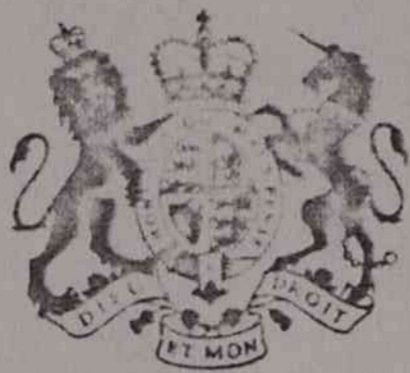
CONFIDENTIAL

Look for free and genuine exchange of ideas with Germany. If European Council in June decides in favour of an inter-governmental conference on a more united Europe, of course Britain will be there.

2. Enlargement and integrated Mediterranean programmes

Britain and Germany equally see political (support of new democracies) and strategic (NATO) importance in accession of Spain and Portugal. Important to complete negotiations by March, if not before, and to hold to 1 January 1986 as date of accession. Heartened by speed with which Spain agreed on the whole of the industrial package. Considerable confidence that Spain will agree on fish. Few outstanding agricultural issues partly reflect need of some member states and of applicants to show that they have fought a good battle.

Very likely therefore that the accession negotiations will be completed soon. Remaining problem will be Greek reserve (integrated Mediterranean programmes). Thorn/Natali's 6.6 billion ecu programme absurd. Delors will be more sensible. We reckon Greece will in any event receive commitments of about £2 billion (7.3 billion DM) from the structural funds over the next 5 years. After Italy, Greece is already second biggest net beneficiary from Community budget: in 1983 Italy +£700 million (over 2.5 billion DM) and Greece +£570 million (over 2 billion DM). Real effect of Spanish/Portuguese accession on Greek and Italian agriculture will be almost nil, at least for many years. Must therefore resist unreasonable further sums for integrated Mediterranean programmes.



cc AC

10 DOWNING STREET

From the Private Secretary

16 December 1984

Dear Colin,

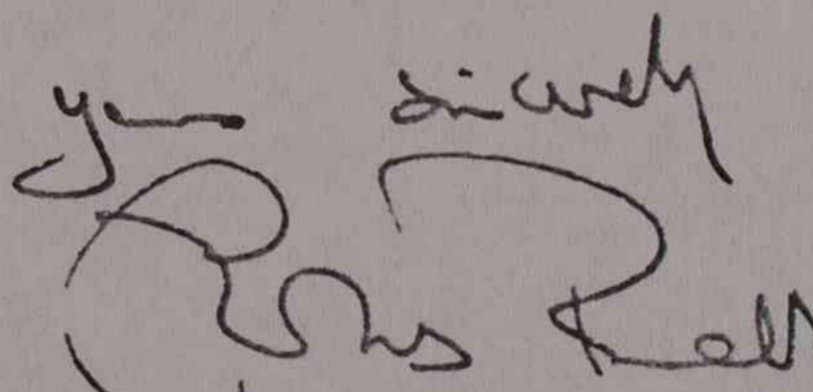
Anglo-German Summit: 18 January 1985

Thank you for your letter of 14 December about arrangements for the Anglo-German Summit.

I agree that we should wait for the Germans to take the initiative in proposing participation. But you may wish to consider whether the Home Secretary should attend.

I should say that Herr Neuer of the Bundeskanzleramt has telephoned me about the programme for the Summit. His proposal is that the Chancellor and the Prime Minister should have a tête-à-tête from 0930 to 1045 and then be joined by Foreign Ministers from 1045 to 1145. There would be a plenary from 1145 to 1245 followed by a press conference from 1300 to 1345 and a lunch given by the Chancellor at 1400. The Prime Minister would call on the Federal President in the course of the afternoon. I have said that this would be acceptable to the Prime Minister.

I am copying this letter to the recipients of yours and to Hugh Taylor in the Home Office.

Yours sincerely

 C.D. Powell

Colin Budd, Esq.,
 Foreign and Commonwealth Office.

CONFIDENTIAL

da

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

14 December 1984

Dear Charles,

Anglo-German Summit: 18 January 1985

The Prime Minister will wish to consider which Ministers should accompany her to the Anglo-German Summit in Bonn on 18 January.

This meeting looks like being smaller than the meeting planned for 2 November. Mr Lawson and Dr Stoltenberg are committed to a G5 meeting in Washington on 17 January and are unlikely to be back in time to participate. Mr Jopling and Herr Kiechle met in Bonn on 14 December, which we think makes their participation unnecessary.

The Germans had originally told us that the Interior Minister Herr Zimmermann would wish to discuss environmental matters with Mr Jenkin at the 2 November Summit. But after his own visit to London on 23 October this suggestion was withdrawn. We do not know whether Herr Zimmermann will revive it.

It is for Chancellor Kohl as host to decide on attendance. But, subject to his proposals and to last minute developments, the list of participants from the Prime Minister is likely to be as follows: Sir Geoffrey Howe, Mr Heseltine and a Minister from the Department of Trade and Industry. I should be grateful for your comments.

I am copying this letter to the Private Secretaries to Mr Lawson, Mr Heseltine, Mr Jopling, Mr Jenkin and Mr Pattie; and to PS/Sir Robert Armstrong.

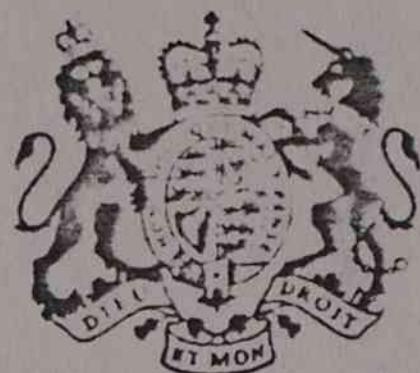
*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Subject a matter
of.



file PD
#17 Ambassador
B.M.

10 DOWNING STREET

THE PRIME MINISTER

21 November 1984

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T146/84.

Dear Helmut.

I was very touched by your kind letter of 7 November and delighted with the very pretty dish which you sent me. It does indeed give me great pleasure: how clever of you to guess that I collect porcelain. Thank you very much.

I am looking forward to your telephone call next week, and to seeing you at the European Council.

With best wishes.

Yours ever
Margaret

His Excellency Herr Dr. Helmut Kohl

Handwritten mark



DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND
Baron Rüdiger von Wechmar

London, 16th November 1984

Dear Prime Minister,

I have the honour to transmit to you the enclosed sealed letter and parcel from the Chancellor of the Federal Republic of Germany.

I am, dear Prime Minister,

Yours sincerely

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

Subject cc master
etc

PRIME MINISTER'S
PERSONAL MESSAGE

SERIAL No. T185A/84
Bonn, 7 November 1984

Translation

Federal Republic of Germany
The Federal Chancellor

Dear Prime Minister,
Dear Margaret,

At the consultations scheduled for 2 November 1984, I intended to express to you again my sympathy and my horror at the attack on your life in Brighton.

This did not prove possible because of the despicable assault on Mrs Gandhi, to which she fell victim. I should therefore like to assure you once more through this letter of my sincere sympathy. I have enclosed a personal gift for you in the hope that it will give you pleasure.

With best wishes,

Yours,

(sgd.) Helmut Kohl

Her Excellency
Margaret Thatcher, MP
Prime Minister of the
United Kingdom of Great Britain and
Northern Ireland

L o n d o n



BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 7. November 1984

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

L o n d o n

Sehr geehrte Frau Premierminister,
Liebe Margaret,

bei den Konsultationen, die wir für den 2. November 1984 vorgesehen hatten,
wollte ich Ihnen meine Erschütterung über den Anschlag auf Ihr Leben in
Brighton und mein Mitgefühl nochmals persönlich ausdrücken.

Dies war wegen des verabscheuungswürdigen Attentats, dem Frau Gandhi zum
Opfer fiel, nicht möglich. Ich möchte Sie daher auf diesem Wege nochmals
meiner herzlichen Anteilnahme versichern. Ein persönliches Geschenk für
Sie füge ich bei. Ich hoffe, es macht Ihnen Freude.

In freundschaftlicher Verbundenheit

Und allen guten Wünschen

zu

W. J. Stolte

3

CONFIDENTIAL

TOP COPY

15095 - 1

DD 061530Z BONN
 GRS 440
 CONFIDENTIAL
 DESKBY 061530Z
 FM FCO 061430Z NOV 84
 TO IMMEDIATE BONN
 TELEGRAM NUMBER 606 OF 6 NOV
 INFO PRIORITY UKREP BRUSSELS, OTHER EC POSTS, UKDEL NATO
 ANGLO-GERMAN RELATIONS

WRC 020/13	
07 NOV 1984	
✓	SA 15/11

1. PLEASE PASS THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR KOHL.

BEGINS: I AM SORRY THAT WE WERE NOT ABLE TO HOLD OUR TALKS AS PLANNED ON 2 NOVEMBER. BUT I AM PLEASED TO HEAR THAT YOU ARE ABLE TO AGREE TO MY PROPOSAL OF 18 JANUARY: AND WE SHALL OF COURSE MEET BEFORE THEN AT THE EUROPEAN COUNCIL.

I WAS VERY GRATEFUL FOR THE KIND REMARKS MADE BY YOUR GOVERNMENT SPOKESMAN ABOUT MY INTERVIEW WITH DIE WELT.

THERE IS MUCH OF IMPORTANCE FOR US TO DISCUSS. IN PARTICULAR I WANT TO EXCHANGE VIEWS ON THE PROPOSALS NOW BEING MADE FOR THE DEVELOPMENT OF THE COMMUNITY. I WAS ABLE TO DISCUSS THIS WITH JACQUES DELORS DURING HIS VISIT TO LONDON LAST MONTH AND WAS ENCOURAGED TO FIND HIM DETERMINED TO TRY TO MOVE FORWARD IN PRACTICAL WAYS.

I AM ASKING JULIAN BULLARD TO KEEP IN CLOSE TOUCH WITH YOUR PEOPLE ABOUT THE WORK NOW GOING ON IN THE DOOGE COMMITTEE. WE ARE STUDYING THE PROPOSALS PUT FORWARD BY JURGEN RUHFUS. YOU AND I BOTH WANT TO IMPROVE THE WORKINGS OF POLITICAL COOPERATION AND TO SEE IT BECOME A MATTER NOT JUST OF MAKING DECLARATIONS BUT OF ACTING TOGETHER. WE SHALL BE MAKING A POSITIVE CONTRIBUTION TO THE COMMITTEE'S WORK ON THIS, AND TO THE DISCUSSION OF IDEAS ON OTHER ASPECTS OF THE COMMUNITY'S DEVELOPMENT. I EXPECT YOU WILL HAVE SEEN THE IDEAS WHICH MALCOLM RIFKIND HAS PUT FORWARD ON THE INTERNAL MARKET. AS YOU KNOW I ATTACH PARTICULAR IMPORTANCE TO THIS AND I AM GLAD THESE PROPOSALS HAVE BEEN WELL RECEIVED. A REAL ADVANCE IN THIS AREA WOULD HAVE AN ENORMOUS IMPACT IN TERMS OF WEALTH AND JOB CREATION AND IN MAKING A REALITY OF THE

CONFIDENTIAL

15095 - 1

COMMUNITY FOR OUR PEOPLE AND FOR THE BUSINESSES THAT CAN CREATE THE NEW JOBS WE ALL WANT.

THE OTHER POINT TO WHICH, AS YOU KNOW, I ATTACH THE GREATEST IMPORTANCE IS THE NEED TO IMPROVE EUROPEAN DEFENCE COOPERATION. I THOUGHT THE WEU MEETING IN ROME UNDER HERR GENSCHER'S CHAIRMANSHIP WAS A USEFUL STEP FORWARD. I WELCOMED IN PARTICULAR THE EMPHASIS THAT WAS LAID THERE ON THE DETERMINATION OF ALL THE WEU PARTNERS TO STRENGTHEN THE EUROPEAN PILLAR OF THE ALLIANCE. THIS WAS A TIMELY REAFFIRMATION OF THE IMPORTANCE OF THE BRUSSELS TREATY AND THEREFORE OF THE COMMITMENT OF FORCES TO THE DEFENCE OF EUROPE ON WHICH I TAKE A GOOD DEAL OF PRIDE IN THE BRITISH RECORD. THIS IS A FIELD IN WHICH I THINK WE CAN CLAIM THAT OUR CONTRIBUTION TO EUROPEAN UNITY IS SECOND TO NONE AMONG THE SEVEN WEU MEMBERS.

I LOOK FORWARD TO DISCUSSING ALL THIS WITH YOU. IN THE MEANTIME I SEND YOU MY BEST WISHES. ENDS.

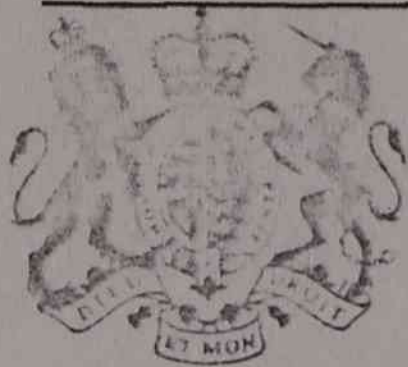
HOWE

FCO (PALACE/WHITEHALL
WED

2

CONFIDENTIAL

CONFIDENTIAL



file

881

CCPC

10 DOWNING STREET

From the Private Secretary

6 November 1984

Dear Colin,

Anglo-German Relations: Bilateral Consultations

The Prime Minister has agreed to propose the date of 18 January 1985 for the Anglo-German consultations which had to be postponed because of Mrs Gandhi's funeral. I have put this by telephone to Herr Neuer in the Federal Chancellory in Bonn, and after consulting Chancellor Kohl he has accepted it. The arrangements will in principle be the same as those planned for the postponed meeting on 2 November.

The Prime Minister has also considered the draft message to Chancellor Kohl enclosed with the Foreign Secretary's minute of 5 November. She agrees to send a message but I have modified it in some minor respects. I enclose the revised version and should be grateful if it could be telegraphed to Bonn for delivery.

Bj

Yours sincerely

C D Powell

Colin Budd Esq
Foreign and Commonwealth Office

CONFIDENTIAL

DS 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Chancellor Kohl

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I am sorry that we were not able to hold our talks as planned on 2 November. ~~I hope very much that we can~~

~~find another time to meet soon.~~ // There is much of importance for us to discuss. In particular I wanted to exchange views on the proposals now being made for the development of the Community. I was able to discuss this with Jacques Delors during his visit to London last month and was encouraged to find him determined to try to move forward in practical ways.

I am asking ~~Sir~~ Julian Bullard to keep in close touch with your people about the work now going on in the Dooge Committee. We are studying the proposals put forward by ^{Jürgen} Herr Ruhfus. You and I both want to improve the workings of political cooperation and to see it become a matter not just of making declarations but of acting together. We ~~will~~ ^{shall} be making a positive contribution to the Committee's work on this, and to the discussion of ideas on other aspects of the Community's development. I expect you will have seen the ideas which Malcolm Rifkind has put forward

/on

But I am pleased to hear that you ~~have~~ are still to agree to my proposal of 14 January; and we shall of course meet before then at the European Council.

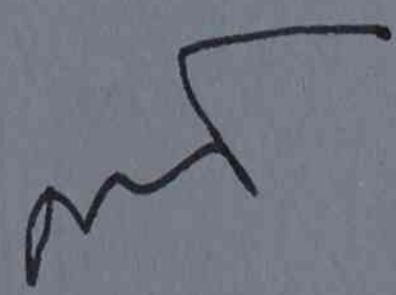
// I was very grateful for the kind remarks made by your Assistant spokesman about my interview with Die Welt.

slhako

on the internal market. As you know I attach particular importance to this and I am glad these proposals have been well received. A real advance in this area would have an enormous impact in terms of wealth and job creation and in making a reality of the Community for our people and for the businesses that can create the new jobs we all want.

The other point to which, as you know, I attach the greatest importance is the need to improve European defence cooperation. I thought the WEU meeting in Rome under Herr Genscher's chairmanship was a useful step forward. I welcomed in particular the emphasis that was laid there on the determination of all the WEU partners to strengthen the European pillar of the Alliance. This was a timely reaffirmation of the importance of the Brussels Treaty and therefore of the commitment of forces to the defence of Europe on which I take a good deal of pride in the British record. This is a field in which I think we can claim that our contribution to European unity is second to none among the seven WEU members.

I look forward to discussing all this with you, ~~before~~
~~too long~~ ^{In the meeting I did you my best} and am asking my office to be in touch with yours
^{Wishers.}
~~to find a convenient time for us to meet.~~





10 DOWNING STREET

Prime Minister

Yes

no

Agree to message

and to date of 18

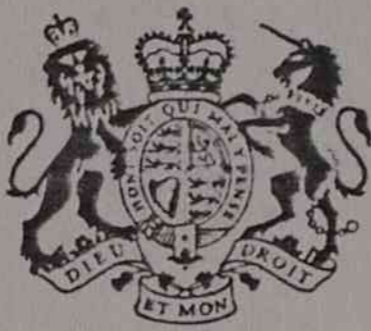
January for the

Summit (which the Germans
can accept) ?

C.D.P. 5/11

file *BM*

CONFIDENTIAL



bc PC

10 DOWNING STREET

From the Private Secretary

MR. WILLIAMSON
CABINET OFFICE

ANGLO-GERMAN SUMMIT

Thank you for your minute of 30 October with its enclosed speaking note for the Prime Minister's discussion with Chancellor Kohl. It was most useful to have this. The Prime Minister has read the note and has commented that it is all perfectly true but it seems to her that we are saying these things constantly.

I am copying this minute to Mr. Budd (Foreign and Commonwealth Office), Mr. Peretz (HM Treasury) and Mr. Hatfield (Cabinet Office).

C.D. POWELL
1 November 1984

JHA

CONFIDENTIAL

MR. POWELL

Anglo-German Summit

I have looked carefully at the diary and cannot really find you anything at all convenient before Christmas. There is Friday, 14 December and I could cancel an interview, a party at Central Office and a lunch for the Sunday Telegraph. But if she goes to the Far East the following week, it is going to be a hell of a schedule.

As far as dates in January are concerned, I attach an up-to-date annual diary for that month. You will see that the Fridays are not very good (though, of course, the lunch with the Mayor of Westminster can go, as long as this is not too late for the Germans. How about taking another week day, i.e., Monday, 7 ^{January} ~~December~~ or Tuesday, 8 ^{January} ~~December~~?



1 November, 1984

13

1300 for 1315 Lunch for Sunday Telegraph

Monday 17 December

0830 Hair
 1000 Media
 1200 Chief Whip
 1215 Chief Whip, Lord Pres, LPS and Chairman
 1300 Lunch for colleagues
 1830-1915 Look in at Central Office Christmas Party
 2000 BT flotation celebratory dinner Telecom Tower

Tuesday 18 December

0900 Questions Briefing
 1300 Lunch and Questions Briefing
 1515 Questions
 1545 Keep free for MPs
 1830 Audience

Wednesday 19 December

1230 Accept turkey from Br Turkey Fed
 1700 FCS
 1730-1815 Present prizes to winners of Hansard Society's 40th anniversary school radio competition - No.10
 1900-1930 Look in at Whips' Office - No.11

Thursday 20 December

0830 Hair
 0900 Questions briefing
 1030 Cabinet
 1300 Lunch and Questions Briefing
 1515 Questions
 1545 Keep free for MPs
 Address 1922 Committee or 13/12
 Office Christmas Party +DT

Friday 21 December

0930 RTA
 1000 Media

1985Thursday 3 January

evening ?keep free

Monday 7 January

0830-1000 Hair

Wednesday 9 January

Lunch Assistant Commissioners' Mess +
 P.S. New Scotland Yard, Main Entrance,

B

1730-1930 Broadway
Interview with Tricia Murray

Friday 11 January

Visit to Milton Keynes and Eastern Area

Monday 14 January

1730 Press Conference
followed by reception at 1830

Wednesday 16 January

Keep free for speech
Dinner Royal College of Nursing
short speech

Thursday 17 January

Rigoletto with Lord Harewood Coliseum

Friday 18 January

Lunch Mayor of Westminster + DT
Westminster City Hall Victoria Street

Monday 21 January

1845-1945c Lunch Carlton Club + MA
Look in at reception given by Durbor club

Wednesday 23 January

1250 Depart No. 10
1300-1430 Lunch with Volume Housebuilders Study
Group + PS Ritz Hotel

Friday 25 January

Lunch with The Times

Saturday 26 January

Finchley Dinner dance

Monday 28 January

1830-2000 General Reception + DT No.10

Tuesday 29 January

Record "Analysis" Radio 4 Programme

Friday 1 February

1245-1300 Lunch with Lloyds

Saturday 2 February

Attend concert "Prom Praise"
Barbican concert hall

Monday 4 February

Winter Ball

RESTRICTED

MRS. RYDER

Anglo-German Summit

This is postponed. We ought, at least for our internal purposes, consider possible alternative dates. I would hope that we could let it slip to January, though the FCO and the Germans may want it sooner.

Could you look at possible dates please? Only a single day is required, preferably a Friday.

CD?

C. D. POWELL

31 October, 1984

RESTRICTED

010

cc B1

Prime Minister

(2)

CONFIDENTIAL

Qz.03998

MR POWELL

ms

All perfectly true.
But it seems to me that we are already saying all these things constantly.

CJP
30/x.

ANGLO-GERMAN SUMMIT

The Prime Minister knows that I very seldom take a philosophical point. There is, however, a trend of thought now developing elsewhere in the Community - and particularly in Germany - which it does seem to me to be important that we should counter quickly. The Anglo-German summit on 2 November is a good opportunity to do so.

2. While Chancellor Kohl's policy towards Eastern Europe inevitably marks time, he clearly feels himself impelled to look for actions which will publicly link the Federal Republic of Germany even more closely to Western Europe. This coincides with President Mitterrand's readiness to support Chancellor Kohl, in particular by taking new steps to strengthen Franco-German relations, and with a widespread feeling in Western Europe that the Community has become bogged down in internal difficulties and is not pulling its full weight. Hence there is continuing attention being given in other member states to "moves towards European Union"; speculation about the need for a new Treaty; discussion of ways of improving the operations of the Community institutions (majority voting, relations with the European Parliament etc); and still some talk of a two-speed Europe. Much of this will come to nothing and deservedly so. But, so long as it is wrongly assumed - in Germany, in particular - that the United Kingdom will hold back, there is a risk that Germany and France will try to advance their ideas without taking enough account of where we believe the growth points are and which ideas are not acceptable to us.

3. In reality, the British position on the future of the Community is more developed and in some respects more subtle than it is perceived elsewhere in the Community. German

CONFIDENTIAL

policy appears to be based on a rather desperate search for ways in which cooperation between the member states can be enlarged. A similar impression is given by the French Fontainebleau draft of the topics to be covered by the Dooge Committee and by the Committee on People's Europe. The Italians are hooked on the Spinelli draft Treaty on European Union. The United Kingdom's position, on the other hand, is that there are ideas which we shall certainly not accept but equally there are some areas in which we positively want the Community to be more active and stronger. For example, we shall not surrender the veto in cases of overriding national interest (the Luxembourg compromise); we shall not support inequitable financing; we shall not agree to grandiose schemes of expenditure which are better carried out nationally or not carried out at all; and we shall not extend Community cooperation for merely theoretical reasons. But we do support the Community loyally and want to see it pulling more weight externally (eg on international trade questions and in a coherent approach to external political problems) and internally (providing the conditions for wealth-creation by a genuinely free market for goods and services). On political cooperation we have already indicated in "Europe - the future" that the Ten must show more political will to act together. On the operation of the Community institutions, provided that the Luxembourg compromise is retained, we have the well-known British wish to see things working efficiently (eg we want to see earlier contacts between the Council, Commission and European Parliament on certain proposals in order to avoid the current risk of trench warfare). More generally, we are prepared to see further areas of cooperation among the member states of the Community, provided that it can first be demonstrated that there will be an advantage from such cooperation. In all these respects we are for the development of the Community. This is just as positive an approach as some of those now being wrapped in continental packaging by other member states.

CONFIDENTIAL

4. We should not underrate the importance being attached elsewhere to new initiatives in the Community. I have tried to set out in the attached note how our ideas might be presented to Chancellor Kohl, if the Prime Minister were to think this worthwhile.

5. I am sending copies to Colin Budd (FCO), David Peretz (Treasury) and to Sir Robert Armstrong.

Df Williamson

D F WILLIAMSON

30 October 1984

POSSIBLE PRESENTATION OF UNITED KINGDOM IDEAS ON COMMUNITY
DEVELOPMENT TO CHANCELLOR KOHL

This is a time at which we do need to consider - and, where appropriate, to take steps to advance - the development of the Community. I believe that there are, in fact, no great differences between Germany and the United Kingdom. I am concerned that there should not be any impression here in Bonn that the United Kingdom is holding back. We do understand and support your political motivation and your belief that, if the Community stands still, it goes backward. That is why we too are looking for ways of making the Community more active and stronger.

We British are practical people. Let us decide - that means in Bonn, Paris and London in the first instance - what ought to be done better in the Community. If necessary, let us also decide what scope there is for new cooperation among some or all member states. When we know what we want to do, we can determine whether it is all covered by the existing Treaties or whether anything more is needed. We do not favour writing a new Treaty first and then looking for a programme of action to implement it. We favour agreement soon on a programme of action and a positive presentation throughout the Community.

Here are some of the areas where we can move forward together:

- external commercial policy. The member states are the world's biggest traders. The Community establishes a common position for external negotiations. We need now to think even more in terms of a single external commercial policy and to build ourselves into a position of leadership on world trading practices;

- political cooperation. I have already said in my paper "Europe - the future" that "cooperation should not just be a matter of making declarations . . . The Ten must show more political will to act together". This means taking a step forward, if necessary by new undertakings on consultation. We are interested in Jurgen Ruhfus' ideas in the Dooge Committee and some of them ought to be followed up;

?

- a wealth creating Community. We are determined to achieve and to present the Community as a creator of wealth and of jobs. You know our insistence on a truly open common market for goods and services. Governments of the Centre and Right must be true to their principles, and fortunately we shall have an ally in Monsieur Delors;

- institutions. We can make the Community institutions work better, particularly relations between the Council and the European Parliament. The United Kingdom is ready to support the revised arrangements for conciliation with the European Parliament. Furthermore, we are strong advocates of earlier and regular contacts between the Council, Commission and European Parliament, which would do much to remove the present climate of confrontation. In the Council itself the biggest single cause of deadlock is the failure to follow the Treaty procedures, including majority voting where provided for. The "Luxembourg compromise" is very seldom a cause of difficulty. In the enlarged Community five or six member states, including the United Kingdom, will insist on maintaining it. This is fully consistent with improved arrangements for handling routine business in the Council;

- other areas of cooperation. I shall look at other areas of cooperation on their merits. If it can be demonstrated that there would be an advantage, we should take it;

- a less bureaucratic Community. There is much that can be done to make the Community more of a unity and to act more in the interests of ordinary people (cheaper and easier movement of goods and travellers; rights of establishment; youth exchanges etc).

Finally, there is one point to which we attach particular importance. We think that the development of the Community and of further cooperation in Western Europe must be on the basis of a free exchange of views among the countries concerned. If Germany has new ideas for such development, we would like to know. It would be quite contrary to the partnership we seek if new ideas were to be presented to the United Kingdom on a "take it or leave it" basis.

COVERING CONFIDENTIAL

cell
②



Foreign and Commonwealth Office

London SW1A 2AH

26 October, 1984

MB

*Prime Minister
useful background to
the Anglo-German summit
CDD*

Dear Charles,

Anglo-German Summit on 2 November: Sir Julian Bullard's

First Impressions

The Foreign Secretary believes that the Prime Minister and other Ministers attending the Anglo-German Summit in Bonn would be interested in these "third impressions" of Sir Julian Bullard.

I am enclosing a copy for you, David Peretz (HM Treasury), Richard Mottram (MOD), John Ballard (DOE), Ivor Llewelyn (MAFF) and to J Alty (Private Secretary to Norman Lamont (DTI)).

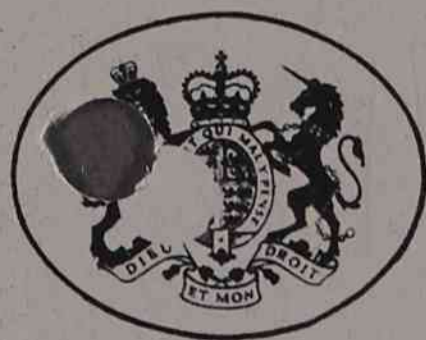
Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

COVERING CONFIDENTIAL



THE FEDERAL REPUBLIC OF GERMANY: THIRD IMPRESSIONS

Summary

1. The Ambassador's third tour in the Federal Republic. Much unchanged. Many developments, especially in the economy, on lines that were already strongly marked (paragraphs 1-3).
2. The transformation of Berlin since the Quadripartite Agreement of 1971 has continued. West Berlin has a disembodied feel although communications with the Federal Republic have improved and the sense of being cut off from the East seems less strong. East and West Berlin react to each other (paragraphs 4-5).
3. Some things are entirely different in the FRG. The Greens are a new and active political force. The traditional parties are forced to adopt policies, particularly on the environment, in order not to lose further ground. The Greens are likely to remain a significant factor at least until the Federal elections in 1987 (paragraphs 6-8).
4. A more intangible change is the renewed consciousness of German history. No longer so painful to discuss the Nazi period. Guilt now much diminished as a factor in German foreign policy (paragraphs 9-10).
5. A cloud now lifted from Anglo-German relations in the European Community. An enormous undercurrent of bilateral warmth and friendship (paragraph 11).
6. The Christian Democrat/Liberal coalition. Kohl as a reflection of present-day Germany (paragraph 12).
7. Another Anglo-German summit on 2 November. Current German attitudes towards the United Kingdom; German belief that the two countries and the rest of the Community must take seriously the idea of European Union (paragraphs 13-14).

Sir Julian Bullard KCMG



BRITISH EMBASSY,

BONN.

CONFIDENTIAL

19 October 1984

The Rt Hon Sir Geoffrey Howe, QC MP
Secretary of State for Foreign &
Commonwealth Affairs
Foreign & Commonwealth Office
London SW1A 2AH

Sir,

THE FEDERAL REPUBLIC OF GERMANY: THIRD IMPRESSIONS

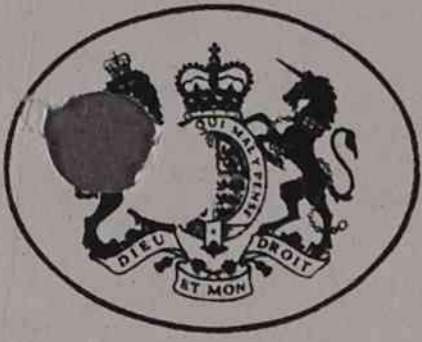
1. I have the honour to send you my impressions of the Federal Republic on returning to that country for a third tour of duty.

2. Much is naturally unchanged since I last served here in 1979. In politics, the norm for a speech is still one hour, the shirt is still usually white, indoor plants still block the view from the Ministerial windows and Hans-Dietrich Genscher is still Foreign Minister. In the arts, taste is still too often outgunned by money: the current production of "The Ring" in Berlin must be the only one in Wagnerian history where the Valkyries make their celebrated entrance in Act 3 wearing black plastic bus-conductors' uniforms and pushing hospital trollies, each with a sheeted corpse. The German language too is still retreating on a broad front in the face of trans-Atlantic idioms: in a government office here last week I was told "Hier wird teamgeworked".

3. Much too has changed only on lines that were already strongly marked in 1979. This applies especially in the economy. The FRG's total foreign trade in both directions was DM 400 milliard 10 years ago, reached DM 600 milliard in 1979 and will be over

/ DM 800

CONFIDENTIAL



DM 800 milliard this year. Real GNP has also marched ahead, though not so strongly. The annual inflation rate was nearly 7% in 1974, fell to just over 4% in 1979 and stands around 2% today. The only really bad figures are those for unemployment: nearly 600,000 ten years ago, nearly 900,000 five years ago and nearly 2.3 million today. Many businessmen are however worried about the social security system, whether it is not far too generous and how it is to be financed in the longer term; and about this country falling behind in the technology race.

4. Berlin is another place where 1984 looks like 1979, only more so. The great change there came with the Quadripartite Agreement of 1971, which at a stroke removed Berlin from the list of East-West crisis points which for years it had traditionally headed. The transformation noted by Sir Oliver Wright when he became Ambassador in 1975 is even more evident today. West Berlin is at once like and unlike other West German cities. It has the same broad streets and the same department stores. It is a bigger industrial city than any in the Federal Republic. Its Turkish colony is similar, though larger than elsewhere. But there is a certain vacancy about it, a disembodied feeling, due I suppose to the fact that it has no hinterland and is not on the way to anywhere. It reminds me of life after death as described in Michael Frayn's novel "Sweet Dreams".

5. This does not mean that the physical isolation of Berlin is worse than before. On the contrary, the air services from the Federal Republic are better, faster, more comfortable and much more punctual. Traffic by road has become even easier. In the other direction, towards the East, the sense of being cut off is I think less strong today than it was in the 1970s. The wall and the wire are still in place, less crude and more clinical in appearance but serving the same purpose. Visits from West to East have fallen off. But official contacts are more relaxed and the new Governing Mayor shares his predecessor's keen interest



in the GDR. If the two halves have grown apart, they have done so standing back to back and with many a glance over the shoulder. The West Berlin press prints quite a lot of news about events in East Berlin and the GDR. (The GDR press does not need to reciprocate, because most of the population there watch West German television.) When something of interest happens in the east, West German TV reporters rush across and push microphones under the noses of the GDR citizenry, who often show no reluctance to comment. On both sides there is a massive effort of reconstruction and restoration in readiness for the 750th anniversary of Berlin in 1987, with the two municipalities competing but also learning from each other and at some points even collaborating. All these developments were perhaps contained in the situation five years ago, although it would have taken a perceptive eye to see them.

6. More interesting are the things which are entirely different. One of these is the rapid advance in the Federal Republic of the movement known as the Greens. Measured by numbers, these are a substantial force in the land. In the local elections last month in North Rhine Westfalia, an area of 17 million inhabitants, they scored 8.5% overall and much higher figures in the university cities: 12.5% here in Bonn, 15% in Münster. The German system of proportional representation instantly translates such public support into seats in the various assemblies. Thus the Greens have 27 seats out of a total of 520 in the Bundestag itself; 7 out of 110 in the Landtag in Hessen where the regional government is dependent on their support; 9 out of 132 in the Abgeordnetenhaus in Berlin where they are known as the Alternative List.

7. These people are an entirely different element in German politics, and they look it. All their current parliamentary leaders and nearly half their MPs are women. For the rest, when the shirt can be seen through the beard, it is usually not white at all. They are having a considerable effect on policy - not so much by forcing through their own measures, because they prefer

/ to

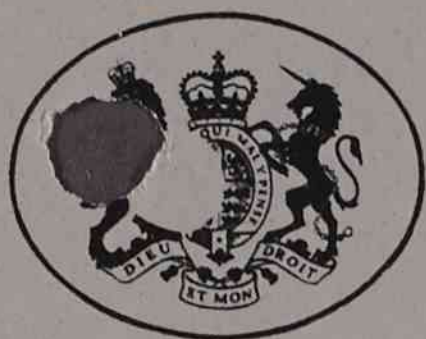


to stand aside when it is a question of what should be done, but rather by inciting the traditional parties to adopt policies they do not really believe in, simply so as not to lose further ground to the Greens. In 1983 the Government fought off the challenge to INF deployment, spearheaded by the Greens among others. But in 1984 Green pressures have made the Environment an irrestistible political cause: more of a juggernaut than a bandwagon. The measures recently announced to combat Dying Forests by installing compulsory catalysators on motor cars are a good example. The motives here are perhaps one part reason, three parts emotion and six parts political calculation. From behind an influential desk in the Government Press Office I was told that the Cabinet is going to have to go through with these even if it could be shown scientifically that their effect would be purely symbolic.

8. The accepted wisdom is that the Greens are "a passing phenomenon". I agree, but believe that it will take some time to pass. Certainly the Greens and the Alternative List are likely to be a serious factor in German politics at all levels up to and including the Federal elections due in the spring of 1987. And this is a country where Land or Federal elections come round at an average rate of 3 a year.

9. A more intangible but to me very interesting change, compared with a few years ago, is the renewed consciousness of German history and the assertion of the link between this and the modern Federal Republic. It is most evident in "the German question", about which I have recently sent a separate despatch. But that is not the only current example. This year's Berlin Arts Festival has the theme "Berlin 1900", and large crowds gather to watch old films of the Kaiser in a plumed helmet and to walk around affectionate accumulations of period bric-a-brac. Chancellor Kohl's trip to China was reported with fond references

/ back



back to the German colonial period there, which the history books record as having lasted precisely 17 years, from 14 November 1897 to 7 November 1914.

10. A parallel phenomenon is the detachment with which, as it seems to me, Germans nowadays are prepared to discuss aspects of the Nazi period which formerly they used to avoid. In my first week in Bonn a Minister whom I had never met before described to me at my dinner table how as a boy of about 10 he had watched elderly Jews being loaded into lorries in Berlin in 1942; how he had asked what was happening; how a young SS man had said with a laugh that they were all going to be shot; how he had run home hoping to hear some explanation; and how his parents, with horrified expressions, had ordered him never to mention the subject again, or he would get them all sent to a concentration camp. What has happened, I think, is that the period 1933 to 1945 - an extraordinarily short span, considering all that it contained - has now receded far enough into the past to acquire a sort of sepia tone which makes it no longer painful to contemplate. If challenged, those over 60 will give the usual explanations. But those of my age or less, who far outnumber them, speak as if they felt no more responsibility for Hitler's crimes than I do for what happened in 1919 at Amritsar - not that I am putting the two things on the same level. Guilt, I would say, is now much reduced in importance as a factor in German foreign policy.

11. A change of a different kind, but also with profound implications, has occurred in the German perception of the European Community. Since Stuttgart and Fontainebleau the caricature of Britain as the odd man out in Brussels, nagging away about our refunds while everyone else in the room wanted to get on with building Europe, has definitely begun to fade. I see German heads nodding agreement when I say that the unhappy years of argument are behind us, that in a sense everybody now

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000



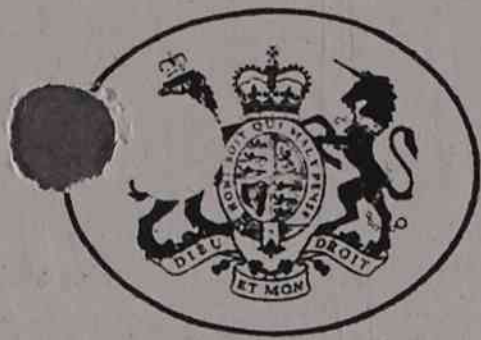
is singing our song (discipline) and that the Community must now move into the new terrain for which a few maps already exist: Snr Spinelli's draft treaty, President Mitterrand's speech at Strasbourg and the Prime Minister's much more practical paper "Europe - The Future". (I can now add to the list your own speech here on 17 October.) This change of scenery, together with the departure of one or two bilious figures from the Foreign Ministry here, has given me a much easier start here than my two predecessors had in their time. In Düsseldorf, Hanover and Munich, as well as in Bonn itself, I have been conscious of the enormous under current of warmth and friendship which runs through the whole pattern of Anglo-German relations. But see paragraph 14 below.

12. I have left to the last the most important change of all, the installation in 1982 of a Christian Democrat-Liberal coalition in place of the Social Democrat-Liberal government which had held office since 1969. There could hardly be two men more different than Helmut Schmidt and Helmut Kohl, and it is easy to see how one could have so badly underestimated the other. Schmidt I need not describe. Kohl seems to me much more typical both of his own party and of the country as a whole. Talkative, and enthusiastic,

His current standing in the opinion polls reflects this. But his professional record as a politician takes some beating. He is a bit over-weight and his suits do not fit too well. But there is a big, strong, confident, energetic man inside them, and a friendly one too. This is rather how Germany itself strikes me.

13. A fortnight today the Prime Minister and you will be coming to Bonn for the twice-yearly Anglo-German Summit meeting - the sixteenth since this series was inaugurated by Mr James Callaghan in 1977. In Hanover last week I mentioned this to

/ Albrecht,



Albrecht, the Prime Minister of Lower Saxony and himself a possible future Chancellor. I said that if asked to describe current German attitudes towards my country I thought of answering in the following terms: no significant bilateral problems: friendship and regard for Britain as a partner and ally: respect for the Prime Minister and for the consistency and resolution with which she is carrying out especially her economic policies: relief at the closing of the unhappy chapter of argument in the European Community: a network of Anglo-German contacts far too intensive and extensive for any Embassy to be able to keep track of them, much less have any influence on them: and an incomplete awareness of Britain's importance to Germany, actual and potential.

14. Albrecht concurred, but asked me to add a seventh point: a feeling among Germans of all ages and political parties that if our two countries were to maintain their position in the world, they and the rest of the Community must take seriously the idea of European union. I think that this was a shrewd comment, and that it would pay us to re-read the passages on this subject in the speech which the Prime Minister heard Herr Kohl deliver in the Examination Schools in Oxford on 2 May 1984. The key sentences were as follows: "... The question in the coming months and years will be: Is every partner in the Community ready, even in the most difficult times, to consider its membership of the Community as irreversible? We certainly are. Are all partners ready, without ifs and buts, to tread the path to the political union of Europe? The Federal Republic certainly is. I hope that the answer of all other partners in the Community to these two decisive questions is the same as ours".

CONFIDENTIAL

8.



I am sending copies of this despatch to HM Representatives at NATO, the EC and the UN in New York; in NATO and EC capitals; Moscow and East Berlin; to the Commanders in Chief's Committee (Germany) and to the British Commandant in Berlin and our Consuls General in the Federal Republic.

I am Sir,
Yours faithfully

J L Bullard

J L Bullard

CONFIDENTIAL

R E S T R I C T E D

JKRATJ

befc



10 DOWNING STREET

From the Private Secretary

22 October 1984

ANGLO-GERMAN SUMMIT: PRIME MINISTER'S BRIEFING MEETING

Thank you for your minute of 22 October proposing who should attend the briefing meeting for the Anglo-German Summit. It does seem to be a very large number of people to prepare for what is going to be a very short Summit. To make it more manageable, I suggest that we reduce to one official from the Foreign Office and one, or at the most two, from the Cabinet Office.

(C.D. POWELL)

Miss Lindsay Wilkinson,
Cabinet Office.

R E S T R I C T E D

JK



Ref. A084/2776

1750

MR POWELL

Anglo-German Summit: Prime Minister's Briefing Meeting
at 4.30 pm on Thursday 1 November 1984

I should be grateful for approval for the following Ministers to attend the Prime Minister's briefing meeting for the Anglo-German Summit:

Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Secretary of State for Defence
Secretary of State for the Environment
Secretary of State for Trade and Industry
(if recovered in time otherwise a representative will be suggested).
Minister of Agriculture, Fisheries and Food

2. They should be accompanied by the following officials:

Mr Derek Thomas - Foreign and Commonwealth Office
Mr Robin Renwick - Foreign and Commonwealth Office
Sir Julian Bullard - HM Ambassador, Bonn
Mr Brian Unwin or Mr Geoffery Littler - Treasury
Mr David Nicholls - Ministry of Defence
Dr Martin Holdgate - Department of the Environment
Mr Roy Williams - Department of Trade and Industry
Sir Michael Franklin - Ministry of Agriculture, Fisheries and Food
Sir Robert Armstrong - Cabinet Office
Mr David Williamson - Cabinet Office
Mr Bryan Cartledge - Cabinet Office

LINDSAY WILKINSON

22 October 1984

CONFIDENTIAL



2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

Pl. re-submit

*Seen we get a letter
from the FCO about the
summit. CDD*

See Charles,

5 October 1984

ANGLO-GERMAN SUMMIT: 2 NOVEMBER

My Secretary of State understands that there is a possibility he will be invited to attend the Anglo-German Summit in Bonn on 2 November, for talks with Dr Zimmermann on environmental issues.

He is aware that there might be practical drawbacks in this. Nevertheless, he feels that because of the importance of environmental issues in our bilateral relations with the FRG, it would be advisable for him to attend if possible.

I am copying this letter to Len Appleyard at FCO.

*Yours,
Andrew Murray*

A C ALLBERRY
Private Secretary

Charles Powell Esq

GRS 200

CONFIDENTIAL

CONFIDENTIAL

FM BONN 040845Z OCT 84

TO PRIORITY FCO

TELEGRAM NUMBER 926 OF 4 OCTOBER

FCO v Jones
CH

ANGLO/GERMAN CONSULTATIONS, 2 NOVEMBER: PROGRAMME

1. THE AUSWAERTIGES AMT (AA) HAVE PROPOSED THE FOLLOWING PROGRAMME:

0900 WELCOME BY THE CHANCELLOR AT THE CHANCELLERY, GUARD OF HONOUR ETC.

0915 BILATERAL CONSULTATIONS BETWEEN INDIVIDUAL MINISTERS BEGIN.

1015 FOREIGN MINISTERS JOIN HEADS OF GOVERNMENT

1300 LUNCH GIVEN BY THE CHANCELLOR

1515 PLENARY SESSION

1645 PRESS CONFERENCE

1800 APPROX DEPARTURE FROM AIRPORT.

Prime Minister
Agree to suggest
a 9.30 start (6.45
departure from London) ?

2. PRESIDENT VON WEIZSAECKER WOULD LIKE THE PRIME MINISTER TO CALL ON HIM. THE AA SUGGEST THAT THIS MIGHT COME IMMEDIATELY AFTER LUNCH OR AFTER THE PRESS CONFERENCE. EITHER WOULD CAUSE THE SUBSEQUENT TIMINGS TO BE PUT BACK BY ABOUT 30 MINUTES.

CDP

3. TO CONFORM WITH THE AGREEMENT BETWEEN THE CHANCELLERY AND 10 DOWNING STREET (COLES'S LETTER OF 15 MARCH TO BONE) THAT THE SUMMIT SHOULD TAKE PLACE WITHIN ONE WORKING DAY, THE BRITISH AIRCRAFT WOULD HAVE TO TAKE OFF FROM THE UK AT ABOUT 0615 GMT IF OUR TEAM WERE TO REACH THE CHANCELLERY IN BONN BY 0900 LOCAL. IF THE PRIME MINISTER DOES NOT WISH TO TRAVEL ON THE EVENING OF 1 NOVEMBER WE SHOULD PRESUMABLY PROPOSE A LATER START, ACCEPTING A LATER FINISH, AND THE POSSIBILITY OF DINNER IN BONN BEFORE DEPARTURE, FOR WHICH A FRIDAY IS NOT IDEAL.

Yes
no

FCO PLEASE PASS TO 10 DOWNING STREET

BULLARD

LIMITED

WED

ECDs

PLANNING STAFF
PROTOCOL D

PS LADY YOUNG

PS/PUS
MR DEREK THOMAS
MR RENWICK

COPIES SENT TO
No. 10 DOWNING STREET

CONFIDENTIAL

CONFIDENTIAL



10 DOWNING STREET

From the Private Secretary

January
10 February 1984

POSSIBLE VISIT BY THE PRIME MINISTER TO BONN

The Prime Minister has considered the advice contained in the Foreign and Commonwealth Secretary's minute of 9 January.

While she agrees that it will be necessary to keep in close touch with the Germans between now and the European Council in March, she does not wish to visit Bonn on her way back from Budapest on 4 February. However, she will be prepared to send a suitable message to Chancellor Kohl about the budget negotiations immediately after her return from Paris on 23 January and I should be grateful if you could let me have a suitable draft at that time.

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL
Prime Minister.

010



We do not yet know when your visit to Hungary will end - but a meeting after it with Chancellor Kohl would either have to be on Saturday evening or Sunday morning. Would be welcome that? *No*

PM/84/5

Stop in Bonn? *No*

PRIME MINISTER

Or send a message? *Yes*
A.S.C. 2/1 *not*

1. I am very glad that your meeting with Mitterrand is firm. But now, I fear, we have to think about the Germans - and the best way of keeping in the closest possible contact with them.

2. I have invited Genscher over for talks on 6 February. But once again I am sure it would be much more valuable if you could possibly find an early opportunity to keep Chancellor Kohl informed of the way we see the Community negotiations developing. Is there any chance of your being able to stop off briefly in Bonn to see Kohl on your way back from Budapest on 4 February? He would in any case undoubtedly welcome the opportunity to hear your impressions of your talks with Hungarian leaders. A stopover in Bonn need not take more than three or four hours and would, I think, be well worth while. *~~~~~*

3. If you agree with this suggestion, we shall see whether arrangements could be made with the Chancellery. If the stopover does not prove possible, I think it may be a good idea for you to let Kohl have a message, making our views on the budget negotiations clear, immediately after your return from Paris.

GEOFFREY HOWE

Foreign and Commonwealth Office

9 January 1984



7-9 JAN 1984

AUSWÄRTIGES AMT
DER CHEF DES PROTOKOLLS

Letter of thanks from
Graf Finck von
Bonn, 30 November 1983 Finckenstein
for photograph

N BPM

Dear Robin,

Having just returned from our President's State Visit to the Ivory Coast and Niger I found here your very kind letter which you sent to me together with the impressive portrait of Her Excellency the Prime Minister. Let me thank you most cordially for both. Since I had the privilege of arranging so many visits of the Prime Minister to Bonn I feel indeed very honoured by her kind gesture. The photo will always remind me of a great Prime Minister and her visits to my country.

Please convey my sincerest respect and thanks to Her Excellency.

I hope to see you soon again in Bonn or Brussels.

Yours sincerely

Alc. G. Finck von
Finckenstein

NEW ZEALAND
POST OFFICE

Box 100, Wellington 1983

15 DEC 1983

12 1 2 3 4 5 6 7 8 9 10 11

Having just returned to the Ivory Coast and letters which kind
representative of the...
Let us think about...
the privilege of...
Minister for...
kind gesture...
Prime Minister and...
I hope to see you soon...
Your sincerely,

Please convey my sincerest respect and thanks to her
Excellency.

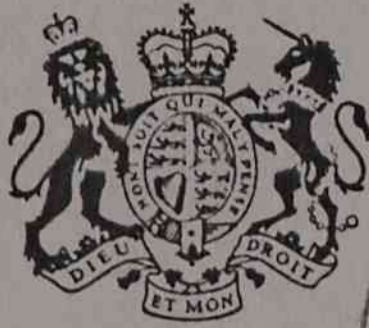
I hope to see you soon in Bonn or Brussels.

Your sincerely,

[Faint signature]

Yours

URM-KANGHART BEL ROMERTURN



file No
Photos in wife
box

10 DOWNING STREET

From the Private Secretary

30 November 1983

I write to thank you very much indeed for your letter of 18 November enclosing some photographs taken on the occasion of the Anglo/German Summit in Bonn on 8/9 November.

The Prime Minister was most grateful

A. J. COLES

Mr. Bernd von Waldow.

Botschaft
der Bundesrepublik Deutschland

Embassy
of the Federal Republic of Germany
Pr 312.E

23, Belgrave Square/Chesham Place
London, SW 1X 8PZ

Tel. 01-235-5033

Hausanschluß: Extension:

Sprechstunden: Office hours:

Montag-Freitag Monday-Friday 9.00-12.30

Fernschreiber - Telex Nr. 28191

Telegrammanschrift - Telegrams:

Diplogerma London

The Principal Private
Secretary to the
Prime Minister,
Mr F.E. Robin Butler
10 Downing Street
London SW1

18 November 1983

ASC of

Dear Mr Butler,

Please find enclosed some photographs which were taken on the occasion of the Anglo-German Summit in Bonn on November 8/9, 1983. I would appreciate it, if you could bring these photographs to the attention of the Prime Minister.

Yours sincerely,

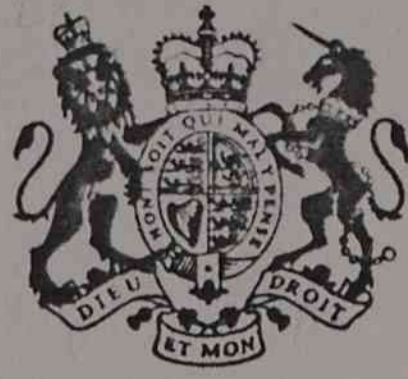
Bernd von Waldow

Bernd von Waldow
Counsellor (Press)

SUBJECT

file

vc



cto

CC MASTER
OPS

10 DOWNING STREET

PRIME MINISTER'S

THE PRIME MINISTER

14 November, 1983

PERSONAL MESSAGE

SERIAL No. T 185^B/83

Dear Herr Dr. Kohl,

Thank you once again for all your kind hospitality during our Summit in Bonn on 8 and 9 November. It was particularly kind of you, when you are so busy, to accompany me on my visit to Sankt Augustin. And thank you, too, for your gift of wine which will give me and my family much pleasure.

It was a particularly productive meeting. There is a great need in the present world situation for Britain and Germany to agree on their approach to the major issues and our talks confirmed once again that we do agree on them.

I look forward to seeing you in Athens when I hope we shall again be able to work closely together to resolve the Community's problems and set it on the course which we both want.

Yours sincerely
Margaret Thatcher

His Excellency Herr Dr. Helmut Kohl

da

CONFIDENTIAL

VC

a MASTER SET



10 DOWNING STREET

From the Private Secretary

14 November 1983

Anglo/German Summit

You received last week all the records except that of the plenary session in Bonn on 9 November. I now enclose it.

I am copying this letter and the enclosure to John Kerr (HM Treasury), Callum McCarthy (Department of Trade and Industry), Richard Mottram (Ministry of Defence), David Harbourne (MAFF) and Richard Hatfield (Cabinet Office).

A. J. COLES

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

CONFIDENTIAL

82

CONFIDENTIAL

RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND
CHANCELLOR KOHL IN BONN ON 9 NOVEMBER 1983 AT 1100
HOURS: ANGLO-GERMAN CONSULTATIONS, PLENARY SESSION

PRESENT

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

Plus Officials

Dr. Helmut Kohl - Chancellor of
the Federal Republic of
Germany
Herr Hans-Dietrich Genscher -
Minister of Foreign Affairs
Dr. Gerhard Stoltenberg - Minister
of Finance
Otto, Count Lambsdorff - Minister
of Economics
Dr. Manfred Woerner - Minister of
Defence
Herr Hans Juergen Rohr - State
Secretary, Ministry of
Agriculture.

Plus Officials

/Chancellor Kohl

CONFIDENTIAL

CONFIDENTIAL

- 2 -

Chancellor Kohl remarked on the friendly atmosphere in which the 14th Anglo-German Summit had been conducted, at a difficult moment in world affairs. There had been almost complete agreement between the two sides, and the few differences of view which had been revealed had not been significant.

He and the Prime Minister had agreed that the Americans had conducted the INF negotiations in Geneva with serious and sincere intent, and in close consultation with their allies. It was unrealistic to expect a positive result in Geneva, but equally important that the US should continue to strive for one under the eye of world opinion. If there were no result the Germans would commence deployment in two weeks' time, adhering strictly to the assurances they had given without conditions, and despite many psychological pressures to delay. German policy was not made in the streets but by the Government and the Bundestag. The latter would vote on the evening of 22 November, and it was clear there would be a majority for deployment. A new rumour had appeared in the press that deployment would be interrupted to permit negotiations, but the only breaks in the deployment programme would be for technical, not political, reasons.

The two Governments should endeavour jointly to make the European Parliament's debate on INF the following week as successful as possible. He thought personally that there was a good chance of a large majority in favour of the double decision, but he suggested Mrs. Thatcher might have a word with her political colleagues in Strasbourg to encourage them to achieve the right solution.

The two Heads of Government had agreed that they did not want a freeze in relations with the East or a reversion to cold war and that even after deployment the dialogue must continue. The East, too, had an interest in continuing negotiations, e.g. in the CDE in Stockholm beginning in January, which there was no question of putting on ice. The chances of an agreement in the INF talks would be greater once deployment had started, since there were still some people in the Kremlin who did not believe it would start. He thanked Mrs. Thatcher for the British Government's support in these difficult days, through maintaining both BAOR and its role as a protecting power in Berlin.

CONFIDENTIAL

/He had given

CONFIDENTIAL

- 3 -

He had given the Prime Minister an account of his recent journey to East Asia. They had also discussed the Lebanon, where there was a danger that the worrying situation might develop broader repercussions; Grenada, over which both of them had felt that the right course was to look to the future and a restoration of democracy in the island; and the coming European Council in Athens, where it was important that decisions on the package outlined at the Stuttgart Council should be taken and not postponed.

The Prime Minister agreed that there had been a remarkable degree of unanimity in their talks. The British Parliament had already held its debate on INF. H.M.G. had obtained a majority for their policy which they hoped would help the Federal Government with its public opinion. Equipment related to deployment of cruise missiles was already coming into the UK so that, in the absence of agreement in Geneva, it could be deployed at the end of the year: but deployment itself had not yet begun.

The British Government, though determined to maintain an adequate defensive posture, disliked having to spend so much money on defence and would continue to negotiate vigorously in all the existing disarmament fora to achieve balanced and verifiable reductions. No government wished more fervently for success in this field. On reform of the Community, we were determined to achieve results in Athens, building upon the excellent results achieved by Chancellor Kohl at Stuttgart. Our approach to transatlantic relations was also identical to that of the Germans. It was the essence of friendship that one should say when one disagreed, and the disagreements of recent weeks had no effect on the firmness of the Alliance.

As regards the economic situation, the prospects were now brighter. But there would be no sudden increases in output or productivity. The problems of the wider world would limit the speed at which we came out of recession.

Herr Genscher said that he and the Foreign Secretary had agreed that the importance of the twin track decision lay not merely in the military need for deployment but in showing that NATO was
/capable of

CONFIDENTIAL

CONFIDENTIAL

- 4 -

capable of implementing decisions it had taken. In the Bundestag debate too there would be a clear majority for deployment. The message that third country systems could not be taken account of in INF needed to be repeated publicly again and again. We should make use of the fact that Ceausescu in his recent letter had advocated non-inclusion (the first time a Warsaw Pact country had done so) though his other proposals were not acceptable. He and Sir G. Howe had agreed that the East-West dialogue must continue both multilaterally and bilaterally.

Very close US/European relations were essential to persuading the USSR to make concessions. He and the Foreign Secretary had discussed ways in which the mechanics of transatlantic consultation could be improved. Early exchanges of views could prevent problems, and this was one lesson of Grenada, which had not been mentioned in transatlantic discussion before the military intervention.

A broadening of the Lebanon conflict must be avoided. The nearby Iran/Iraq war presented dangers in this respect. The Germans had advocated in POCO that those of the Ten who were not taking part in the MNF should give full support to their partners who were. But everyone should remember that the purpose of the MNF was to make a political solution possible.

In the discussion leading up to the Athens European Council the FRG and the UK must ensure the avoidance of an outcome in which an increase in own resources was agreed in concrete terms, while other aspects of the negotiation were covered only by general expression of intent. Both countries realised the importance of completing negotiations over Spanish and Portuguese accession as quickly as possible, and should say so at the press conference after the meeting. There could be no agreement to raise the 1 per cent VAT ceiling without first achieving economies especially in the CAP. The Commission's proposal to phase out MCAs automatically was not acceptable. A quota system for milk and cereals would be necessary. They also expected that German concerns about steel would be taken into account in the context of Athens. As the main contributors to the Community they could not accept arrangements whereby the Italians could underbid a German steel industry which was already largely reationalised. Both countries should advocate sound
/budgetary

CONFIDENTIAL

CONFIDENTIAL

- 5 -

budgetary policies at Athens, but for the sake of progress in Europe they should at the same time do all they could to help reach a concrete decision.

The Foreign and Commonwealth Secretary agreed on the need to work for an agreement at Athens which was in line with the Stuttgart package and was specific on each individual issue. H.M.G.'s objectives were to obtain an equitable limit on budgetary imbalances which took account of relative prosperity, which measured the burden accurately and which took effect in 1984; to find legally binding ways to control the increase in agricultural and other expenditure; to secure inclusion of specific agreements on new policies; and to see the necessary conditions fulfilled for Spanish and Portuguese accession by 1 January 1986.

As regards the Lebanon, it was important to remember that the MNF was there to promote the process of reconciliation, and not to forget that the underlying problem was between the Israelis and the Palestinians. He was concerned that transatlantic consultation had not developed commensurately with the very close degree of European political consultation. Recent meetings with the US Secretary of State had tended to be too short and rushed. NATO was crucial both to our two countries' national security and the security of Europe. There was a need for ways of sharing concerns on questions arising outside Europe.

Dr. Woerner said that his talks with Mr. Heseltine had reached agreement on all important points. He expressed appreciation that the Defence Secretary had gone on record as saying that BAOR would remain at its present strength. BAOR made an indispensable contribution to the forward defence of Europe, and the Germans appreciated both the quality of its forces and its good relations with the German population.

They had discussed the programme for INF deployment and had agreed it must be adhered to: any delay in any form was out of the question. They had also discussed the peace movement's methods of opposing deployment, and how to deal with them. All attempts to influence public opinion must be based on the twin assumptions that a defence effort was necessary, and so was NATO.

CONFIDENTIAL

/They had

CONFIDENTIAL

- 6 -

They had agreed that the defence aspects of the CDE were important, and that any military results achieved there must not impede the timely arrival of reinforcements, or the rehearsing of reinforcement by means of exercises.

He and Mr. Heseltine had welcomed the various US initiatives for strengthening conventional capability (emerging technology, counter air, etc.) but NATO must develop a conceptual guideline for these at present largely unrelated initiatives. Moreover Europe had a common interest in using discussion of this subject to improve the two-way street in defence equipment procurement. Otherwise, there was a danger that US industry could corner the market in the new US weapons systems. In order to remain competitive, European industry must be prepared to co-operate closely.

The two Ministers had taken note, for the first time at one of these meetings, of a report by national Armaments Directors. This had shown that successful co-operation had brought progress in a number of projects (e.g. Tornado, third generation anti-tank weapons). They had agreed that air staff talks on the advanced combat aircraft had yielded promising results, and that as many Allies as possible should be associated with this project.

The Defence Secretary said he had nothing to add to Dr. Woerner's account of their talks. The talks had been part of a continuing dialogue, and they would be meeting again at the NATO Defence Ministers' meeting in two weeks' time.

Count Lambsdorff said that in considering trade policy questions he and Mr. Tebbit had agreed it was important to make progress on the development of the internal market. The 20 directives were frozen because the French and others had reservations, and would only agree if the Community introduced a separate common commercial policy instrument to defend it against imports from third countries. Recently, the French had shown some readiness to compromise - e.g. in recent talks with the French Industry Minister, about which he had informed Mr. Tebbit. But further French compromise would be necessary, and tenacious efforts would be needed to secure it.

/The main problem

CONFIDENTIAL

CONFIDENTIAL

- 7 -

The main problem was over decision-making. The French wanted to give power to the Commission. The Germans wanted the power to lie with the Council and decisions to be taken by qualified majority. However keen they were to see the internal market develop they thought yielding on the question of qualified majority would be too high a price to pay. The introduction of measures to restrict third country imports would be popular with the public, but short-sighted. If we sealed ourselves off from outside competition, we would lose our own competitiveness in third markets. Patience and determination would be needed. Decisions might not be possible until the French Presidency.

Mr. Tebbit had mentioned the need for progress in services (especially banking and insurance policy). The Germans agreed, and were determined to make progress.

On the A320 airbus, both Governments had agreed that they did not want another purely "political" aircraft and were only prepared to proceed on the basis of a proposition which made commercial sense. A320 did not yet meet this condition, and needed further development. He had told Mr. Tebbit in response to a question that the Federal Government had given an amber light to the project. He himself had pointed out that the French had a legitimate interest in wanting to get their engine into operation as soon as possible; Rolls Royce had a later schedule for their engine. He and Mr. Tebbit had agreed that if the A320 project went ahead, it should be capable of taking both alternative engines. The basic questions were whether we should maintain a European aircraft industry for aircraft of this size or whether the market for 150-seaters should be left to Boeing. The German view was that strenuous efforts should be made to keep the European industry going, while not losing sight of economic factors. He and Mr. Tebbit had also discussed the management and structure of AI. They agreed that it could be made more effective, but that the question would need careful presentation to the French, who were easily offended.

He and Mr. Tebbit had agreed that Community steel prices could only be stabilised if subsidies and capacity were reduced. Member countries had to be prepared to make greater efforts to reduce capacity. Mr. Tebbit had emphasised that the UK had done most of /what it could

CONFIDENTIAL

CONFIDENTIAL

- 8 -

what it could to contribute to this, and he (Count Lambsdorff) had said that even though the German industry had already reduced its capacity over the past two decades there would be further reductions over the coming year. Both had stressed that negotiations over steel imports from third countries should take account of existing trade patterns and volumes. The Commission should face its responsibility for the proper functioning of steel rationalisation measures. There could be no concept for the Community's finances without a concept for steel. It was agreed that a special Steel Council in December would be valuable. The Ministers had agreed that the Article 58 quota system should be continued, but Mr. Tebbit had said that a deterioration in the British position would not be acceptable.

The Trade and Industry Secretary endorsed this account of their discussions. H.M.G. was particularly concerned to avoid protectionism in external trade and the danger of trade wars. He had noted with regret that the CAP encouraged a tendency towards protectionism by producing surpluses that had to be dumped. Discussion of Airbus had been frank and useful, and they had agreed to consult closely and keep in step. H.M.G. were also concerned about the need to co-operate on research and development in Europe, on a commercial and not a bureaucratic basis. Only through co-operation could the Community take advantage of the opportunities in telecommunications and fend off the growing challenge from IBM in that field.

Dr. Stoltenberg said that he and Mr. Lawson had discussed international debt problems in the light of the meeting. They had agreed on the importance of co-ordinating the policy of the industrialised countries, in discussions in which the banks should take part, to keep the third world's huge debts under control. After Williamsburg there was no need for a major conference on the world monetary system, but certain studies should be pursued in the IMF.

/The new Commission

CONFIDENTIAL

CONFIDENTIAL

- 9 -

The new Commission proposals on the EC budget had been received only yesterday, and it had only been possible to study them briefly. But they, and the paper by the Greek Presidency, fell far short of expectations. These did not meet joint UK/FRG requirements on financing. Little time was now left before the European Council, where a package agreement was necessary. It was important to emphasise the need to curb the growth in agricultural expenditure. Changes would affect German agriculture, but there was no sense in securing economies on temperate products and incurring new expenditure in the Mediterranean. The UK set great store by a legally binding financial guideline. He and the Chancellor were united in their view that new policies should be in low-cost areas like the internal market and environmental protection. The structural funds needed to be more efficient. They did not need more funds. Finance Ministers should have a greater say in all decisions with budgetary implications. The central problem was to achieve equitable burden sharing: the club of net contributors must be expanded. A new financing system should be calculable in its effects. The UK wanted a limits system based on a GDP limit and on net balances. That would be ideal but the Germans had doubts about its acceptability by the others. As far as any increase in own resources was concerned, other points would need to be solved first, e.g. enlargement. The increase in own resources would have to be far lower than proposed by the Greek Presidency, though it was not possible to suggest precise figures now. The increase would have to be linked to Spanish and Portuguese accession.

There could be no question of the Germans accepting the automatic dismantling of MCAs, as the Commission had recommended. Perhaps the best way forward would be to prolong the gentlemen's agreement of 1979.

The Chancellor of the Exchequer said that in discussion of burden sharing, he had insisted that the burden must be measured in terms of net contributions, not receipts, and that whatever was agreed must apply to 1984. He and Dr. Stoltenberg had agreed that firm control of agricultural expenditure was necessary, in addition to the adjustment of individual commodities regimes.

CONFIDENTIAL

/In the UK

CONFIDENTIAL

- 10 -

In the UK view this would only be effective if there was a legally binding financial guideline. It was vital for the Germans and the British to continue to stick together.

Dr. Rohr, State Secretary at the Federal Ministry of Agriculture, said that he and Mr. MacGregor had discussed the items due to be raised at the Special Council in Athens. The financial guideline had been discussed in terms similar to these reported by Dr. Stoltenberg and the Chancellor of the Exchequer. On price policy and guarantee thresholds, he and Mr. MacGregor had agreed that other commodity sectors as well as milk and cereals must also be covered. There was a need for a precise price formula, about which they would need to stay in close touch.

They had agreed that the proposed oils and fats tax was unacceptable. On cereals, they had agreed that policy should be to narrow the gap between EC prices and those of the main competitor countries.

On cereal substitutes, the Community had been given a mandate to hold talks with the US, and they had agreed that such talks were desirable. They had also agreed that cereals subjects were likely to be an important element in the discussions at Athens.

The problem of expenditure on milk must be resolved. Mr. MacGregor had emphasised H.M.G.'s preference for action through a restrictive price policy. However, they had agreed that if a quota arrangement was necessary, around 97 million tonnes would be the right quota figure.

He and Mr. MacGregor had also agreed that the proposed change in the calculation of MCA's should be rejected. On the proposals on agricultural structures there had been a wide measure of agreement.

/The Minister of State for

CONFIDENTIAL

CONFIDENTIAL

- 11 -

The Minister of State for Agriculture (Mr. MacGregor) agreed with this account of their talks and had nothing to add.

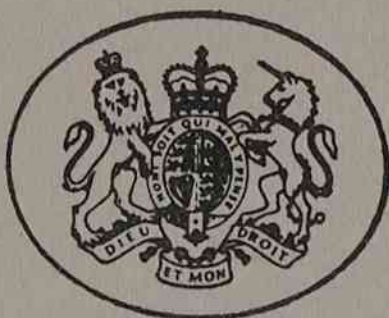
The Federal Chancellor, winding up, commented that the good bilateral relations which had been established between individual Ministers and Departments were a good basis for further co-operation. Once relationships had been established, business could more easily be transacted by telephone.

The Prime Minister thanked the Chancellor for his hospitality and for the excellent atmosphere in which the talks had been conducted.

The meeting concluded at 1201 hours.

14 November 1983

CONFIDENTIAL



With the compliments of

THE PRIVATE SECRETARY

Jean (via Kay Dover)

He spoke. Herewith, a list of those Ministers present at the plenary session. Embassy in Bonn checking on the German officials:— Can the record issue without these?

FOREIGN AND COMMONWEALTH OFFICE

SW1A 2AH

Helen

14/11



Dr. Helmut Kohl - Chancellor of The Federal Republic of Germany

Herr Hans-Dietrich Genscher - Minister of Foreign Affairs

Dr. Gerhard Stoltenberg - Minister of Finance

Otto, Count Lambsdorff - Minister of Economics

Dr. Manfred Woerner - Minister of Defense

Herr Hans Juergen Rohr - State Secretary, Ministry of Agriculture

The Rt Hon Margaret Thatcher - Prime Minister

Sir Geoffrey Howe - SoFS Foreign and Commonwealth Affairs

M. Nigel Lawson - Chancellor of the Exchequer

Mr. Norman Tebbit - SoFS Trade and Industry

Mr. Michael Heseltine - SoFS Defense

Mr. John MacGregor - Minister of State MAFF

COVERING CONFIDENTIAL



BRITISH EMBASSY

BONN

11 November 1983

A J Coles Esq
10 Downing Street

J.L.

Type read pl.

J.S.C. =

Dear John,

ANGLO-GERMAN CONSULTATIONS: PLENARY SESSION

I enclose a draft record of the Plenary Session on 9 November which we agreed would be provided by the Embassy.

Mans m.

A. J. Hunter

A J Hunter

cc: B J P Fall Esq
PS/Secretary of State
FCO

COVERING CONFIDENTIAL

DRAFT: ~~minute/letter/teletype/letter/despatch/note~~

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

Top Secret

Secret

Confidential

Restricted

Unclassified

Copies to:

PRIVACY MARKING

SUBJECT: ANGLO-GERMAN CONSULTATIONS, BONN: PLENARY SESSION, 9 NOVEMBER AT 11.00 HOURS

.....In Confidence

CAVEAT.....

[We need a list of those present. It will be F/C.O. to provide]

~~The Federal~~ Chancellor ^{Kohl} remarked on the friendly atmosphere in which the 14th Anglo-German Summit had been conducted, at a difficult moment in world affairs. There had been almost complete agreement between the two sides, and the few differences of view which had been revealed had not been significant.

He and the Prime Minister had agreed that the Americans had conducted the INF negotiations in Geneva with serious and sincere intent, and in close consultation with their allies. It was unrealistic to expect a positive result in Geneva, but equally important that the US should continue to strive for one under the eye of world opinion. If there were no result the Germans would commence deployment in two weeks' time, adhering strictly to the assurances they had given without conditions, and despite many psychological pressures to delay. German policy was not made in the streets but by the Government and the Bundestag. The latter would

/vote

Enclosures—flag(s).....

vote on the evening of 22 November, and it was clear there would be a majority for deployment. A new rumour had appeared in the press that deployment would be interrupted to permit negotiations, but the only breaks in the deployment programme would be for technical, not political, reasons.

~~He~~ Kohl proposed that ~~the~~ two Governments should endeavour jointly to make the European Parliament's debate on INF the following week as successful as possible. He thought personally that there was a good chance of a large majority in favour of the double decision, but he suggested Mrs Thatcher might have a word with her political colleagues in Strasbourg to encourage them to achieve the right solution.

The two Heads of Government had agreed that they did not want a freeze in relations with the East or a reversion to cold war and that even after deployment the dialogue must continue. The East, too, had an interest in continuing negotiations, eg in the CDE in Stockholm beginning in January, which there was no question of putting on ice. ~~The Chancellor believed that~~ The chances of an agreement in the INF talks would be greater once deployment had started, since there were still some people in the Kremlin who did not believe it would start. He thanked Mrs Thatcher for the British

/Government's

Government's support in these difficult days, through maintaining ^{both} ~~both~~ BAOR and its role as a protecting power in Berlin.

He had given the Prime Minister an account of his recent journey to East Asia. They had also discussed the Lebanon, where there was a danger that the worrying situation might develop broader repercussions; Grenada, over which both of them had felt that the right course was to look to the future and a restoration of democracy in the island; and the coming European Council in Athens, where it was important that decisions on the package outlined at the Stuttgart Council should be taken and not postponed.

The Prime Minister agreed that there had been a remarkable degree of unanimity in their talks. The British Parliament had already held its debate on INF, ~~and~~ HMG had obtained a majority for their policy which they hoped would help the Federal Government with its public opinion. Equipment related to deployment of cruise missiles was already coming into the UK so that, in the absence of agreement in Geneva, it could be deployed at the end of the year: but deployment itself had not yet begun.

The British Government, though determined to maintain an adequate defensive posture, disliked having to spend so much money on defence and would continue to negotiate

/vigorously

vigorously in all the existing disarmament fora to achieve balanced and verifiable reductions. No government wished more fervently for success in this field. On reform of the Community, ~~the British position was the same as the German one,~~ and we were determined to achieve results in Athens, building upon the excellent results achieved by Chancellor Kohl at Stuttgart. Our approach to transatlantic relations was also identical to that of the Germans. It was the essence of friendship that one should say when one disagreed, and the ~~minor~~ disagreements of recent weeks had no effect on the firmness of the Alliance.

As regards the economic situation, the prospects were now brighter. But there would be no sudden increases in output or productivity. The problems of the wider world would limit the speed at which we came out of recession.

Herr Genscher said that he and the Foreign Secretary had agreed that the importance of the twin track decision lay not merely in the military need for deployment but in showing that NATO was capable of implementing decisions it had taken. In the Bundestag debate too there would be a clear majority for deployment. The message that third country systems could not be taken account of in INF needed to be repeated publicly again and again. We should make use of the fact that Ceausescu in his recent letter had advocated non-inclusion (the first time a Warsaw Pact

/country

country had done so) though his other proposals were not acceptable. He and Sir G Howe had agreed that the East-West dialogue must continue both multilaterally and bilaterally.

Very close US/European relations were essential to persuading the USSR to make concessions. He and the Foreign Secretary had discussed ways in which the mechanics of transatlantic consultation could be improved. Early exchanges of views could prevent problems, and this was one lesson of Grenada, which had not been mentioned in transatlantic discussion before the military intervention.

A broadening of the Lebanon conflict must be avoided. The nearby Iran/Iraq war presented dangers in this respect. The Germans had advocated in POCO that those of the Ten who were not taking part in the MNF should give full support to their partners who were. But everyone should remember that the purpose of the MNF was to make a political solution possible.

In the discussion leading up to the Athens European Council the FRG and the UK must ensure the avoidance of an outcome in which an increase in own resources was agreed in concrete terms, while other aspects of the negotiation were covered only by general expression of intent. Both countries realised the importance of completing negotiations over Spanish and Portuguese accession as quickly as possible, and should say so at the press conference after the meeting. There could be no agreement to raise the 1% VAT ceiling

/without

without first achieving economies especially in the CAP. The Commission's proposal to phase out MCAs automatically was not acceptable. A quota system for milk and cereals would be necessary. They also expected that German concerns about steel would be taken into account in the context of Athens. As the main contributors to the Community they could not accept arrangements whereby the Italians could underbid a German steel industry which was already largely rationalised. Both countries should advocate sound budgetary policies at Athens, but for the sake of progress in Europe they should at the same time do all they could to help reach a concrete decision.

and Commercial

The Foreign Secretary agreed on the need to work for an agreement at Athens which was in line with the Stuttgart package and was specific on each individual issue. HMG's objectives were to obtain an equitable limit on budgetary imbalances which took account of relative prosperity, which measured the burden accurately and which took effect in 1984; to find legally binding ways to control the increase in agricultural and other expenditure; to secure inclusion of specific agreements on new policies; and to see the necessary conditions fulfilled for Spanish and Portuguese accession by 1 January 1986.

As regards the Lebanon, it was important to remember that the MNF was there to promote the process of reconciliation, and not to forget that the underlying problem was between the

/Israelis

Israelis and the Palestinians. He was concerned that trans-atlantic consultation had not developed commensurately with the very close degree of European political consultation. Recent meetings with the US Secretary of State had tended to be too short and rushed. NATO was crucial both to our two countries' national security and the security of Europe. There was a need for ways of sharing concerns on questions arising outside Europe.

Dr Woerner said that his talks with Mr Heseltine had reached agreement on all important points. He expressed appreciation that the Defence Secretary had gone on record as saying that BAOR would remain at its present strength. BAOR made an indispensable contribution to the forward defence of Europe, and the Germans appreciated both the quality of its forces and its good relations with the German population.

They had discussed the programme for INF deployment and had agreed it must be adhered to: any delay in any form was out of the question. They had also discussed the peace movement's methods of opposing deployment, and how to deal with them. All attempts to influence public opinion must be based on the twin assumptions that a defence effort was necessary, and so was NATO.

They had agreed that the defence aspects of the CDE were important, and that any military results achieved there must not impede the timely arrival of reinforcements, or the rehearsing of reinforcement by means of exercises.

/He

He and Mr Heseltine had welcomed the various US initiatives for strengthening conventional capability (emerging technology, counter air etc) but NATO must develop a conceptual guideline for these at present largely unrelated initiatives. Moreover Europe had a common interest in using discussion of this subject to improve the two-way street in defence equipment procurement. Otherwise, there was a danger that US industry could corner the market in the new US weapons systems. In order to remain competitive, European industry must be prepared to cooperate closely.

The two Ministers had taken note, for the first time at one of these meetings, of a report by national Armaments Directors. This had shown that successful cooperation had brought progress in a number of projects (eg Tornado, third generation anti-tank weapons). They had agreed that air staff talks on the advanced combat aircraft had yielded promising results, and that as many Allies as possible should be associated with this project.

The Defence Secretary said he had nothing to add to Dr Woerner's account of their talks. The talks had been part of a continuing dialogue, and they would be meeting again at the NATO Defence Ministers' meeting in two weeks time.

Count Lambsdorff said that in considering trade policy questions he and Mr Tebbit had agreed it was important to make progress on the development of the internal market.

The 20 directives were frozen because the French and others had reservations, and would only agree if the Community introduced a separate common commercial policy instrument to defend it against imports from third countries. Recently, the French had shown some readiness to compromise - eg in recent talks with the French Industry Minister, about which he had informed Mr Tebbit. But further French compromise would be necessary, and tenacious efforts would be needed to secure it.

The main problem was over decision-making. The French wanted to give power to the Commission. The Germans wanted the power to lie with the Council and decisions to be taken by qualified majority. However keen they were to see the internal market develop they thought yielding on the question of qualified majority would be too high a price to pay. The introduction of measures to restrict third country imports would be popular with the public, but short-sighted. If we sealed ourselves off from outside competition, we would lose our own competitiveness in third markets. Patience and determination would be needed. Decisions might not be possible until the French Presidency.

Mr Tebbit had mentioned the need for progress in services (especially banking and insurance policy). The Germans agreed, and were determined to make progress.

On the A320 airbus, both Governments had agreed that they did not want another purely "political" aircraft and
/were

were only prepared to proceed on the basis of a proposition which made commercial sense. A320 did not yet meet this condition, and needed further development. He had told Mr Tebbit in response to a question that the Federal Government had given an amber light to the project. He himself had pointed out that the French had a legitimate interest in wanting to get their engine into operation as soon as possible; Rolls Royce had a later schedule for their engine. He and Mr Tebbit had agreed that if the A320 project went ahead, it should be capable of taking both alternative engines. The basic question was whether we should maintain a European aircraft industry for aircraft of this size or whether the market for 150-seaters should be left to Boeing. The German view was that strenuous efforts should be made to keep the European industry going, while not losing sight of economic factors. He and Mr Tebbit had also discussed the management and structure of AI. They agreed that it could be made more effective, but that the question would need careful presentation to the French, who were easily offended

He and Mr Tebbit had agreed that Community steel prices could only be stabilised if subsidies and capacity were reduced. Member countries had to be prepared to make greater efforts to reduce capacity. Mr Tebbit had emphasised that the UK had done most of what it could to contribute to this, and he (Count Lambsdorff) had said that even though the German industry had already reduced its capacity over the past two decades there would be further

/reductions

reductions over the coming year. Both had stressed that negotiations over steel imports from third countries should take account of existing trade patterns and volumes. The Commission should face its responsibility for the proper functioning of steel rationalisation measures. There could be no concept for the Community's finances without a concept for steel. It was agreed that a special Steel Council in December would be valuable. The Ministers had agreed that the Article 58 quota system should be continued, but Mr Tebbit had said that a deterioration in the British position would not be acceptable.

The Trade and Industry Secretary endorsed this account of their discussions. HMG was particularly concerned to avoid protectionism in external trade and the danger of trade wars. He had noted with regret that the CAP encouraged a tendency towards protectionism by producing surpluses that had to be dumped. Discussion of Airbus had been frank and useful, and they had agreed to consult closely and keep in step. HMG were also concerned about the need to cooperate on research and development in Europe, on a commercial and not a bureaucratic basis. Only through cooperation could the Community take advantage of the opportunities in telecommunications and fend off the growing challenge from IBM in that field.

Dr Stoltenberg said that he and Mr Lawson had discussed international debt problems in the light of the meeting. They had agreed on the importance of co-ordinating

/the

the policy of the industrialised countries, in discussions in which the banks should take part, to keep the third world's huge debts under control. After Williamsburg there was no need for a major conference on the world monetary system, but certain studies should be pursued in the IMF.

The new Commission proposals on the EC budget had been received only yesterday, and it had only been possible to study them briefly. But they, and the paper by the Greek Presidency, fell far short of expectations. These did not meet joint UK/FRG requirements on financing. Little time was now left before the European Council, where a package agreement was necessary. It was important to emphasise the need to ^{curb} the growth in agricultural expenditure. Changes would affect German agriculture, but there was no sense in securing economies on temperate products and incurring new expenditure in the Mediterranean. The UK set great store by a legally binding financial guideline. He and the Chancellor were united in their view that new policies should be in low-cost areas like the internal market and environmental protection. The structural funds needed to be more efficient. They did not need more funds. Finance Ministers should have a greater say in all decisions with budgetary implications. The central problem was to achieve equitable burden sharing: the club of net contributors must be expanded. A new financing system should be calculable in its effects.

/The

The UK wanted a limits system based on a GDP limit and on net balances. That would be ideal but the Germans had doubts about its acceptability by the others. As far as any increase in own resources was concerned, other points would need to be solved first, eg enlargement. The increase in own resources would have to be far lower than proposed by the Greek Presidency, though it was not possible to suggest precise figures now. The increase would have to be linked to Spanish and Portuguese accession.

There could be no question of the Germans accepting the automatic dismantling of MCAs, as the Commission had recommended. Perhaps the best way forward would be to prolong the gentlemen's agreement of 1979.

The Chancellor of the Exchequer said that in discussion of burden sharing, he had insisted that the burden must be measured in terms of net contributions, not receipts, and that whatever was agreed must apply to 1984. He and Dr Stoltenberg had agreed that firm control of agricultural expenditure was necessary, in addition to the adjustment of individual commodities regimes. In the UK view this would only be effective if there was a legally binding financial guideline. It was vital for the Germans and the British to continue to stick together.

Dr Rohr, State Secretary at the Federal Ministry of Agriculture, said that he and Mr MacGregor had discussed the items due to be raised at the Special Council in Athens.

/He

~~He said~~ The financial guideline had been discussed in terms similar to these reported by Dr Stoltenberg and the Chancellor of the Exchequer. On price policy and guarantee thresholds, he and Mr MacGregor had agreed that other commodity sectors as well as milk and cereals must also be covered. There was a need for a precise price formula, about which they would need to stay in close touch.

They had agreed that the proposed oils and fats tax was unacceptable. On cereals, they had agreed that policy should be to narrow the gap between EC prices and those of the main competitor countries.

On cereal substitutes, the Community had been given a mandate to hold talks with the US, and they had agreed that such talks were desirable. They had also agreed that cereals subjects were likely to be an important element in the discussions at Athens.

The problem of expenditure on milk must be resolved. Mr MacGregor had emphasised HMG's preference for action through a restrictive price policy. However, they had agreed that if a quota arrangement was necessary, around 97 million tonnes would be the right quota figure.

He and Mr MacGregor had also agreed that the proposed change in the calculation of MCAs should be rejected. On the proposals on agricultural structures there had been a wide measure of agreement.

/The Minister

The Minister of State for Agriculture (Mr MacGregor) agreed with this account of their talks and had nothing to add.

The Federal Chancellor, winding up, commented that the good bilateral relations which had been established between individual Ministers and Departments were a good basis for further cooperation. Once relationships had been established, ~~telephone contact was possible~~ *business could more easily be transacted by teletype.*

The Prime Minister thanked the Chancellor for his hospitality, and ~~said the talks had been conducted in a wonderful atmosphere~~ *to the credit in which the talks had been conducted.*

The meeting concluded at 1201 hours.

AD ¹⁴/₁₁



10 DOWNING STREET

From the Principal Private Secretary

11th November 1983

Dear Mollie and Jock,

I am writing to thank you so much for sustaining with such grace and good humour yet another invasion on your house, especially on your wedding anniversary. It must be a comfort to think that by this time next year you will be free from such outrages. Anyway it was lovely to see you and, as always, you and

your staff looked after us all marvellously.

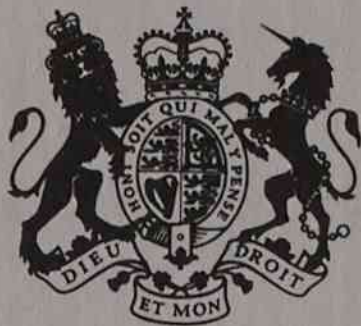
Thank you so much.

I am enclosing a photograph
for you and one for Finck von

Finckenstein, which I should be very
grateful if you could deliver to him with my letter.

Yours ever,

Robin



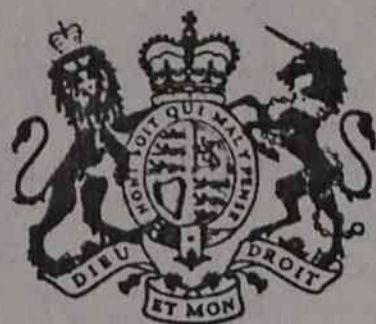
10 DOWNING STREET

PRIME MINISTER

You said that you would
like Sir Jock Taylor to
have an up-to-date
photograph for the Embassy.
Would you please inscribe
the one below.

F.R.B.

11 November 1983



C/f Feck

10 DOWNING STREET

From the Principal Private Secretary

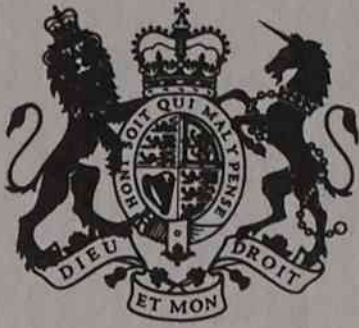
11 November 1983

The Prime Minister was very grateful to you for escorting her on her visit to Germany earlier this week. As always, the arrangements were faultless. She has asked me to send to you the enclosed photograph with her best wishes.

FECK

Graf Finck von Finckenstein.

German Head of Protocol.



10 DOWNING STREET

PRIME MINISTER

The German Head of Protocol
has asked if he might have a
photograph of you. If you
want to instrube it to him
personally, he is
Graf Finck von Finckenstein.

— — — — —
F.E.R.B.

Her von Finckenstein?

11 November 1983

Prime Minister

You should write 'Graf Finck
von Finckenstein' —
Graf is a little like Count.

F.E.R.B.

14.11

PRIME MINISTER

PRESS CONFERENCE

You are to give a joint press conference with Chancellor Kohl at noon today and you have plenty of time for it. You are not scheduled to leave for Sankt Augustin until 1.00pm.

At the time of writing, there is nothing to change my advice not to give separate radio and tv interviews. The Dām affair seems to have calmed down.

Since you are not doing radio and tv, I suggest that when you get British questions, and especially from radio and tv, you give as crisp an answer as possible, consistent with proper explanation.

Media Concerns

There are 4 major areas of interest:

- 1 Middle East and Lebanon; —
- 2 INF deployment;
- 3 State of Euro/American, and especially Anglo-American relations after Grenada;
- 4 European Community (which they know you are dealing with today).

The main questions arising in the minds of journalists are:

Middle East and Lebanon

- Are the Americans planning retaliation? Why have they such a large fleet in the area?
- Have you asked Chancellor Kohl to join with you in appealing to Reagan for restraint? (As the London Evening Standard said you would). If so, what was his answer? Any joint action?
- What will you do if there is a retaliatory strike? Pull out of MNF?
- How do you view closer American co-operation with Israel reported today?

This cluster of concerns will give you a further opportunity to present the arguments against revenge but for self-defence. But it is important to keep the temperature down. Yesterday's effort appears to have been successful.

INF Deployment

You will be taking the initiative on this and, subject to events, you may wish to put most emphasis on this in your remarks. It is very important to show resolve.

Questions arising:

- Are the Americans planning a new initiative at Geneva? Answer
Ask the American
- What are the prospects for settlement/movement at Geneva? (I have repeated in briefing your view that the chances now of zero option are negligible).
- How has Grenada made your (British/German) life difficult on deployment?
- Given the Daily Mail opinion poll today showing a huge (94%) majority in favour of dual-key, won't you eventually be driven to acquiring it?
- What response to Ceaucescu letter and what do you think lies behind it? See Annex III.
- Is Andropov in charge or passing peacefully to his end?

Transatlantic Relations

The questions are at two levels:

- 1 To make mischief - to provide weft with which to weave stories of deepening/widening splits;
- 2 Genuinely deep concern about recent events, and their possible repetition (over the Middle East and arms for Argentina); and what Britain/Germany/Europe is going to do about it? Demand closer consultation? More Summitry? Greater Euro dimension to consultation?

I think it is very important you play down references to Grenada, which is becoming symbolic of rift, and look to the future. I believe the media are looking for re-assurance because they think their readers want it. A news story would be any move to seek more trans-Atlantic Summitry to complement the already extensive bilateralism and Summitry in Europe.

European Community

The media are beginning to smell blood at Athens, especially after yesterday's paper from the Commission suggesting our real EC Budget bill may be less than half the sum we have been claiming. They will be looking to you for strong comment on this to feed their prejudices.

I believe the best tactic would be to brush the Commission's paper aside as a phoney and unacceptable exercise; to express a quiet determination and resolve to get the Community's finances on a fairer basis in the interests of the Community; and generally to present a picture of iron British resolve and determination to set up a square deal in Athens.

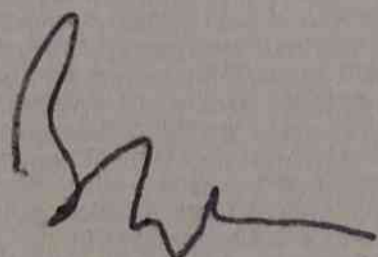
Questions arising, apart from the Commission paper:

- 1 Any progress in Bonn; are you and Germans allies, and what are your differences?
- 2 What are prospects for breaking the back of the negotiations in Athens - better now, as a result of this Summit, or worse?
- 3 Isn't it all really a worse mess with no prospect whatsoever of a solution this year or next?

Other Points

You can present this bilateral as hard-working and covering a very wide field of mutual interests. There will be little interest in matters outside the 4 main concerns rehearsed above, but it does no harm to show Britain and Germany working extensively and well together.

I attach an aide memoire for the press conference (Annex I); Reagan's useful quote on retaliation (Annex II); and FCO notes on EuroCommission paper and Ceausescu (Annex III).



B. INGHAM

9 November 1983

ANGLO-GERMAN BILATERAL PRESS CONFERENCE

AIDE MEMOIRE

1. Important bilateral coming as it does with Middle East in turmoil, INF and disarmament negotiations at an important stage, and before Euro Council in Athens.
2. Had most valuable exchange both at Head of Government level and across a number of Departments. 5 British Ministers taking part apart from yourself - Howe, Lawson, Heseltine, Tebbit, MacGregor.
3. Close accord on a lot of issues.
4. Main topics discussed with Chancellor Kohl:

Middle East - deep concern about turmoil and agreement we must not be deflected from doing what we can to promote reconciliation in Lebanon;

Western Alliance - important after Grenada to look to the future and strengthen co-operation;

East-West relations; INF (your remarks on INF and British and French deterrents - see Annex Ia and Ib);

European Community - Iron resolve to get a fairer, squarer deal in interests not merely of Britain but of Community - and on a basis of fair, not phoney, counting of the cost. We both want a cost-conscious Community, with a proper Common Market for goods and services, free from protectionism. And on the budget we both want a lasting remedy based on fair measurement of the problem and operating on the revenue side.

5. Then this afternoon, while Foreign Secretary on way to Athens for Special Council preparatory to Euro Council, you will pay short visit to Sankt Augustin (Owgoosteen) which is twinned with your home town of Grantham to meet Mayor and visit Konrad Adenauer Foundation and Children's hospital.
6. Looking forward to visit, fortified by value of discussions here in Bonn.



The Governments of the Federal Republic of Germany
and of the United Kingdom agreed that:-

- they would work for an agreement at the European Council in Athens in December on the negotiations launched at Stuttgart and that, in line with the Stuttgart Declaration this agreement would need to deal specifically with each of the issues covered in the negotiations
- they would require an equitable limit on this financial burdens, taking account of their relative wealth
- they would together seek by appropriate means effective control of the rate of increase of agricultural and other spending
- they wished to see the conditions fulfilled for completion of the accession negotiations with Spain and Portugal, with a view to their membership of the Community no later than

1 January 1986

CONFIDENTIAL

DSR 11C

DRAFT JOINT STATEMENT BY THE PRIME MINISTER AND
CHANCELLOR KOHL: 9 NOVEMBER: INF

We discussed the issue of intermediate-range nuclear forces. We reaffirmed our support for NATO's 1979 Dual Track decision. Our Governments will proceed with the arrangements enabling the first deployment of Pershing II and Cruise missiles in the Federal Republic of Germany and Great Britain by the end of 1983. We shall as always continue the search in Geneva for an agreement which will make the deployments unnecessary.

If such an agreement is not possible before the end of 1983, and the first deployments are thus necessary, this should not in our view signal the end of negotiations but rather the moment to redouble our efforts towards achieving the arms control agreement which the peoples of the NATO countries so much desire. The deployments in the Federal Republic of Germany and Great Britain are planned to spread over five years. They can be halted or reversed as soon as progress in Geneva warrants it.

Our two Governments would greatly regret any decision by the Soviet Union to break off the negotiations in Geneva. This would be unjustified - NATO after all, continued to negotiate at Geneva while the Russians were deploying new SS20s at the rate of one every week. It would also be against the interests of both sides.

Stolicholm

DRAFT STATEMENT BY THE PRIME MINISTER: 9 NOVEMBER:
THE RELATIONS OF THE BRITISH NUCLEAR DETERRENT TO ARMS
CONTROL

The Soviet Union persists in its demands that British and French nuclear weapons should be included in the INF negotiations. I should like to repeat our position.

The United States and the Soviet Union have agreed that their own strategic systems should be excluded from the INF negotiations. There can be no reason in equity or logic why the strategic systems of non-participants should be included. The Soviet attempt to suggest otherwise should perhaps be dismissed as a smokescreen, designed to hide what I hope is only a temporary unwillingness to negotiate seriously.

But, taken literally, what the Soviet leaders are asking for is either the unilateral strategic disarmament of Britain and France, or a monopoly of intermediate range missiles in Europe at the expense of the United States and its allies.

These demands are unacceptable and will remain so. Not because British weapon systems would be affected - but because what is proposed is unbalanced and inequitable, and would benefit one side at the expense of the other.

When it comes to arms control and disarmament, we in British claim no special privileges and no sanctuary. The record makes this clear, and we remain ready to play a full part in the arms control and disarmament process.

As far as the British deterrent is concerned, we must naturally take into account that our force is a strategic one, and that it represents less than three per cent of the strategic nuclear forces available to the United States or to the Soviet Union. It would be absurd as things stand for us to seek to trade reductions with a super power. But we have never said 'never'. On the contrary, we have made it clear that, if Soviet and US strategic arsenals were to be very substantially reduced, and if no significant changes had occurred in Soviet defensive capabilities, Britain would want to review her position and to consider how best she could contribute to arms control in the light of the reduced threat. That remains our position, which, I may add, I have brought to the personal attention of the Soviet leadership.

Worried About US Retaliation in Middle East?

I am concerned about any step which raises tension there. Cannot do better than quote President Reagan:

"Getting the people directly responsible and doing something to indicate that terrorism does have its punishment is a little different from just blindly striking out."

(Korean interview 7 November).

CEAUSESCU MESSAGE

It is not addressed to us. Kohl to reply.

Will want to consult with Allies, as we always do on these issues. But at first sight it seems to recognise that British and French strategic systems have no place in INF and that negotiations must continue after INF deployment begins. That at least is sensible.

Elements of a statement on Grenada

- We discussed the question of the American action in Grenada.
- In doing so we agreed that what counts now is looking into the future.
- We are convinced that under the circumstances Grenada will have a new chance to return to democracy. This we welcome.
- We hope that the restoration of normal political life on the island will take place in the shortest time possible.
- The North Atlantic Alliance, which unites the USA together with Canada and their European Allies in the defence of peace and freedom, has not been impaired by the events in Grenada. Frank words which we exchanged with our American friends in the past weeks with regard to Grenada cannot change our firm unity as regards fundamental views on law and freedom.

CONFIDENTIAL



A.J.C. $\frac{14}{11}$

h.a.

RECORD OF A DISCUSSION OF COMMUNITY ISSUES BETWEEN THE CHANCELLOR
OF THE EXCHEQUER AND THE FEDERAL GERMAN FINANCE MINISTER: BONN
9.15AM, 9 NOVEMBER 1983

Present:

Chancellor of the Exchequer
Mr Unwin
Miss Pestell: British Embassy
Mr Kerr
Mrs Leslie: British Embassy

Dr Stoltenberg
Dr Tietmeyer) Federal
Herr Wesselcock) Finance
Dr Heck) Ministry

1. Dr Stoltenberg said that he was concerned that no real progress would be made at the Special Council in Athens on 10-12 November. The Presidency and Commission papers were not helpful. The omens for the December European Council were unfavourable, and failure then would produce a dangerous financial crisis in 1984.
2. All elements of the Stuttgart package must be settled together. Savings on the CAP must be secured and the growth of expenditure kept below the growth of the "own resources base" - some 8-10 per cent per year. The proposed oil and fats tax was inappropriate, and the Commission's proposals on feed substitutes unsatisfactory.
3. The development of new policies should be confined to those which did not involve large new expenditure commitments eg the internal market, the environment, and perhaps, in the medium term, limited initiatives in research and development. The Commission's ideas were far too ambitious: one way of handling them might be to agree to discuss them only as medium/long term possibilities for consideration now, and implementation only when the resources were available.
4. On the Budget, the prime German aim was to secure some enlargement of the club of net contributors. Finance Ministers should play a greater role in all decisions with budgetary implications, and



particularly those on agriculture. The Danish proposals for the correction of budgetary imbalances were unacceptable, because they envisaged a solution on the expenditure side of the budget, which was unrealistic. The French proposals too were unsatisfactory, though the Germans had found them more flexible in recent contacts. There was as yet no UK/FRG agreement on the detail but there was an identify of view of the underlying basic philosophy. Some flexibility would be needed in the run-up to, and at, the European Council.

5. The Chancellor agreed that it was desirable to reach decisions at Athens, and that neither the Presidency nor the Commission were being helpful. The UK and Germany would have to continue to give a lead. Both approached the 3 Stuttgart aims in the same way.

6. The key to solving the Community's financial crisis lay in controlling spending on agriculture. Adjustments to individual commodity regimes were necessary but not sufficient: an effective overall control was required. Neither the Commission nor the Agriculture Council could be relied on to implement non-binding declarations of intent: only a legally binding financial guideline would be effective. The Dutch shared this view. We could be flexible on the detail, but a strict financial guideline was for us an absolute requirement.

7. On new policies, our approach was the same as the Germans. New policies must be considered on their merits, must not entail large new expenditure, and must concentrate on opening up the internal market. He was interested in Dr Tietmeyer's suggestion at the October ECOFIN in Luxembourg that progress could be made on insurance by dealing first with large commercial risks. If the Germans had in mind a genuine liberalisation - we should be happy to look at proposals for a directive limited to major risks. But it would not do to envisage the present draft amended to delete provisions for consumer risks: that would not amount to a genuine liberalisation.



8. On the Budget, it was unfortunate that the FRG had tabled their paper on correction of budgetary burdens when they did. Other member States were showing some movement, and it was too early for the net contributors to offer compromises. He had however appreciated the German readiness to defer tabling the paper until further bilateral discussions had been held, and the changes that had been made. The cause of the disagreement between Bonn and London was that we were convinced that the only objective burden-sharing measure was net contributions. This had long been accepted by the Community, and the Commission's latest bizarre proposals demonstrated that the net contribution concept was the only rational or acceptable one. We welcomed the acceptance in the German paper of the desirability of measuring burden by reference to net contributions if the Commission's modulated VAT proposal were rejected. It would be rejected, not least by us, so we hoped that the Germans would rapidly revert to the net contribution concept. If it were not accepted, there would be no agreement at Athens.

9. We had analysed the illustrative examples which the Germans had put forward, showing how their scheme would work in practice. In 1982 it would have given the UK a rebate of less than half of its net contribution. That was quite inadequate. It was surely also unacceptable to both the UK and the FRG that if the burden of net transfers grew the German marginal rate of contribution would be 74-85 per cent, and the British 43-56 per cent. Yet these were the rates implied by the German proposals on the basis on which Herr Tietmeyer had originally formulated it. The UK could contemplate a small effective marginal rate of, say, up to 5 per cent, and the German Finance Ministry could be assured that this would be more than enough to give HM Treasury a strong continuing interest in controlling expenditure. It was a sticking point for us that reliefs should be related to net contributions, and applied on the revenue side. If other member States found the term "net contribution" offensive, we could



devise different terminology: but we would not drop the concept. And nor did we agree that we should contribute to our own refund.

10. Dr Stoltenberg said that with only a month to go before the European Council the Germans had felt it necessary to make some move. Heads of Government could not be expected to solve the problems in 24 hours at Athens unless proper preparatory work had been done, and adequate papers were before them. The Chancellor agreed, but thought that the net contributors had a very strong hand to play, in that they could refuse an increase in own resources. They might have to raise the stakes. We had already made it clear that there would be no increase in own resources without satisfaction on our safety net - on which some progress had already been made - and on effective control of agricultural spending. Dr Tietmeyer thought it difficult to single out the Agriculture Council, and place it under a legally binding restraint. Dr Stoltenberg said that in essence he agreed with the Chancellor. The words "legally binding" were the problem. Discussion was continuing in the Federal Cabinet, and he would argue strongly for effective measures. He added that the Germans were very concerned by the Commission's proposals for automatic dismantlement of MCAs following EMS realignments. Clearly this would suit the French, but they did very well out of the EMS already. The right procedure would be to stick to the 'Gentleman's Agreement', made some years ago, for the gradual removal of positive MCAs. The Chancellor said that we understood this, and could agree to it; but we could not agree to the German proposal that new positive MCAs should be avoided by linking agricultural prices to the strongest currency at future EMS realignments. Its effect would be to increase inflationary pressures and the costs of the CAP. Dr Stoltenberg said that the Germans were not wedded to this idea: they would be content with the continuation of the 'Gentleman's Agreement". But they could not accept automatic dismantlement.



11. Dr Stoltenberg said that Germany would agree to discuss an increase in own resources only if the other elements of the Stuttgart package were satisfactorily settled. The Stuttgart Declaration had placed the question of an increase in the context of enlargement, which meant that an increase should not be implemented before 1986 or 1987. It should be small. The Chancellor said that it was premature to talk of timing or amount. The question had not yet been addressed in the Cabinet in London. We could not contemplate - or indeed secure Parliamentary agreement to - any increase in own resources without satisfaction on CAP spending and limits to net budgetary contributions. Once these issues were settled the details of any increase in own resources could be considered on their merits. However, the safety net system itself would have to come into operation in 1984, with no gap after the end of ad hoc solutions in 1983. Dr Stoltenberg repeated that the Germans would only agree to an increase in the context of enlargement; but he did specifically confirm that the Germans agreed that a safety net scheme would need to operate from 1984 onwards.

[At this point the Secretary of State for Trade and Industry and Graf Lambsdorff joined the meeting.]

12. Graf Lambsdorff stressed his concern about quotas on agricultural price support. They would only be acceptable if there were no exceptions to take account of particular national interest. The Germans were however aware of the special Irish problem in the milk sector, and might be prepared to make concessions in the Irish case alone. The Chancellor agreed that restraints in the commodity regimes should not be weakened. He said that measures against imported feed substitutes were also dangerous. The only way of tackling this problem was to reduce cereal prices. Graf Lambsdorff strongly agreed, and pointed to the political sensitivity of agriculture for the US administration. Graf Lambsdorff and



Dr Stoltenberg repeated their opposition to an oil and fats tax.

13. The meeting ended at 10.30am.

JOK

J O KERR

Distribution:

PS/Chief Secretary
PS/Economic Secretary
Mr Middleton
Mr Littler
Mr Unwin
Mr Fitchew
Mr Lovell
Mr Bostock
Miss Court
Mr Edwards
Mr Hall
Mr Ridley

Mr Coles: No 10
Mr Fall: FCO
Mr Lowson:MAFF
Mr Williamson: Cabinet Office
Mr McCarthy: DTI
Sir J Taylor: Bonn
Sir M Butler: UKREP
Sir J Fretwell: Paris
Miss Pestell: Bonn
Mrs Leslie: Bonn

Downs
9/11

TEXT OF PRESS CONFERENCE

BY CHANCELLOR KOHL

AND THE PRIME MINISTER
THE RT HON MARGARET THATCHER, FRS, MP

IN BONN

ON WEDNESDAY, 9 NOVEMBER 1983

Press Office
10 Downing Street
Whitehall, SW1

Tel: 01-930 4433.

2

CHANCELLOR KOHL: (THROUGH TRANSLATOR) PRIME MINISTER, LADIES AND GENTLEMEN, THIS HAS BEEN THE FOURTEENTH SUCH ANGLO/GERMAN CONSULTATION MEETING AND AS IS USUAL IT SERVES FOR A BROAD EXCHANGE OF VIEWS WHICH IS OF COURSE THE PURPOSE FOR THESE MEETINGS AND IN THE ... IN VIEW OF THE PRESENT WORLD SITUATION IT IS QUITE CLEAR THAT WE DISCUSS THE SECURITY QUESTIONS, QUESTIONS OF DISARMAMNT, EAST/WEST RELATIONS AND THE IMMINENT ATHENS MEETING.

WE WERE ABLE ONCE AGAIN TO NOTE IN OUR DISCUSSIONS THE VERY CLDSE AND FRIENDLY CO-OPERATION BETWEEN OUR COUNTRIES AND THE FAR-REACHING AGREEMENT ON ALL THE SUBJECTS FOR DISCUSSION. OF COURSE A BROAD PART OF OUR DISCUSSIONS WAS NATURALLY TAKEN UP BY THE GENEVA NEGOTIATIONS ON MEDIUM DISTANCE MISSILES.

ONCE AGAIN WE HAVE CONSIDERED PRESIDENT REAGAN'S LATEST MODIFYING STEPS AND WE FEEL THAT THESE PROVIDE GOOD CONDITIONS FOR A RESULT BEING OBTAINED IN THE GENEVA NEGOTIATIONS AND SECRETARY ANDROPOV'S ATTITUDE DISPLAYED SO FAR SHOWS THAT IT IS STILL POSSIBLE TO OBTAIN A SATISFACTORY RESULT AT THE END OF THESE NEGOTIATIONS. WE APPEAL ONCE AGAIN FROM HERE TODAY TO THE SOVIET UNION TO ADOPT A CONSTRUCTIVE ATTITUDE AND TO RELINQUISH THEIR MAXI MUM DEMANDS CONCERNING THE BRITISH AND FRENCH WEAPONS SYSTEMS AND IN THIS WAY TO POPEN UP THE ROAD TO A FAIR COMPROMISE SOLUTION.

WE RECONFIRM ONCE AGAIN OUR FIRM RESOLUTION TO CARRY OUT THE NATO TWO-TRACK DECISION IN ALL ITS DETAILS AND ACCORDING TO PLAN AND IT IS NOW UP TO THE SOVIET UNION WHETHER THIS DEPLOYMENT WILL HAVE TO TAKE PLACE. THE PRESENT SITUATION IN GENEVA AND MY TALKS YESTERDAY WITH ASSISTANT SECRETARY OF STATE MR.DAM AND ALSO THE PERSONAL MESSAGE WHICH I RECEIVED FROM MR.(CHARAJELSKY) LAST WEEK, CONFIRMED ME IN THE VIEW THAT THE PRESENT NEGOTIATION SITUATION IN GENEVA HAD NOT YET BEEN FULLY EXHAUSTED.

IT'S LIKELY THAT BOTH SITUATIONS WILL GIVE A PRECISER VIEW OF THEIR POSITION IN THE LIGHT OF THE MOST RECENT UNITED STATES PROPOSAL PLANS, IT'S ALSO LIKELY THAT THE UNITED STATES WILL PROVIDE MORE DETAILED FIGURES. THE DECISIVE OBSTACLE AT THE MOMENT IS THE SOVIET INSISTENCE ON THE INCLUSION OR THE COUNTING IF YOU LIKE, OF THE UNITED KINGDOM AND FRENCH SYSTEMS. IN THIS CONTEXT MR. CHARAJELSKY HAS MADE A PROPOSAL WHICH MIGHT HELP US ALONG. IF AFTER ALL THESE EFFORTS THERE'S STILL NO SATISFACTORY RESULT IN GENEVA, THEN THE DEPLOYMENT WILL TAKE PLACE ACCORDING TO THE AGREED TIME SCHEDULE AND THESE ARMS WILL BE MADE READY FOR USE BY THE END OF THE YEAR. ANYTHING GOING BEYOND WHAT I HAVE JUST SAID, NOW EXPLAINED, IS PURELY SPECULATIVE AND BASICALLY FUNDAMENTALLY WRONG. WE BELIEVE THAT THE GENEVA NEGOTIATIONS ARE IN THE INTERESTS OF BOTH SIDES AND THERE IS ABSOLUTELY NO REASON WHY THE SOVIET UNION SHOULD GIVE UP NEGOTIATING AFTER A DEPLOYMENT HAS STARTED. WE SHALL CERTAINLY BE READY TO GO

ON NEGOTIATING AFTER THE REDEPLOYMENT

AND THIS INCLUDES THE READINESS TO DISMANTLE ANY DEPLOYMENT THAT HAS TAKEN PLACE IF NEGOTIATIONS LEAD TO A RESULT. WE ONLY AGREE ON ALL MATTERS CONCERNING THE CONFERENCE WHICH WILL BEGIN IN THE MIDDLE OF JANUARY IN STOCKHOLM ON

ON CONFIDENCE BUILDING MEASURES AND DISARMAMENT. WE CONSIDER THAT THIS IS AN IMPORTANT NEW STAGE FOR CO-OPERATION IN EUROPE. WE THINK THAT BOTH THESE ELEMENTS ARE OF EXTREME IMPORTANCE AND WE THINK THAT THE DIALOGUE BETWEEN THE SOVIET UNION AND THE WEST WILL CONTINUE - OF COURSE IN STOCKHOLM

THERE WILL NOT BE A QUESTION OF MISSILES BUT OF CONVENTIONAL ARMS BUT NEVERTHELESS IT WILL BE A NEGOTIATION ON THE DISARMAMENT. OF COURSE WE ALSO IN THE COURSE OF OUR DISCUSSIONS HAD A TOUR D' HORIZON OF MY RECENT VISIT TO ASIA, JAPAN, INDONESIA AND INDIA. WE'VE SPOKEN AT GREAT LENGTH VERY THOROUGHLY ABOUT THE SITUATION IN THE NEAR EAST AND THE ANXIETY THAT THIS CAUSES US AND THE SITUATION IN THE LEBANON AND OF COURSE WE ALSO MENTIONED THE GRENADA PROBLEM.

ONE OF THE CENTRAL ISSUES OF OUR TALKS WAS THE PREPARATION OF THE ATHENS SUMMIT MEETING AND THIS OF COURSE INVOLVED ALL THE OTHER MINISTERS WHO WERE HERE, THE MINISTER OF FINANCE, THE MINISTER OF ECONOMIC AFFAIRS, AGRICULTURE AND SO ON. WE WANT ATHENS TO BE A SUCCESS AND WE SHALL CERTAINLY CO-OPERATE TO ENSURE THAT THIS IS SO AND THIS MEANS THAT THE PACKAGE WHICH WE PUT TOGETHER IN STUTTGART SHALL NOW BE PROPERLY PROCESSED. THE COMMUNITY MUST BE IN A POSITION TO DO ITS JOB, TO FUNCTION PROPERLY AND THIS IN PARTICULAR WITH THE PROSPECT WHICH WE WELCOME OF ENLARGEMENT BY SPAIN AND PORTUGAL. WE THINK IT'S AN URGENT NECESSITY TO LIMIT THE DYNAMICS OF EXPENDITURE IN THE AGRICULTURAL FIELD, AND WE REALISE THAT THE BUDGETRY LOAD OF THE COMMUNITY SHOULD BE EQUALLY SPREAD AND THAT A LIMIT SHOULD BE SET ON THIS BURDEN.

I WOULD NOW INVITE THE PRIME MINISTER TO MAKE A STATEMENT.

MRS. THATCHER: THANK YOU, CHANCELLOR. I WOULD LIKE IF I
MAY TO ADD A FEW COMMENTS TO WHAT THE CHANCELLOR OF THE
FEDERAL REPUBLIC HAS SAID. FIRST, THIS BILATERAL COMES AT A VERY
IMPORTANT TIME, BEING, AS IT IS, SHORTLY BEFORE THE DEPLOYMENT OF
CRUISE MISSILES, SHORTLY BEFORE THE ATHENS SUMMIT MEETING AND OF
COURSE AT A TIME WHEN THERE IS CONSIDERABLE TURMOIL IN THE LEBANON
AND ALSO AT A TIME WHEN I THINK THAT THERE IS MORE HOPE FOR THE
ECONOMIC FUTURE OF EUROPE AND FOR THE WORLD IN GENERAL. MAY I
DEAL VERY BRIEFLY WITH EACH OF THOSE FOUR THINGS.

4

MRS. THATCHER: WITH REGARD TO THE CRUISE MISSILES: FIRST WE HAVE HAD
OUR DEBATE IN OUR PARLIAMENT, IT ENDED WITH A MAJORITY OF OVER
140 IN FAVOUR OF DEPLOYING CRUISE MISSILES IN BRITAIN IN THE
ABSENCE OF AN AGREEMENT ON ZERO OPTION. WE ARE VERY ANXIOUS FOR THE
NEGOTIATIONS IN GENEVA ABOUT THE INTERMEDIATE NUCLEAR WEAPONS TO BE
A SUCCESS, THE BEST POSSIBLE CHRISTMAS PRESENT FOR THE WHOLE OF THE
WESTERN ALLIANCE WOULD BE IF THE SOVIET UNION WERE TO AGREE TO TAKE
DOWN HER SS20S AND THEREFORE, BY IMPLICATION, TO AGREE TO THE ZERO
OPTION. THEN THE CRUISE AND PERSHING PROGRAMMES COULD QUICKLY BE
PUT INTO REVERSE AND THERE NEED BE NO DEPLOYMENT. SHOULD, HOWEVER,
WE HAVE TO DEPLOY, WE WOULD DEEPLY REGRET ANY DECISION BY THE SOVIET
UNION TO BREAK OFF NEGOTIATIONS IN GENEVA, AFTER ALL WE HAVE BEEN
NEGOTIATING WHILE THE SOVIET UNION WAS DEPLOYING THE SS20S AT THE
RATE OF ONE A WEEK. THAT DID NOT STOP US FROM TRYING TO NEGOTIATE
ON DISARMAMENT - SO GREAT IS OUR WISH FOR THOSE NEGOTIATIONS
TO SUCCEED AND WE THINK IT WOULD BE QUITE WRONG AND UNREASONABLE
OF THE SOVIET UNION THEREFORE TO BREAK OFF NEGOTIATIONS IN GENEVA.

MAY I BRIEFLY EXPLAIN THE POSITION WITH REGARD TO THE
BRITISH INDEPENDENT NUCLEAR DETERRENT, THE POLARIS WEAPON? FIRST
THAT IS NOT AN INTERMEDIATE WEAPON, IT IS A STRATEGIC WEAPON, IT
IS IN BRITAIN TO DETER THE SOVIET UNION'S USE OF HER STRATEGIC
WEAPONS AGAINST BRITAIN. IT WAS THERE LONG BEFORE ANY SS20S
WERE DEPLOYED. ITS PURPOSE REMAINS TO DETER A STRATEGIC ATTACK OR
INDEED ANY ATTACK ON THE UNITED KINGDOM BY THE SOVIET UNION.

WHEN IT COMES TO COMPARING STRATEGIC WEAPONS WITH STRATEGIC
WEAPONS, FOR EVERY ONE STRATEGIC WEAPON WE POSSESS, THE SOVIET
UNION HAS FORTY. YOU CAN SEE THEREFORE THAT IT WOULD BE QUITE
ABSURD FOR US TO ENTER INTO NEGOTIATION WITH A SUPER POWER TO TRADE
OFF OUR VERY SMALL IRREDUCIBLE MINIMUMS. THE SENSIBLE THING IS FOR
THE SOVIET UNION, WITH THOSE LARGE NUMBERS OF STRATEGIC WEAPONS, TO
NEGOTIATE WITH THE UNITED STATES ON HER LARGE NUMBER OF
STRATEGIC WEAPONS AND IF THOSE NEGOTIATIONS WERE OVERWHELMINGLY
SUCCESSFUL AND THE ENORMOUS NUMBERS OF STRATEGIC WEAPONS IN THE WORLD
REDUCED VERY GREATLY INDEED, THEN OF COURSE WE WOULD WISH
TO TAKE OUR PART IN THE ARMS CONTROL DISARMAMENT PROCESS.

AND WITH REGARD TO ATHENS, WE WORK FOR AN AGREEMENT AT THE ATHENS SUMMIT ON THE BASIS OF THE NEGOTIATIONS WHICH WERE COMPLETED AT STUTTGART. MAY I SELECT JUST THREE POINTS: FIRST, 5

FROM OUR VIEWPOINT AND FROM THE VIEWPOINT OF OUR DISCUSSIONS THIS MORNING, WE MADE IT VERY CLEAR THAT WE SHALL REQUIRE AN EQUITABLE LIMIT ON THE FINANCIAL BURDENS OF EACH MEMBER OF THE COMMUNITY AND THAT EQUITABLE LIMIT WILL HAVE TO BE DETERMINED BY REFERENCE TO THE ABILITY TO PAY. SECONDLY, WE SHALL SEEK A STRICT FINANCIAL CONTROL BOTH OVER AGRICULTURE EXPENDITURE AND ALL OTHER EXPENDITURE OF THE COMMUNITY: UNLESS THERE IS THAT STRICT FINANCIAL CONTROL THE RESOURCES WOULD VERY QUICKLY BE DISSIPATED. AND THIRDLY, WE SHOULD LIKE TO SEE THE ACCESSION OF SPAIN AND PORTUGAL BECAUSE WE ARE ANXIOUS TO ENLARGE THE AREA OF DEMOCRACY IN EUROPE, DEMOCRACY AND STABILITY, WHICH IS IN THE INTERESTS OF EACH OF US AND IN THE INTERESTS OF THE WESTERN WORLD AS A WHOLE.

THIRDLY, THE TRAGEDY OF THE MIDDLE EAST DOES NOT LESSEN WITH LEBANON IN TURMOIL. I MADE MY OWN POSITION CLEAR IN PARLIAMENT YESTERDAY WITH REGARD TO SOME OF THE PRESENT DEBATE AND NEWS. EVERY SOLDIER THERE UNDER MILITARY LAW AND EVERY FORCE THERE, HAS A RIGHT OF SELF DEFENCE: ONE COULD NOT POSSIBLY PUT A FORCE IN THE FIELD WITHOUT IT HAVING THAT RIGHT AND NO POLITICIAN WOULD DO IT. THE IMPORTANT THING NOW IS TO DO NOTHING TO JEOPARDISE THE PROCESS OF RECONCILIATION WHICH IS BEING UNDERTAKEN TO ENSURE THAT LEBANON WILL HAVE A SECURE AND STABLE GOVERNMENT AND A PROCESS WHICH WILL BRING BACK THE INTEGRITY OF THE LEBANON.

FOURTHLY, FINALLY, AND BRIEFLY: WE ARE ENCOURAGED BY THE SIGNS OF ECONOMIC PROGRESS WHICH WE BELIEVE WILL CONTINUE INTO NEXT YEAR, WE STILL HAVE PROBLEMS WITH PROVIDING ENOUGH JOBS BUT THE NEWS WE FEEL NOW IS BETTER THAN IT WAS A YEAR AGO AS FAR AS

ECONOMIC PROGRESS IS CONCERNED. THANK YOU. NOW QUESTIONS.

QUESTION

TRANSLATOR: THE FEDERAL CHANCELLOR, PRIME MINISTER, WHAT CONCLUSIONS HAVE YOU BOTH DRAWN FROM THE INFORMATION THAT YOU RECEIVED YESTERDAY FROM MR. DAM WITH REGARD TO THE DEVELOPMENTS IN GRENADA?

6

CHANCELLOR KOHL:

TRANSLATOR: MR. DAM OF COURSE BEFORE HE CAME HERE YESTERDAY WAS IN LONDON AND QUITE NATURALLY YESTERDAY AND TODAY WE DISCUSSED THE GRENADA SITUATION AND WE AGREED THAT WHAT MATTERED NOW WAS TO LOOK FORWARD TO THE FUTURE AND THAT IN THE GIVEN CIRCUMSTANCES WE MUST DO ALL THAT IS POSSIBLE TO ENSURE THAT GRENADA IS NOW GIVEN A REAL CHANCE TO RETURN TO REAL DEMOCRACY. WE WELCOME THAT DEVELOPMENT.

AND FROM OUR TALKS WITH THE DEPUTY FOREIGN SECRETARY OF STATE, WE HAVE GAINED THE CONVICTION THAT THE UNITED STATES TOO ARE VERY ANXIOUS TO RETURN AS QUICKLY AS POSSIBLE TO THE NORMAL SITUATION THERE AND IT IS THE JOINT CONVICTION OF THE PRIME MINISTER AND MYSELF THAT THE NATO ALLIANCE IN WHICH THE UNITED STATES AND CANADA AND THE WEST EUROPEAN COUNTRIES, JOINTLY ENSURE PEACE AND FREEDOM FOR THE WESTERN WORLD, HAS NOT BEEN IN ANY WAY IMPAIRED BY WHAT HAS HAPPENED IN GENEVA.

IT IS OUR JOINT CONVICTION THAT ... THAT IT IS POSSIBLE ONLY WITHIN NATO TO REALISE OUR FUNDAMENTAL VIES OF PEACE AND FREEDOM AND JUSTICE AND THAT THESE PRINCIPLES HAVE NOT BEEN CHANGED AS THEY ARE UNIMPAIRED, THEY REMAIN AS THEY WERE AND IT IS IMPORTANT NOW AT THIS PARTICULAR STAGE TO RE-EMPHASIZE OUR FRIENDNSHIP WITH THE UNITED STATES.

MRS. THATCHER: MAY I RESPOND BRIEFLY: FIRSTLY, WE HAD CONSTRUCTIVE AND FRIENDLY TALKS WITH MR. DAM AND MR. BURT IN LONDON. SECOND, GRENADA HAS ANOTHER CHANCE TO RETURN TO DEMOCRACY WHICH WE HOPE THIS TIME WILL PERSIST. SHOULD SHE SEEK HELP IN THAT PROCESS OF RETURNING TO DEMOCRACY WE IN BRITAIN WOULD NATURALLY BE VERY WILLING TO RESPOND TO ANY REQUEST FOR HELP. THIRDLY, THE WIDER ATLANTIC ALLIANCE AS CHANCELLOR KOHL HAS SAID, IS IN GOOD HEART AND IN GOOD HEALTH.

QUESTION

TRANSLATOR: PRIME MINISTER, YOU DID NOT TODAY AND HERE REPEAT YOUR WARNING AGAINST AN AMERICAN REPRISAL IN THE LEBANON, DOES THAT MEAN THAT IN YOUR VIEW THE POSSIBILITY - THE THREAT OF SUCH A REPRISAL HAS DISAPPEARED?

MRS. THATCHER: I REPEAT WHAT I SAID IN THE HOUSE OF COMMONS YESTERDAY, THAT ANY FORCE HAS A RIGHT OF SELF-DEFENCE, IT IS PRECISELY FOR THAT REASON THAT WHEN I THOUGHT OUR OWN PART OF THE MULTI-NATION FORCE WAS NOT SUFFICIENTLY DEFENDED THAT I PUT SIX BUCCANEERS CLOSE BY IN CYPRUS SHOULD OUR OWN FORCE WISH TO CALL UPON THOSE, IT IS A RIGHT OF SELF-DEFENCE WHICH ANY FORCE HAS.

QUESTION

TRANSLATOR:

PRIME MINISTER, YESTERDAY A BRITISH DIPLOMAT SAID AT A CDU PEACE MEETING, THAT THE UNITED KINGDOM WOULD BE READY TO REDUCE ITS NUCLEAR ARSENAL, AS YOU HAVE SAID TODAY, IF THE SOVIET UNION WERE PREPARED TO DO THE SAME. BUT WHAT DO YOU THINK WOULD BE THE SOVIET PRECONDITIONS FOR ANY SUCH PROCESS?

7

MRS. THATCHER: WELL, I'M NOT SURE THAT IT'S THE PRECONDITIONS THAT MATTER, WHAT MATTERS IS THAT THE RESULTS THAT WE GET FROM DISARMAMENT LEAVE US IN A POSITION OF BALANCE AND THAT THAT POSITION CAN BE VERIFIED. YOU HAVE TO HAVE A POSITION OF BALANCE TO HAVE THE NECESSARY DEFENCE OF ONE'S WAY OF LIFE. WE WOULD LIKE THAT BALANCE TO BE AT A LOWER LEVEL THAN IT IS NOW AND WE MUST BE CERTAIN THAT ANY AGREEMENT COULD POSSIBLY BE VERIFIED. IT WOULD BE QUITE POSSIBLE IF THE SOVIET UNION HAS THE SAME VIEW AS WE DO, PERSISTENTLY TO NEGOTIATE WITH THE WILL TO GET THE REDUCTIONS WHICH WE HAVE, AND TO COME UP WITH A SATISFACTORY RESULT. MAY I MAKE IT QUITE CLEAR THAT WE HAVE THE WILL TO PERSIST IN NEGOTIATIONS AND WE DO MOST URGENTLY SEEK A RESULT WHICH ENABLES US STILL TO KEEP OUR DEFENCE AND SECURITY BUT AT A LOWER LEVEL OF WEAPONRY.

QUESTIONER: ... OBSERVING THE PRESENT .. TRAGIC SITUATION IN NORTH LEBANON FOR THE PALESTINIAN LEADERSHIP, FOR THE PATESTINIAN PEOPLE, DON'T YOU SEE AS TWO EUROPEAN LEADERS THAT THE TIME HAS COME FOR THE EUROPEAN COMMUNITY TO PLAY A BETTER ROLE IN THE PEACE PROCESS IN THE MIDDLE EAST AND IN THE GULF WAR?

CHANCELLOR KOHL:

TRANSLATOR: I THINK YOU ARE AWARE OF THE FACT THAT FOUR WEEKS AGO I PAID A VISIT TO EGYPT, JORDAN AND SAUDI ARABIA. AND QUITE IRRESPECTIVE OF THE TRAGEDY WHICH HAS TAKEN PLACE IN THE LEBANON SINCE THEN I HAVE GAINED THE IMPRESSION THAT WE EUROPEANS HAVE A SPECIAL TASK IN THAT REGION. AND I HAVE TAKEN THE OPPORTUNITY AND WILL TAKE IT AGAIN TO INTENSIFY MY IMPRESSIONS THAT I HAVE GATHERED THERE WITH OUR EUROPEAN FRIENDS AND WITH OUR AMERICAN FRIENDS. BUT MY ANSWER TO YOUR QUESTION, SIR, IS A CLEAR 'YES'. THE EUROPEANS MUST DO MORE IN THIS FIELD.

8

JOHN DICKIE: JOHN DICKIE OF THE DAILY MAIL. CHANCELLOR MAY I ASK YOUR GUEST A QUESTION? I WOULD LIKE TO KNOW, PRIME MINISTER, IF IN VIEW OF THE STRONG CLOUDS GATHERING OVER THE ATHENS SUMMIT, THAT YOU AND THE WEST GERMAN GOVERNMENT HAVE MADE IT CLEAR THAT YOU WILL NOT CONTINUE TO BE THE PAYMASTERS OF THE OTHERS AND, SECONDLY, THAT YOU WILL LET IT BE KNOWN WITHOUT ANY SHADOW OF A DOUBT THAT THE BRITISH GOVERNMENT WILL SUSPEND CONTRIBUTIONS TO THE COMMUNITY UNLESS THE BUDGET PROBLEMS IS RESOLVED?

MRS. THATCHER: YOU WILL NOTE THAT DURING MY BRIEF REMARKS I SAID IT IS VITAL THAT EACH OF US HAS AN EQUITABLE LIMIT ON OUR FINANCIAL CONTRIBUTIONS TO THE COMMUNITY, ANOTHER WAY OF PUTTING IT IS A FAIRER SHARING OF THE FINANCIAL BURDEN OF THE COMMUNITY, BUT THERE MUST BE AN EQUITABLE LIMIT BASED ON ABILITY TO PAY AND THAT IS ONE OF THE MOST IMPORTANT THINGS WE HAVE TO TRY TO AGREE AT ATHENS. IF WE AGREE IT AT ATHENS THERE WILL BE NO QUESTION OF ANY THREAT ARISING, I WOULD RATHER TRY TO SEEK AGREEMENT THAN TO MUTTER THREATS.

QUESTIONER: CAN I ALSO ADDRESS A QUESTION TO THE PRIME MINISTER, I WONDER PRIME MINISTER IF YOU SHARE THE VERY CONSIDERABLE OPTIMISM WHICH WE HEARD FROM CHANCELLOR KOHL THIS MORNING THAT SOMETHING (TANGIBLE) WILL COME OUT OF GENEVA, BUT ONE HAS THE IMPRESSION THAT PREVIOUSLY YOU'VE BEEN RATHER MORE PESSIMISTIC....

MRS. THATCHER: I THINK PERHAPS I'M A LITTLE LESS OPTIMISTIC THAN CHANCELLOR KOHL ABOUT THE POSSIBILITY OF REACHING AN AGREEMENT ON ZERO OPTION AT GENEVA, BUT I SHARE HIS OPTIMISM AND HIS DETERMINATION THAT WE SHALL CONTINUE NEGOTIATIONS, BOTH AT GENEVA AND ALSO AT STOCKHOLM, AND THAT IT IS POSSIBLE THAT WE CAN REACH AGREEMENT ON DEPLOYING LESS THAN THE FULL AMOUNT OF CRUISE AND PERSHING AND REACH AGREEMENT IN OTHER SPHERES OF DISARMAMENT TALKS ABOUT REDUCTIONS OF OTHER WEAPONS WHICH ARE EVERY BIT AS IMPORTANT.

ENDS .

SECRET AND PERSONAL

(No second carbon
taken)



File

800

1A

SUBJECT

LEE MASTER

10 DOWNING STREET

From the Private Secretary

9 November 1983

ANGLO/GERMAN SUMMIT

I enclose two records.

The first is of the tete-a-tete conversation which the Prime Minister held with Chancellor Kohl on 8 November. Some parts of this, in particular, remarks made about the United States, are particularly delicate. I should therefore be grateful if you and Richard Mottram would ensure that no copies of this record are made and that it is shown only to the Foreign and Commonwealth Secretary and the Secretary of State for Defence. Should you wish to show it to anyone else I should be grateful if you would consult me first.

The second enclosure is a record made by Robin Butler of the only part of the conversation at dinner on 8 November which was of material interest.

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

AC

Brian Fall, Esq.,
Foreign and Commonwealth Office.

SECRET AND PERSONAL

RECORD OF A CONVERSATION BETWEEN THE CHANCELLOR OF THE FEDERAL
REPUBLIC OF GERMANY AT 1930 HOURS ON 8 NOVEMBER 1983 IN BONN

Present:

Prime Minister

Chancellor Kohl

Mr. Coles

Herr Starbreit

Interpreter

Interpreter

* * * * *

Chancellor Kohl said that Mr. Dam of the United States State Department had just visited him. They had discussed a further United States move in the INF negotiations. In two weeks time the Bundestag debate on INF deployment would take place and on the night after the vote deployment would begin. So far, the so-called hot Autumn had been quite bearable. But the next two weeks would be critical. The well-intentioned people in the peace movement - and they were the great majority - were resigning themselves to the fact of deployment. But there were others, probably including terrorists, who might attempt some action which could end in a fatal accident. In which case, all hell would break loose. The Soviet disorientation campaign was phenomenal. But the polls showed that the core of German public opinion had not been touched. On the other hand, two-thirds of the German media were against the Government. Many journalists were completely neutralist.

The Prime Minister asked whether that tendency was increasing. Chancellor Kohl replied that this was not the case so far as the German public were concerned. The problem was not the man in the street but the upper echelons of society. The Prime Minister said that this phenomenon was familiar. People who were well-off wanted their comfortable lifestyle to continue and were ready to contemplate compromise to ensure that it did. Most of the weakness came from the upper middle class who had also provided material for some of the terrorist groups such as Bader Meinhof. Agreeing, Chancellor Kohl said that most conscientious objectors came from this sector of society too. One of his sons was doing national service at the moment. Through him, he met a lot of young Germans who were excellent people, interested in their history and in literature. One of the big problems was the Protestant Church. 70% of young Protestant clergymen, below the age of 40 years, were opposed to INF deployment. In response to a question from /the

the Prime Minister, he said that 50% of these were against anything nuclear, including nuclear power stations. They considered themselves to be social engineers rather than religious preachers. They were full of talk of Latin America and of demonstrations.

But in general the debate was going well. The attitude of the SPD was of course bad and mirrored that of British Socialists. Only 5% of the SPD followed Helmut Schmidt.

The Prime Minister asked whether Helmut Schmidt would vote in favour of deployment. Chancellor Kohl said that he had thought this would be the case up to ten days ago. But it now appeared that Schmidt might find a technical reason to abstain. He was very bitter and was more against the Americans than the Russians. The SPD were now beginning to coalesce with the Greens, for example in Hesse. The Prime Minister said that when Schmidt had come to London she had asked him about his intentions on deployment. He had said that there was no truth in the rumours. In the Bundestag he would speak and vote in favour of deployment. Chancellor Kohl said that Schmidt would certainly speak in favour of deployment at his Party Conference. However, 40% of SPD party delegates were in favour of leaving NATO. This was not representative. There was no anti-American feeling in the working class. Shortly after the American intervention in Grenada, he had visited the hospital at Wiesbaden where some of the United States marines wounded in Beirut were receiving treatment. The American soldiers there had talked with great affection of the kindness of the German people.

Taking up the reference to Lebanon, the Prime Minister said that when she had seen Mr. Dam of the United States State Department she had said that self-defence in the Lebanon would be understandable, but concepts such as revenge and retaliation should be avoided. She had expressed the hope that anything that was done would be narrowly focussed and could be justified in terms of self-defence. Her impression from Mr. Dam was that no decision had yet been made. But

/ on security

on security grounds she would not expect to be told of a decision more than a few hours before its implementation. Chancellor Kohl said that we must hope that the Americans would be reasonable. The attacks on the United States marines had hit them very hard. Then the Grenada intervention had occurred. He had told Dam that the Americans should agree on the reasons for their intervention. Weinberger and Shultz should stop saying different things. And they should not use reasons that others could employ in the future.

On his way back from the Far East he had briefly visited Mrs. Gandhi in Delhi. He had found the Indians very worried that something might happen in Pakistan.

The United States must make sure that Grenada and Afghanistan were not bracketted together. They were quite different. What was the Prime Minister's view now of the events in Grenada? The Prime Minister said that it was wrong for one country to enter the territory of another unless there were clear and overwhelming reasons for such action. In the case of Grenada she had seen no such reasons. It was necessary to remember that Bishop had himself seized power by a coup. As to the new airport, this was being built by a British firm which had made it clear that it had all the characteristics of a civilian installation, even though it could be used for military purposes. On 23 October the British Deputy High Commissioner from Barbados had visited Grenada and had learned from the Governor General not only that British citizens were in no danger but also that Sir Paul Scoon was not requesting military intervention. Following the National Security Council meeting in Washington, we were told that the Administration's attitude was very cautious and that the ship movements were merely precautionary. We knew that the OECS had asked for military intervention and that Barbados and Jamaica had joined themselves to this request. But we also knew that other Caribbean states were opposed to such action. In short we saw no sufficient reason for the intervention. Since it had occurred, information and mis-information had followed in rapid succession. Many people in Grenada and the Caribbean would be glad about the outcome just as the people of Poland and Hungary would be glad if the West intervened there.

It now seemed necessary to re-assess the psychology of the United States. The events in the Lebanon had clearly had their effect. There, the United States had been shown, at least for a time, to be powerless. Was America reverting to previous policies which had ended in the Bay of Pigs fiasco? Did it believe that in its own sphere of influence it could, as a super power, follow policies which others were not authorised to adopt? During her recent visit to North America she had made a series of speeches describing NATO as a totally defensive organisation which threatened no-one. Chancellor Kohl interjected "quite right". The Prime Minister said that the West pursued its objectives of freedom and justice by persuasion not by military force. Therefore, she had felt strongly about the United States intervention and the suddenness with which this highly significant decision had been taken. In those same speeches she had said that it was the Soviet Union that pursued its objectives by force. She had nevertheless made it clear that, since we inhabited the same planet, we stood ready in the right circumstances to talk to the Soviet leadership. Against this background, the United States action was deeply disturbing. She could understand that the popular reaction in America to the intervention was one of enthusiasm but it was necessary for herself and Chancellor Kohl to look at the wider implications. Of course, we had to avoid condemnation in public and we were stressing that it was the future that mattered.

She had asked Mr. Dam whether Grenada was an isolated event or whether the United States was reverting to a kind of Monroe doctrine whereby small countries living in the area of influence of a super power were required to conduct their policies accordingly. She had not expected Mr. Dam to give an answer. Chancellor Kohl and she would not differ greatly in their attitude to these things. Chancellor Kohl said that so far he agreed with the Prime Minister's account.

/ The Prime Minister

The Prime Minister reiterated that we must not let these events undermine the Alliance. In her message to the President on 24 October she had urged him to think of the consequences of his decision for the deployment debate in Europe. Chancellor Kohl said that he subscribed to every word of the Prime Minister's account. This event had come out of the blue - and it was unhelpful to the deployment debate. The Prime Minister said that her immediate reaction had been to seek a Parliamentary debate on deployment. Following Grenada, we needed a firm vote. Now that had been achieved. The United States was upset that our attitude had been one of doubt. But the intervention had had a significance going far beyond Grenada. Unless the Americans made it clear that it was a one-off affair, it would take a considerable time for confidence to be restored.

Hence, she was now concerned about the Lebanon. Retaliation and revenge were not the words of democracy. Action against the headquarters of those responsible for the attack on the United States marines was probably a form of self-defence and therefore legitimate. She had told the President that we did not like the idea of retaliation. Innocent people could be harmed; there would be implications for all members of the multi-national force and the Middle East was in turmoil already. She had made it plain in the House of Commons earlier in the day that all MNF contingents were entitled to take measures of self-defence. If the United States restricted themselves to such measures, then no difficulty would arise. But if they mounted a large-scale operation, the consequences would be very worrying. Chancellor Kohl said that he was worried too. The Prime Minister said that if anything untoward happened, all the MNF contributors would have to get together and decide what was to be done. Possibly the psychology of a super power was different from that of the rest of us - and that might be true of both super powers. Chancellor Kohl said that the Americans seemd to combine the military power of 1983 with the categories of thought of Theodore Roosevelt. But time had moved on. The United States no longer understood the psychology of the rest of the world. He had told them that they were making

things very difficult for their friends.

The Prime Minister asked whether Mr. Dam had given the Chancellor any indication of United States intentions in the Lebanon. He had implied to us that any action would be very localised. Mr. Eagleburger of the United States State Department had apparently been in Israel for four days. If a United States/Israeli action was now being contemplated, that could be very damaging. Chancellor Kohl said that he had made exactly the same point to Mr. Dam. He proposed to write again to the Prime Minister.

Reverting to Grenada he had been unable to understand Mr. Dam's account. The central figure in his story was the Governor General. It was therefore very interesting that we had had contact with Sir Paul Scoon on 23 October with the results that the Prime Minister had described. Was the Governor General's house surrounded at that time? The Prime Minister said that it was not, though a curfew was in operation. Chancellor Kohl said that Dam had told him that the United States had had to liberate the Governor General. The Prime Minister said that that was true but the need had arisen only after the invasion. Since then American estimates of the numbers of Cubans had gone up and down. It had become clear that most of the Cubans were genuine construction workers and that the total numbers were much as Castro had stated.

She very much hoped that we were not going to be let down again in respect of the Lebanon. If so, there would be a chain reaction, the final result of which would be hard to see. Perhaps the Americans would have second thoughts, but they had said so much publicly.

In the light of events in Grenada, we had, as previously explained, arranged a Parliamentary debate on INF deployment. The programme of missile deliveries had been adjusted. Chancellor Kohl said that Grenada had complicated the whole matter quite unnecessarily. German

opinion about the event was very confused. Some argued that the German Government should have supported the United States; others that the action should have been opposed. He had just discussed the matter with his Parliamentary Party. There was no real problem there though some members did argue that Germany should have voted with the United States. He hoped that Mr. Dam's briefing of the German press would be sensible. The Prime Minister explained that Mr. Dam's briefing of the British press had led to a series of headlines with the theme "Maggie lashes Reagan". She had stated in Parliament that these reports bore no relation to her discussions.

Chancellor Kohl raised the question of arms for Argentina. The Prime Minister said that the United States intended to certify Argentina on the grounds that it now had a reasonable human rights record. They would then consider selling arms to Argentina. This would put us in great difficulty. She knew that in the case of Germany some previously existing contracts had had to be completed but, in the case of the United States, new contracts would be contemplated.

She suggested that at the joint press conference on 9 November, she and the Chancellor should reaffirm their commitment to deployment. Furthermore, she would explain the position on the British strategic deterrent. Chancellor Kohl said that he wholly agreed. We should make plain that the two-track decision would be maintained and that we would negotiate until the very end. We might also refer to United States intentions to make a new proposal. He was firmly convinced that the Soviet Union would return to the negotiating table after deployment. Brandt had predicted a new ice age - but there was absolutely no evidence to support this. Clearly, there would be no hot war. Western Europe was the safest place on earth at the moment, because any war would have to be a hot war. But he was convinced that there would be no cold war either. A whole panoply of indicators made this plain. He did however think that

/the

the moment when the Soviet Union broke off negotiations would be a time for serious demonstrations. He had yesterday received a message from Ceacescu, which had also been addressed to Andropov and Reagan. A number of the proposals which it had contained were not acceptable but there was the interesting suggestion that the British and French deterrents should be excluded from the INF negotiations. This was the first time a member of the Warsaw Pact had made such a point. But the rest of the message was not convincing. There was a real chance to make progress with disarmament negotiations in the next two years - two years because no-one could know what would happen in 1984.

The Prime Minister asked whether the Chancellor had any more information about Andropov's illness. Chancellor Kohl said that he had not. But Andropov must be really ill if he could not be produced for 15 minutes at a military parade. However, he did not pretend to be a Kremlinologist. The question must be asked whether if the Americans did something in the Lebanon, the Soviet Union might then take action e.g. in Pakistan or Afghanistan. It would be very bad for the West if the United States lost their moral reputation.

Ever since he had been in politics he had emphasised the moral superiority of America. Earlier, everything had been weighted in our favour owing to Soviet action in Afghanistan, Poland etc. But would American policy now lead to calls for them to leave Europe?

Chancellor Kohl said that the dates proposed for the Economic Summit, namely 8-10 June, were acceptable to him. Some said that Mr. Nakasone might not be able to attend at that time. He had seen him last week and did not think that to be true. Nakasone would have elections this year and should therefore be free to come to Europe next June. But what about President Mitterrand? The Prime Minister said that Mitterrand argued that the European elections on 18 June would be a judgment on his record and that, since the Economic Summit was not likely to give him much comfort, it would be better to have it after the European elections.

But President Reagan would find that very difficult. Her own view was that since Mitterrand had a long time to go before his elections and President Reagan had to face elections in the Autumn of 1984, we should bow to the latter's needs. Chancellor Kohl said that he quite agreed. He doubted whether the Economic Summit would have any effect on the European elections as far as Mitterrand was concerned, except that the latter might draw advantage from it. Nevertheless, Mitterrand had real problems in another connection. Many people were now saying that he would not be able to last out his whole term. The polls were very bad. If the European elections went badly for him, there would be a demand in France for national elections. The result of those, though it had never happened before, might be that Mitterrand would preside over a Government of the Opposition. We should then see whether de Gaulle's Constitution was viable.

The situation in France was rather worrying. Mitterrand would probably be very rigid externally because domestic affairs were forcing him into compromises which were not in line with his policy. There was also a new upsurge of protectionism. Chirac had visited Bonn few days ago and had said that Mitterrand would not last for seven years.

The discussion ended at 2045 hours.

8 November 1983

Chancellor Kohl's Middle East tour

At the end of dinner, Chancellor Kohl reported his impressions of his tour of Middle Eastern countries. He said that the King of Jordan wanted to visit London for a talk with the Prime Minister, and then to call in on Bonn on his way back. King Hussein was feeling under pressure from all sides. The PLO had been smashed and had become purely an instrument of the Syrians; the Syrians were hostile to Jordan; and the Israelis were making brutal use of the pre-election political situation in the United States to achieve a fait accompli on the West Bank. Chancellor Kohl had advised King Hussein that a way of solving his problem might be through elections on the West Bank: there were precedents for having in Parliament representatives of ceded territories - for example the French had done so in Alsace Lorraine.

The Prime Minister agreed with Chancellor Kohl's view of the threat to Jordan. She had emphasised the importance of Jordan to President Reagan during her visit to the United States. The United Kingdom and Pakistan had recognised that the West Bank belonged to Jordan, but the United Nations had created an uncertain position. President Carter had had an antipathy to meeting King Hussein, and the Prime Minister had urged President Reagan to ensure that United States policy enabled Jordan to survive. Chancellor Kohl said that he was in agreement with the Prime Minister's view. He would write again to President Reagan and support the line which the Prime Minister had taken. Jordan was the victim of a historic injustice. It was not a threat to Israel: indeed, as a stable neighbour it had been a buttress to Israel.

Turning to Egypt, Chancellor Kohl said that the country was still suffering from the shock of Sadat's assassination. Mubarak was firmly in control, but the increase in population and the state of the economy were causing serious difficulties. The country was haunted by the spectre of Colonel Qadhafi, and there was fear of growing Soviet influence among the military because the United States were not prepared to sell arms at reasonable prices, whereas Russia offered a cheap supply of weapons. Chancellor Kohl said that it was important to buttress the Egyptian Government. President Mubarak was committed to the Camp David process, although without enthusiasm, but his confidence in the United States had been destroyed by events in the Lebanon.

On Saudi Arabia, Chancellor Kohl said that the Iran/Iraq war was the overshadowing influence. The Saudis made bold statements about Jerusalem and Israel, but Israel was not as much of a danger as proximity to Iran, the prospect of continuance of the Iraq/Iran war, and the spread of fundamentalism through pilgrims. Saudi distrust of the United States was increasing: they believed that the United States would take no effective action in Israel and that United States policy in the Lebanon would cause partition and an ultimate increase in Israeli territory. The King had said clearly that he would like to be closer to Europe. But there were many internal difficulties, particularly over the growing pressure of women for a role in national affairs. Frau Kohl had been invited to The Queen's Palace, and all the Princesses present had made rebellious speeches on this subject. Ten years ago there had been no girls at Saudi schools: now there were 650,000. The Foreign Minister's sister was studying chemistry in Switzerland which she would never be able to use at home. Another problem was that all the brothers of the Royal Family were now over 60 and it was not clear what would happen when their generation came to an end. Despite these long-term problems however, and a specific problem over a tank which the Saudis had been promised, the atmosphere and reception had been very friendly.

The Prime Minister thanked Chancellor Kohl for giving this valuable account of the impressions derived from his tour of the Middle East.

SECRET



10 DOWNING STREET

From the Principal Private Secretary

9 November 1983

Dear Brian,

The record of the tete-a-tete with Chancellor Kohl which I have circulated includes a truncated version of page 5, excluding the agreement to nominate a representative of each Government to conduct private bilateral negotiations. I enclose the full version of this page and should be grateful if you would arrange for it to be seen only by those who need to be aware of this aspect of the discussions.

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

Yours ever,

Robin Butler

Brian Fall Esq
Foreign and Commonwealth Office,

SECRET

equitable limit which would check subsequent growth in German contributions even if this were at the cost of a somewhat higher contribution at the outset.

The Prime Minister continued that Mr. Papandreou had given her the impression that the Greek Presidency expected to put up compromise proposals at Athens to which the other members would be expected to agree. This would be wrong. The role of the Presidency was to act as Chairman, not as Court of Appeal. During President Mitterrand's visit to London she had agreed that, in the interests of achieving agreement in Athens, she and President Mitterrand should each appoint a single representative to undertake bilateral discussions, with which the Heads of Government would keep in close touch. The British representative was Mr. Williamson, and she suggested that a similar arrangement should be made with the German Government. It would be important to keep such contacts private. The Foreign and Commonwealth Secretary added that it was essential that discussions between Britain, France and Germany should be conducted on a bilateral basis in the interests of maintaining confidentiality.

On agriculture, the Prime Minister stressed two points. Firstly, firm control was needed on the growth of the agricultural budget: otherwise any increase in own resources would be spent on agriculture rather than other objects of high priority, for example electronic development. Secondly, while there was much to be said for reaching voluntary agreement with the United States on trade restrictions, it was essential to avoid unilateral measures which would create another area of disagreement with the United States.

Chancellor Kohl said that he fully agreed with the Prime Minister's proposal that bilateral discussions should take place privately between Britain and Germany. He would nominate Herr Lautenschlager. He noted in passing that Mr. Papandreou had wanted to come to Bonn, but it had not been thought helpful that he should come before the Bundestag debate on deployment and his visit had therefore been postponed. Herr Genscher said that discussions between the British and German nominees should begin immediately. The timetable required that

SECRET



2. 79

10 DOWNING STREET

From the Principal Private Secretary

9 November 1983

Dear Brian,

I enclose a record of a meeting between the Prime Minister and Chancellor Kohl, subsequently joined by Foreign Ministers, in Bonn today. I should be grateful if circulation of this record could be strictly limited to those with a need to see it.

I am copying this letter and the enclosure to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence), Callum McCarthy (Department of Trade and Industry), Robert Lawson (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

Yours ever,

Robin Butler

Brian Fall Esq
Foreign and Commonwealth Office.

SECRET

SECRET

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND CHANCELLOR KOHL, SUBSEQUENTLY JOINED BY THE FOREIGN AND COMMONWEALTH SECRETARY AND HERR GENSCHER AT THE CHANCELLERY AT 0915 ON WEDNESDAY 9 NOVEMBER

Present:

Prime Minister	Chancellor Kohl
Mr F E R Butler	Herr Starbreit
Interpreter	Interpreter

Deployment and relations with the United States

Chancellor Kohl said that it would be important to agree a line to be taken with the press in reply to questions about Grenada. Journalists would try to create reports of differences between the United Kingdom and Germany on the one hand and the United States on the other, and would in particular ask why Britain and Germany had abstained in the United Nations vote on Grenada. Mr. Dam had commented in Bonn that the US had regarded the European decision to abstain as precipitate, although in public he had thanked the German Government for their abstention. The Prime Minister replied that the British press had mis-represented her discussion with Mr. Dam and she had tried in Parliament to correct the false impression which had been given. Mr. Dam had not said in London that the US regarded the European decision to abstain as precipitate. She suggested that the best way to deal with Grenada was to concentrate on the future and to welcome the chance that Grenada now had to return to democracy; and to say that nothing would be allowed to damage the great Western Alliance of which the United States was a vital part. The decision of Britain and Germany to abstain had been explained at the time, and it had to be recognised that the United States had a different perspective on the situation in the Caribbean. The Prime Minister asked Chancellor Kohl what aspects she could most helpfully emphasise at the Press Conference in relation to INF deployment.

Chancellor Kohl said that there was no problem internally over INF deployment. There was unanimity of view between Britain, France and Germany and, while the German Government also kept in close touch with the other partners concerned in deployment in Europe, it was agreement between Britain, France and Germany which was most crucial. It needed to be emphasised that the British and German Governments were in favour of serious negotiations

/on

SECRET

SECRET

-2-

on disarmament and would continue these as long as possible; and that we had confidence in the efforts which the United States were making to negotiate a genuine agreement on disarmament. But deployment would take place on time and, while there would be intervals between the phases of deployment, it was worth bringing out that these occurred only for technical reasons and did not have significance in relation to negotiation with the Russians. It would be valuable also to remind public opinion of the meeting in Stockholm in January, to emphasise that even if the present round of discussions in Geneva was broken off following deployment, talks with the Russians would continue: this would counter references being made by the Social Democratic Party in Germany to the onset of a new "ice age" between East and West following INF deployment.

Presidency of the European Commission

The Prime Minister said that the view of the British Government was that it would be timely for the next President of the European Commission to come from Germany, if the German Government wished to put forward a candidate. It would be essential to have a strong figure as the next President of the Commission. Chancellor Kohl said that the German Government had only begun to think about this matter in a preliminary way and were not yet sure whether they would be putting forward a candidate. Neither of the present German Commissioners would be appropriate. It was not his intention to renew Haferkamp's term, but he did intend to appoint in his place somebody from the SPD: he did not agree with Chancellor Schmidt's action in excluding candidates from the Opposition party, and the appointment of an SPD Commissioner would be helpful to Germany particularly in dealing with the steel unions. The German Government had been hoping to secure the appointment of a German candidate as Secretary General of OECD and were hoping for British support for such a nomination: he had been considering for this the other German Commissioner in Brussels, Herr Narjes, but he recognised that it would be difficult to appoint Germans both as Secretary General of OECD and as President of the Commission and he would consider the matter further in this light. He asked the Prime Minister whether she had views on other candidates for the Presidency of the European Commission.

SECRET

/The Prime Minister

SECRET

- 3 -

The Prime Minister said that Count Davignon would like the Presidency but she was doubtful whether it would be right to appoint a further President from the Benelux countries. Signor Pandolfi had also been suggested, and he was a skilful and experienced politician, but she was not certain that his personality and sense of purpose were quite what the Commission required at this time. It was for the German Government to decide whether they gave priority to OECD or the European Commission: she was inclined to think that the Commission was more important, particularly in view of prospective enlargement. In that connection, she wondered whether the present arrangement of having two Commissioners from each country should be continued. The United Kingdom would be prepared to change to an arrangement by which each country produced only one Commissioner if other partners agreed.

Chancellor Kohl agreed that the Commission was much too big and tended to create unnecessary work. He was having a drive against bureaucracy which added to current economic problems. In finding training places for young people, he had encountered a number of bureaucratic obstacles, and the amount of returns which industrialists were required to make to Brussels played a large part in the administrative burdens loaded on industry. The Prime Minister said that it would be worth raising this point at a European Council, and it supported the need for a strong figure as the next President of the Commission.

Developments in the German economy

Chancellor Kohl said that German economic policy was now on course, but this had required a major effort. The budget had been reduced to bring the national debt within constitutional limits: his predecessor had allowed these limits to be exceeded. Thirty million Germans had now been affected by the economy measures introduced, and progress was like driving a tractor through a marsh: one had to edge gradually forward until eventually firmer ground was reached. The German Government had now almost achieved the firm ground. Unemployment had stopped rising at 2.2 million, which was below the German Government's forecasts for 1983 and 1984. Growth in the present year would be just

SECRET

/ over

SECRET

- 4 -

over 1%, compared with a forecast of $\frac{1}{2}$ %, and the Government's forecasts for growth for next year were being put at 2% although the Bundesbank expected 3%. The main outstanding problem was that growth was coming from domestic demand rather than exports. Further retrenchment would be needed by large companies as they rationalised their activities. This would involve a critical period of negotiations with trade unions which wanted to maintain wages while reducing the retirement age to 58 and the working week to 35 hours: the German Government was clear that these demands had to be resisted but, since it was not a party to negotiations in the private sector, it would have to hold the line in negotiations in the public sector.

[At this point the Foreign Ministers, Sir Jock Taylor and Dr. Jurgen Ruhfus joined the meeting.]

European Community negotiations

The Prime Minister said that the United Kingdom Government wanted to get as far as possible at the European Council in Athens, building on the excellent foundation laid under the German Presidency at Stuttgart. The French Government were taking the view that, if agreement was not reached at Athens, it was unlikely to be reached in the next six months because the European elections would make it impossible for Governments to make the necessary concessions. So if agreement was not reached at Athens, there was the prospect of a long delay. There were certain aspects to which the United Kingdom Government attached particular importance. On the Community budget, we had studied very carefully the German paper and noted that it said at the outset that net contributions were the correct measure of the burden. The United Kingdom and Germany were agreed that the aim should be to achieve equitable burden sharing and this demanded an equitable limit on contributions. We felt that the German paper did not carry through the logic of this approach and that the proposal in it would allow the German contribution to grow substantially in the future because it was linked to gross rather than net contributions. Progress had been made with the French towards agreeing that the UK and France would make similar net contributions (although, to meet French sensitivity, the term "net contribution" need not be used). She felt that it would be in the interests of Germany similarly to set an

SECRET

/ equitable

SECRET

-5-

equitable limit which would check subsequent growth in German contributions even if this were at the cost of a somewhat higher contribution at the outset.

On agriculture, the Prime Minister stressed two points. Firstly, firm control was needed on the growth of the agricultural budget: otherwise any increase in own resources would be spent on agriculture rather than other objects of high priority, for example electronic development. Secondly, while there was much to be said for reaching voluntary agreement with the United States on trade restrictions, it was essential to avoid unilateral measures which would create another area of disagreement with the United States.

Herr Genscher said that the timetable required that

/agreement.

SECRET

SECRET

- 6 -

agreement should have been reached before the meeting of Foreign Ministers on 28 November, which would give the other partners a week to consider the proposals before Athens. It was important to reach agreement at Athens not only because of the timing of the European elections but because agreement was necessary to give Europe an effective voice on current issues. In the Presidency papers the only firm figure was for the increase in own resources. This was unacceptable: firm figures for own resources must be matched by equally firm figures on savings. The Prime Minister interjected that without such firm figures there was no question of Britain agreeing to an increase in own resources.

Herr Genscher continued that there were two points of great importance to Germany. One was on MCAs. Germany could not help other partners by revaluations of the Deutschmark if this imposed a heavy burden on German farmers. The other aspect was steel. Germany had expected understanding of its problems with its steel industry, and the Commission, instead of fulfilling this expectation, had given subsidies to the Italians which were allowing them to undercut the price which German manufacturers were charging for steel in their domestic market. The Bundestag could not be asked to provide more funds to the European Community if it was also going to have to give more support to the German steel industry.

Chancellor Kohl, reinforcing the latter point, said that Germany had made a great effort to modernise its steel industry. The Americans were turning eleven major steel companies into four, and the Germans were aiming to turn five steel companies into two. The Commission had not developed a structural policy which was equal to the problem. In Germany, the problems of the coal and steel industry were concentrated in the Ruhr. It was impossible to say to those who had depended on these industries for 150 years that they should switch overnight to electronics. The present quotas lasted until 1986, but the German Government could not continue on the present basis / ^{thereafter,} On this matter the employers were as much of a problem as the unions: they wished to

SECRET

/ privatise

SECRET

- 7 -

privatise profits and socialise losses. But the German Parliament would not agree to meeting more of the costs of the Community unless this problem was solved.

The Prime Minister said that on this matter Chancellor Kohl was preaching to the converted. The British Government had started earlier in rationalising its steel industry and had closed more steel plants than any other European country. We were also closing down mines in areas where there was no alternative employment, and the only way of doing this was to provide very generous redundancy terms. She agreed that the Italians appeared to have found ways of getting bigger quotas for themselves. But the problem was not just confined to Europe or even the United States. Most under-developed countries were putting up their own steel plants, and it was ironic that these were being subsidised by the industrialised countries. Also, new mechanical products tended to be more compact and required less steel. All European countries were bound to face a difficult period ahead on steel, coal and shipbuilding. The Foreign and Commonwealth Secretary added that in his home town of Port Talbot employment in the steel industry had more than halved over the last four years. He accepted that Europe had to negotiate a continuation of the steel regime after 1986. But this was not one of the matters allocated to the agenda for Athens at Stuttgart: it had been the subject of a separate resolution and was a matter to be pursued urgently by the Steel Council.

Chancellor Kohl said that this was a fundamental matter for Germany. Germany was prepared to make sacrifices for Europe and was prepared to slim down its industry, but there had to be some light at the end of the tunnel. The Prime Minister commented that it was difficult to see the way through at present but she agreed that there had to be some hope for the industries in difficulty.

Reverting to Herr Genscher's remarks about the budget, the Foreign and Commonwealth Secretary said that the United Kingdom considered it essential to have a clear and firm discipline on agricultural expenditure in order to give Agriculture Ministers a way of

SECRET

/resisting

SECRET

- 8 -

resisting pressures for continually growing agricultural support. On Germany's frontier problems with France, the United Kingdom recognised the practical difficulties. But if the outcome was to link MCAs to the strongest European currency, this would build in pressure for inflationary rises in agricultural prices. He did not have an immediate alternative solution, but saw considerable difficulties in this aspect of the German proposals. Herr Genscher recalled the difficulties which had been encountered when the EMS currencies had been realigned in March. Some change in the mechanism was necessary so that such changes could take place without unacceptable damage to German farmers.

Summing up the discussion, the Prime Minister and Chancellor Kohl agreed that their line with the press should stress the strenuous efforts they were making to reach agreement at Athens, without building up expectations which might be disappointed if no agreement were reached. It would be best to say that the British and German Governments would keep in close touch with the aim of reaching agreements on the points covered in the Stuttgart Communiqué without going into too much detail on the British and German positions.

East/West relations

The Prime Minister asked Chancellor Kohl whether the German Government were getting any information about Soviet attitudes through their contacts with Eastern European countries. Chancellor Kohl said that Germany had good sources of information. They knew President Ceausescu had not made his recent proposal on disarmament without good reason. The Hungarian and Czech Foreign Ministers would shortly be visiting Bonn. The Hungarian Deputy Prime Minister had recently visited Bonn and had made proposals on co-operation with the Community which seemed astonishing. But the Hungarians appeared confident that they could achieve them, given help from the Community. If this involved providing a credit arrangement which costed the Community something this would be well worth the price, but he was not confident that the Commission would take a sufficiently far-sighted view of the matter. The German Government might well want to have further discussions on this subject with the British

SECRET

/ in the

SECRET

- 9 -

in the New Year. The Foreign and Commonwealth Secretary commented that, in fairness to the Commission, it had to be recognised that Eastern European Countries often proposed favourable trading arrangements on goods which provided great problems for European countries.

German Ambassador to Britain

The Prime Minister said that, since this was the last bilateral meeting which Dr. Ruhfus would be attending as the Federal Government's Ambassador she wanted to say how sad she was that his term as Ambassador to Britain was coming to an end. She understood why the Federal Government would want a man of his great ability back in Bonn, but he had been a first-class representative of his country and he would be greatly missed in London. Chancellor Kohl and Herr Genscher expressed their gratitude for the Prime Minister's comments.

Date of the next bilateral

After discussion, Chancellor Kohl and the Prime Minister agreed that the next bilateral working meeting should be held on 2 and 3 May. Chancellor Kohl hoped to combine this with giving the Konrad-Adenauer lecture at Oxford on 3 May. The Prime Minister said that she hoped that it would be possible to arrange the bilateral at Chequers, and Chancellor Kohl said that this would give him great pleasure.

F.R.B.

9 November 1983

SECRET

Chancellor Kohl's Middle East tour

Mr Butler
Too late. Note issued
Pl. file. PZRB
See very small suggestions
J. B. Hand 9/11

At the end of dinner, Chancellor Kohl reported his impressions of his tour of Middle Eastern countries. He said that the King of Jordan wanted to visit London for a talk with the Prime Minister, and then to call in on Bonn on his way back. King Hussein was feeling under pressure from all sides. The PLO had been smashed and had become purely an instrument of the Syrians; the Syrians were hostile to Jordan; and the Israelis were making brutal use of the pre-election political situation in the United States to achieve a fait accompli on the West Bank. Chancellor Kohl had advised King Hussein that a way of solving his problem might be through elections on the West Bank: there were precedents for having in Parliament representatives of ceded territories - for example the French had done so in Alsace Lorraine.

The Prime Minister agreed with Chancellor Kohl's view of the threat to Jordan. She had emphasised the importance of Jordan to President Reagan during her visit to the United States. The United Kingdom and Pakistan had recognised that the West Bank belonged to Jordan, but the United Nations had ^{taken up} ~~created~~ an uncertain position. President Carter had had an antipathy to meeting King Hussein, and the Prime Minister had urged President Reagan to ensure that United States policy enabled ^{the Hashemite Kingdom of} Jordan to survive. Chancellor Kohl said that he was in agreement with the Prime Minister's view. He would write again to President Reagan and support the line which the Prime Minister had taken. Jordan was the victim of a historic injustice. It was not a threat to Israel: indeed, as a stable neighbour it had been a buttress to Israel.

Turning to Egypt, Chancellor Kohl said that the country was still suffering from the shock of Sadat's assassination. Mubarak was firmly in control, but the increase in population and the state of the economy were causing serious difficulties. The country was haunted by the spectre of Colonel Qadhafi, and there was fear of growing Soviet influence among the military because the United States were not prepared to sell arms at reasonable prices, whereas Russia offered a cheap supply of weapons. Chancellor Kohl said that it was important to buttress the Egyptian Government. President Mubarak was committed to the Camp David process, although without enthusiasm, but his confidence in the United States had been destroyed by events in the Lebanon.

/ On Saudi Arabia,

On Saudi Arabia, Chancellor Kohl said that the Iran/Iraq war was the overshadowing influence. The Saudis made ^{verbose} bold statements about Jerusalem and Israel, but Israel was not as much of a danger as proximity to Iran, the prospect of continuance of the Iraq/Iran war, and the spread of fundamentalism through pilgrims. Saudi distrust of the United States was increasing: they believed that the United States would take no effective action in Israel and that United States policy in the Lebanon would ^{lead to} cause partition and an ultimate increase in Israeli territory. The King had said clearly that he would like to be closer to Europe, but there were many internal difficulties, particularly over the growing pressure of women for a role in national affairs. Frau Kohl had been invited to The Queen's Palace, and all the Princesses present had made rebellious speeches on this subject. Ten years ago there had been no girls at Saudi schools: now there were 650,000. The Foreign Minister's sister was studying chemistry in Switzerland which she would never be able to use at home. Another problem was that all the brothers of the Royal Family were now over 60 and it was not clear what would happen when their generation came to an end. Despite these long-term problems however, and a specific problem over a tank which the Saudis had been promised, the atmosphere and reception had been very friendly.

Earlier but which the FRG government were not prepared to supply.

The Prime Minister thanked Chancellor Kohl for giving this valuable account of the impressions derived from his tour of the Middle East.

PRIME MINISTER

PRESS CONFERENCE

You are to give a joint press conference with Chancellor Kohl at noon today and you have plenty of time for it. You are not scheduled to leave for Sankt Augustin until 1.00pm.

At the time of writing, there is nothing to change my advice not to give separate radio and tv interviews. The Dām affair seems to have calmed down.

Since you are not doing radio and tv, I suggest that when you get British questions, and especially from radio and tv, you give as crisp an answer as possible, consistent with proper explanation.

Media Concerns

There are 4 major areas of interest:

- 1 Middle East and Lebanon;
- 2 INF deployment;
- 3 State of Euro/American, and especially Anglo-American relations after Grenada;
- 4 European Community (which they know you are dealing with today).

The main questions arising in the minds of journalists are:

Middle East and Lebanon

- Are the Americans planning retaliation? Why have they such a large fleet in the area?
- Have you asked Chancellor Kohl to join with you in appealing to Reagan for restraint? (As the London Evening Standard said you would). If so, what was his answer? Any joint action?
- What will you do if there is a retaliatory strike? Pull out of MNF?
- How do you view closer American co-operation with Israel reported today?

This cluster of concerns will give you a further opportunity to present the arguments against revenge but for self-defence. But it is important to keep the temperature down. Yesterday's effort appears to have been successful.

INF Deployment

You will be taking the initiative on this and, subject to events, you may wish to put most emphasis on this in your remarks. It is very important to show resolve.

Questions arising:

- Are the Americans planning a new initiative at Geneva?
- What are the prospects for settlement/movement at Geneva? (I have repeated in briefing your view that the chances now of zero option are negligible).
- How has Grenada made your (British/German) life difficult on deployment?
- Given the Daily Mail opinion poll today showing a huge (94%) majority in favour of dual-key, won't you eventually be driven to acquiring it?
- What response to Ceaucescu letter and what do you think lies behind it?
- Is Andropov in charge or passing peacefully to his end?

Transatlantic Relations

The questions are at two levels:

- 1 To make mischief - to provide weft with which to weave stories of deepening/widening splits;
- 2 Genuinely deep concern about recent events, and their possible repetition (over the Middle East and arms for Argentina); and what Britain/Germany/Europe is going to do about it? Demand closer consultation? More Summitry? Greater Euro dimension to consultation?

I think it is very important you play down references to Grenada, which is becoming symbolic of rift, and look to the future. I believe the media are looking for re-assurance because they think their readers want it. A news story would be any move to seek more trans-Atlantic Summitry to complement the already extensive bilateralism and Summitry in Europe.

European Community

The media are beginning to smell blood at Athens, especially after yesterday's paper from the Commission suggesting our real EC Budget bill may be less than half the sum we have been claiming. They will be looking to you for strong comment on this to feed their prejudices.

I believe the best tactic would be to brush the Commission's paper aside as a phoney and unacceptable exercise; to express a quiet determination and resolve to get the Community's finances on a fairer basis in the interests of the Community; and generally to present a picture of iron British resolve and determination to set up a square deal in Athens.

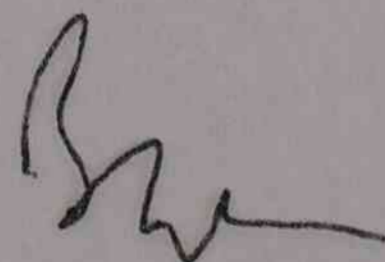
Questions arising, apart from the Commission paper:

- 1 Any progress in Bonn; are you and Germans allies, and what are your differences?
- 2 What are prospects for breaking the back of the negotiations in Athens - better now, as a result of this Summit, or worse?
- 3 Isn't it all really a worse mess with no prospect whatsoever of a solution this year or next?

Other Points

You can present this bilateral as hard-working and covering a very wide field of mutual interests. There will be little interest in matters outside the 4 main concerns rehearsed above, but it does no harm to show Britain and Germany working extensively and well together.

I attach an aide memoire for the press conference (Annex I); Reagan's useful quote on retaliation (Annex II); and FCO notes on EuroCommission paper and Ceaucescu (Annex III).



B. INGHAM

9 November 1983

ANGLO-GERMAN BILATERAL PRESS CONFERENCE

AIDE MEMOIRE

1. Important bilateral coming as it does with Middle East in turmoil, INF and disarmament negotiations at an important stage, and before Euro Council in Athens.
2. Had most valuable exchange both at Head of Government level and across a number of Departments. 5 British Ministers taking part apart from yourself - Howe, Lawson, Heseltine, Tebbit, MacGregor.
3. Close accord on a lot of issues.
4. Main topics discussed with Chancellor Kohl:

Middle East - deep concern about turmoil and agreement we must not be deflected from doing what we can to promote reconciliation in Lebanon;

Western Alliance - important after Grenada to look to the future and strengthen co-operation;

East-West relations; INF (your remarks on INF and British and French deterrents - see Annex Ia and Ib);

European Community - Iron resolve to get a fairer, squarer deal in interests not merely of Britain but of Community - and on a basis of fair, not phoney, counting of the cost. We both want a cost-conscious Community, with a proper Common Market for goods and services, free from protectionism. And on the budget we both want a lasting remedy based on fair measurement of the problem and operating on the revenue side.

5. Then this afternoon, while Foreign Secretary on way to Athens for Special Council preparatory to Euro Council, you will pay short visit to Sankt Augustin (Owgoosteen) which is twinned with your home town of Grantham to meet Mayor and visit Konrad Adenauer Foundation and Children's hospital.
6. Looking forward to visit, fortified by value of discussions here in Bonn.

CONFIDENTIAL

DSR 11

DRAFT JOINT STATEMENT BY THE PRIME MINISTER AND
CHANCELLOR KOHL: 9 NOVEMBER: INF

We discussed the issue of intermediate-range nuclear forces. We reaffirmed our support for NATO's 1979 Dual Track decision. Our Governments will proceed with the arrangements enabling the first deployment of Pershing II and Cruise missiles in the Federal Republic of Germany and Great Britain by the end of 1983. We shall as always continue the search in Geneva for an agreement which will make the deployments unnecessary.

If such an agreement is not possible before the end of 1983, and the first deployments are thus necessary, this should not in our view signal the end of negotiations but rather the moment to redouble our efforts towards achieving the arms control agreement which the peoples of the NATO countries so much desire. The deployments in the Federal Republic of Germany and Great Britain are planned to spread over five years. They can be halted or reversed as soon as progress in Geneva warrants it.

Our two Governments would greatly regret any decision by the Soviet Union to break off the negotiations in Geneva. This would be unjustified - NATO after all, continued to negotiate at Geneva while the Russians were deploying new SS20s at the rate of one every week. It would also be against the interests of both sides.

DRAFT STATEMENT BY THE PRIME MINISTER: 9 NOVEMBER:
THE RELATIONS OF THE BRITISH NUCLEAR DETERRENT TO ARMS
CONTROL

The Soviet Union persists in its demands that British and French nuclear weapons should be included in the INF negotiations. I should like to repeat our position.

The United States and the Soviet Union have agreed that their own strategic systems should be excluded from the INF negotiations. There can be no reason in equity or logic why the strategic systems of non-participants should be included. The Soviet attempt to suggest otherwise should perhaps be dismissed as a smokescreen, designed to hide what I hope is only a temporary unwillingness to negotiate seriously.

But, taken literally, what the Soviet leaders are asking for is either the unilateral strategic disarmament of Britain and France, or a monopoly of intermediate range missiles in Europe at the expense of the United States and its allies.

These demands are unacceptable and will remain so. Not because British weapon systems would be affected - but because what is proposed is unbalanced and inequitable, and would benefit one side at the expense of the other.

When it comes to arms control and disarmament, we in British claim no special privileges and no sanctuary. The record makes this clear, and we remain ready to play a full part in the arms control and disarmament process.

As far as the British deterrent is concerned, we must naturally take into account that our force is a strategic one, and that it represents less than three per cent of the strategic nuclear forces available to the United States or to the Soviet Union. It would be absurd as things stand for us to seek to trade reductions with a super power. But we have never said 'never'. On the contrary, we have made it clear that, if Soviet and US strategic arsenals were to be very substantially reduced, and if no significant changes had occurred in Soviet defensive capabilities, Britain would want to review her position and to consider how best she could contribute to arms control in the light of the reduced threat. That remains our position, which, I may add, I have brought to the personal attention of the Soviet leadership.

Worried About US Retaliation in Middle East?

I am concerned about any step which raises tension there. Cannot do better than quote President Reagan:

"Getting the people directly responsible and doing something to indicate that terrorism does have its punishment is a little different from just blindly striking out."

(Korean interview 7 November).

CEAUSESCU MESSAGE

Will want to consult with Allies, as we always do on these issues. But at first sight it seems to recognise that British and French strategic systems have no place in INF and that negotiations must continue after INF deployment begins. That at least is sensible.

Security

Disarmament

East/West

Althaus meeting

Limit the dynamics of agricultural
expenditure =



Foreign and Commonwealth Office

London SW1A 2AH

8 November 1983

Dear John,

[Handwritten initials]

Chancellor Kohl's Dinner for the Prime Minister on
8 November

[Handwritten initials]

The Embassy report that Chancellor Kohl may speak for up to four minutes in his toast to the Prime Minister this evening.

There is no need for the Prime Minister to match Kohl in length. But I enclose notes on which she could draw in her reply.

[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street



EB NOV 1983

11 12 1
9 K 2
8 1 3
7 6 5 4

CONFIDENTIAL

Reference

Mr Coles

cc: Mr Butler
Mr Fall
Mr Ingham
HM Ambassador
Mr Goulden

LEBANON: POSSIBLE MESSAGE TO PRESIDENT
REAGAN

I attach a draft message on which you and
others will certainly have comments in the
morning.

J L Bullard

J L BULLARD
8 November 1983

START ADVANCE COPIES ~~18~~ 15

ASC

PS/LADY YOUNG
PS/MR LUCE
PS/PUS
SIR J BULLARD
MR WRIGHT
~~MR JAMES~~
MR CARTLEDGE

MR COLES NO 10 DOWNING ST
MR BLELLOCH DUS(P) MOD
HD/DS17 MOD

HD/DEF DEPT
HD/ACDD
HD/SOV D
HD/NAD
HD/WED
~~RESIDENT CLERK~~

ADVANCE COPY

IMMEDIATE

[DIBY 081200Z]

DD FCO 081200Z

OO MODUK

PP BUCHAREST

1130

PP WASHINGTON

PP UKDEL NATO

PP MOSCOW

PP PARIS

GRS 190

CONFIDENTIAL

DESKBY 081200Z

FM BONN 081055Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 1001 OF 08 NOVEMBER

INFO IMMEDIATE MODUK (DS17 PS/S OF S)

INFO PRIORITY BUCHAREST, WASHINGTON, UKDEL NATO, MOSCOW, PARIS

INFO SAARING THE HAGUE BRUSSELS ROME

INFO PRIORITY BUCHAREST, WASHINGTON, UKDEL NATO, MOSCOW, PARIS
INFO SAVING THE HAGUE, BRUSSELS, ROME.

MY TELNO 999: CEAUSESCU'S LETTER ON INF

1. I HAVE NOW BEEN SHOWN BY THE AUSWAERTIGES AMT THE TEXT OF CEAUSESCU'S MESSAGE TO KOHL. THE GERMAN EMBASSY HAVE BEEN INSTRUCTED TO HAND A COPY TO THE DEPARTMENT LATER TODAY.

2. THE TWO MAIN POINTS IN THE LETTER, ADDRESSED TO KOHL, ANDROPOV AND REAGAN AND DATED 4 NOVEMBER, ARE:

(A) THE WEST SHOULD ABANDON STATIONING OR DELAY IT UNTIL END 1984, WHILE NEGOTIATIONS CONTINUE AND THE RUSSIANS MAKE (UNSPECIFIED) REDUCTIONS IN SS20S DEPLOYED.

(B) FRENCH AND BRITISH NUCLEAR WEAPONS SHOULD NOT BE COUNTED IN INF BUT IN SUBSEQUENT NEGOTIATIONS ON THE OVERALL NUCLEAR BALANCE BETWEEN EAST AND WEST IN WHICH THE UK AND FRANCE WOULD PARTICIPATE (NO MENTION OF CHINA).

3. THE GERMANS ARE INCLINED TO RESPOND IN PUBLIC BY WELCOMING CEAUSESCU'S POSITION ON THIRD COUNTRY SYSTEMS AND SAYING THAT THE INF NEGOTIATIONS SHOULD CONTINUE AFTER STATIONING BEGINS.

THEY INTEND TO RAISE THIS QUESTION OF A PUBLIC LINE DURING THE SCG MEETING IN ROME THIS WEEK. THEY HAVE ESTABLISHED THAT THE AMERICANS ALSO WANT TO DISCUSS THIS POINT IN ROME.

FCO PLEASE PASS SAVING TO ABOVE ADDRESSEES.

MALLABY

NNNN

D R A F T

MESSAGE FROM CHANCELLOR KOHL TO PRESIDENT REAGAN

Since Kenneth Dam's brief but very valuable visit here on Monday I have been thinking further about the various issues which he discussed with me and with Hans Dietrich Genscher. Unquestionably, the most important of these is the problem of INF deployment. As you know, I see this as the primary task of the Western alliance in the current phase. I was most grateful for the suggestions brought to me by Kenneth Dam for a possible new move to be made by the United States at the negotiations in Geneva. This is exactly what I had in mind when I sent you my recent message, and I have no doubt that a fresh and specific offer on the lines you are now considering would be valuable to me in the handling of German public opinion during the crucial next few weeks.

As part of the same exercise, it is obviously essential to frustrate the persistent efforts of the Soviet Union to split the Atlantic alliance, just at the moment when unity is more than ever needed to ensure that deployment is carried out according to plan. ~~It seems to me that~~ We are witnessing a very extensive campaign on the part of the Soviet Union to sow doubts in your country and in Western Europe about our mutual reliability. We have seen this, for example, over Grenada, and you may have noticed the efforts my Government have been making to combat the Soviet line on this issue.

A potentially even more ^{divisive} ~~explosive~~ subject is Lebanon, which came up both in my talks with Kenneth Dam and also when I saw Margaret

Thatcher here yesterday and today at our twice-yearly summit meeting. I can imagine how ~~anxiously~~ anxiously you must be considering the question whether, after this lapse of time, and with the cycle of violence in Lebanon at a still higher pitch, it would still be right for the United States to respond in some way to the ~~the~~ ghastly attack which claimed so many lives on 23 October. The decision can only be yours, and of course I fully respect your liberty to take such action as you think necessary in the exercise of your undoubted right of self-defence against the threat to your forces. I am sure, too, that you understand very well the need to use the language of self-defence rather than that of retaliation, still less revenge; and that you will give full weight to ^{all} the considerations which I find so powerful: the possible damage to the cause of reconciliation in Lebanon, on which so much depends; the risk of a further extension of the war in the Gulf, if an Iranian target is involved; and the opportunity for the Soviet Union to increase still further its influence in Syria, and through Syria in the entire region; ~~and~~ ~~the possible boost to the thoughtless~~ ^{anti-} Americanism which, as I found on my recent trip to the area, is unfortunately still widespread.

Together with these thoughts I send you Margaret's and my best wishes for strength in bearing your huge responsibilities and for the success of your current visit to the Far East.



Foreign and Commonwealth Office

London SW1A 2AH

7 November, 1983

John Taylor

KOL 9/11
p.a.

Anglo-German Summit: Nuclear Arms Control

The briefs to be submitted to the Prime Minister suggest that she and the Chancellor might address two nuclear disarmament issues at their joint press conference on 9 November.

INF

It would in our view be important for the two heads of Government to reaffirm in unequivocal terms their commitment to the-1979 dual track decision; indeed, it would cause considerable speculation if they were not to do so. I enclose a draft form of words which if the Prime Minister agrees, officials accompanying her party should discuss with the Germans as the basis for a joint statement. The precise format for the statement will be for discussion with the Germans; but Sir G Howe assumes that Chancellor Kohl would wish to speak first.

The Relations of the British Nuclear Deterrent to Arms Control

The suggestion that the Prime Minister might take the opportunity of the press conference to restate for the record our position on the relationship between the British nuclear deterrent and the arms control process came from the diplomatic adviser to the Chancellor. HM Ambassador (Bonn telno 979, enclosed) is confident that Herr Kohl will be willing to respond to such a statement by endorsing. The Germans' concern is that our position has not been sufficiently taken into account in Germany where too many in influential circles, are prone to argue for including British and French systems in current negotiations. It is in our interests to help the German government in putting the contrary arguments across. The enclosed draft reiterates the Government's position in the words which the Prime Minister agreed Sir Geoffrey Howe should use in his statement to the General Assembly and adds the

/point

CONFIDENTIAL



point that we have drawn this to the attention of the Soviet leadership (a tacit reference to the Prime Minister having included this in her response to Andropov's message in August on INF). If the Prime Minister agrees officials in her party might show the wording to the Germans, without in any sense clearing it with them, and check that the Chancellor would be prepared to endorse it.

I am copying this letter to Richard Mottram in MOD and Richard Hatfield, Sir Robert Armstrong's office.

You are
R B Bone

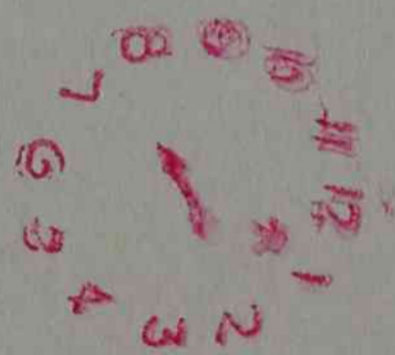
(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

CONFIDENTIAL



[Faint, illegible handwritten text]



7 NOV 1983

DRAFT JOINT STATEMENT BY THE PRIME MINISTER AND
CHANCELLOR KOHL: 9 NOVEMBER: INF

We discussed the issue of intermediate-range nuclear forces. We reaffirmed our support for NATO's 1979 Dual Track decision. Our Governments will proceed with the arrangements enabling the first deployment of Pershing II and Cruise missiles in the Federal Republic of Germany and Great Britain by the end of 1983. We shall as always continue the search in Geneva for an agreement which will make the deployments unnecessary.

If such an agreement is not possible before the end of 1983, and the first deployments are thus necessary, this should not in our view signal the end of negotiations but rather the moment to redouble our efforts towards achieving the arms control agreement which the peoples of the NATO countries so much desire. The deployments in the Federal Republic of German and Great Britain are planned to spread over five years. They can be halted or reversed as soon as progress in Geneva warrants it.

Our two Governments would greatly regret any decision by the Soviet Union to break off the negotiations in Geneva. This would be unjustified - NATO after all, continued to negotiate at Geneva while the Russians were deploying new SS20s at the rate of one every week. It would also be against the interests of both sides.

DRAFT STATEMENT BY THE PRIME MINISTER: 9 NOVEMBER:
THE RELATIONS OF THE BRITISH NUCLEAR DETERRENT TO ARMS
CONTROL

The Soviet Union persists in its demands that British and French nuclear weapons should be included in the INF negotiations. I should like to repeat our position.

The United States and the Soviet Union have agreed that their own strategic systems should be excluded from the INF negotiations. There can be no reason in equity or logic why the strategic systems of non-participants should be included. The Soviet attempt to suggest otherwise should perhaps be dismissed as a smokescreen, designed to hide what I hope is only a temporary unwillingness to negotiate seriously.

But, taken literally, what the Soviet leaders are asking for is either the unilateral strategic disarmament of Britain and France, or a monopoly of intermediate range missiles in Europe at the expense of the United States and its allies.

These demands are unacceptable and will remain so. Not because British weapon systems would be affected - but because what is proposed is unbalanced and inequitable, and would benefit one side at the expense of the other.

When it comes to arms control and disarmament, we in British claim no special privileges and no sanctuary. The record makes this clear, and we remain ready to play a full part in the arms control and disarmament process.

As far as the British deterrent is concerned,
we must naturally take into account that our force is
a strategic one, and that it represents less than three
per cent of the strategic nuclear forces available
to the United States or to the Soviet Union. It would
be absurd as things stand for us to seek to trade
reductions with a super power. But we have never said
'never'. On the contrary, we have made it clear that,
if Soviet and US strategic arsenals were to be very
substantially reduced, and if no significant changes
had occurred in Soviet defensive capabilities, Britain
would want to review her position and to consider how
best she could contribute to arms control in the light
of the reduced threat. That remains our position,
which, I may add, I have brought to the personal
attention of the Soviet leadership.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO
Permanent Under-Secretary of State

7 November 1983

Sir Robert Armstrong GCB CVO
CABINET OFFICE

My dear Robert,

- / 1. I enclose a draft Game Plan for the Anglo-German Summit in preparation for the Prime Minister's briefing meeting on 8 November. The Game Plan will be revised by the Cabinet Office immediately after a briefing meeting, in consultation with the Foreign and Commonwealth office.
- / 2. Enclosed with the Game Plan are copies of Sir Jock Taylor's scene setting telegram, Bonn telegram number 979.
- / 3. I am copying this letter to the Permanent Secretaries of other Departments who, I understand, have been invited to take part in the briefing meeting. As agreed, I also attach five copies of the Game Plan for you to pass to No 10.

Yours ever
Antony

Antony Acland

P E Middleton Esq, HM Treasury
Sir Anthony Rawlinson KCB, DTI
Sir Clive Whitmore KCB CVO, MOD
Sir Michael Franklin KCB CMG, MAFF
Sir Brian Hayes KCB, DTI
A J Coles Esq, 10 Downing St ✓

CONFIDENTIAL

CONFIDENTIAL

+ date of next summit.
+ Adenauer ~~State~~ Speech.
+ President of EC Commission.

ANGLO-GERMAN SUMMIT, 8-9 NOVEMBER 1983

GAME PLAN (Draft)

/ 1. Bonn telno 979 attached sets the scene for the Summit.

First tête-à-tête with Chancellor Kohl (8 November: 1900-2000)

2. The Prime Minister might suggest starting with East/West relations and INF. She could ask the Chancellor to describe the domestic German situation in the light of Genscher's talks with Gromyko in Vienna on 15/16 October and the recent protest marches, and on the eve of the SPD special conference (19-20 November), the Bundestag debate (21 November) and INF deployment itself (which begins on 22 November). She could propose a joint public statement at the following day's press conference, and offer to restate there HMG's position on the relationship between British nuclear weapons and the arms control process. The Chancellor will want to discuss Soviet intentions, and to hear the Prime Minister's views on the likely evolution in East/West relations, on dialogue with the Soviet Union and on the implications of Andropov's ill health. He may speak about his talks in Japan on this subject.

Dinner

3. Discussion could turn to the international economy. The Prime Minister and the Chancellor might review the prospects for continuing recovery between now and the London Economic Summit, review the current German and British economic performance, and note those elements in US policy which are still unfavourable to growth in Europe. (In any extended discussion of transatlantic differences on the first evening, Chancellor Kohl is bound to ask about Grenada - see paragraph 6 (b).)

4. There should be time for preliminary discussion of Community issues. The Prime Minister may like to say something about her talk with Papandreou on 4 November. She will want to stress the

CONFIDENTIAL

CONFIDENTIAL

need for the UK and FRG to stick close together. The Prime Minister should seek the Chancellor's agreement to discreet contacts with the Germans (as with the French) in the run-up to Athens in order to maximise the chances of satisfactory decisions there. We must convince the Germans of the need for a strict financial guideline to control CAP expenditure as part of the EC's budgetary procedures and bring home to them our difficulties with their ideas on positive MCAs. The Prime Minister will wish to dissuade Chancellor Kohl from linking steel (which he will certainly raise) and future financing.

Second tête-à-tête (9 November: 0915-1045)

5. This will give the Prime Minister the opportunity first to complete discussion of Community issues. She might suggest that we should explore the possible common ground between our, the German and French ideas on industrial policy. If, as expected Chancellor Kohl raises Airbus A320, the Prime Minister could say that we have still not committed ourselves, but we are interested in principle, looking seriously at the project and hope to reach a decision by the end of the year.

6. The Prime Minister could then cover, time permitting:

(a) Falklands/Argentina, emphasising that the elections have not changed the position on the UNGA Resolution, on which we are still expecting our partners to abstain in the vote on 10 November. (Defence Ministers will deal with arms supplies to Argentina.)

(b) Grenada (if not mentioned over dinner), agreeing with the FRG Government's line that the affair should not be allowed to harm transatlantic relations, and looking to the future (interim administration, withdrawal of US forces, elections, reconstruction).

(c) Middle East, Lebanon, Gulf, seeking Chancellor Kohl's impressions of his visit in October to Jordan, Egypt and Saudi Arabia ~~Arabia~~, bringing him up to date on UK thinking on the MNF, and looking at developments in the Iran/Iraq war.

CONFIDENTIAL

CONFIDENTIAL

7. Foreign Ministers will join the discussion at 1015. It will be important that main points on the Community are repeated in front of Herr Genscher.

Other Meetings

8. Meetings between other Ministers will take place during the Prime Minister's two tête-à-tête meetings. Other important points to be covered include:

Defence equipment collaboration: first report from
National Armaments Directors

Arab/Israel: how can the Ten contribute to a
settlement?

Transatlantic Relations: need for consensus on
East/West technology transfer

Southern Africa/Namibia: after the South African
referendum on constitutional change

UNLOSC: important not to sign the Convention
without improvements

Inner-German Relations: how does Kohl see the
future?

FOREIGN AND COMMONWEALTH OFFICE
7 November 1983

CONFIDENTIAL

GRS 980

CONFIDENTIAL

DESKBY 041500Z

FM BONN 041340Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 979 OF 04 NOVEMBER

INFO PRIORITY WASHINGTON, PARIS, MOSCOW, UKDEL NATO, UKREP BRUSSELS, ROME

INFO SAYING ANKARA, ATHENS, EMBASSY BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, MADRID, OSLO, OTTAWA, REYKJAVIK, THE HAGUE, BMG BERLIN, EAST BERLIN, AND CGS IN THE FRG.

ANGLO-GERMAN SUMMIT, 8/9 NOVEMBER: THE SCENE IN THE FRG

SUMMARY

1. THE FEDERAL GOVERNMENT HAVE SO FAR HANDLED INF SUCCESSFULLY. STATIONING WILL GO AHEAD BUT THERE WILL BE FURTHER DEMONSTRATIONS. ON GRENADA, THE FIRST GERMAN REACTION IMPLIED CRITICISM OF THE AMERICANS, BUT IT HAS BEEN TONED DOWN SINCE. SHORT-TERM ECONOMIC PROSPECTS ARE IMPROVING. ON THE POST-STUTTGART NEGOTIATIONS THE GERMANS ARE SHOWING CLEAR SIGNS OF WANTING TO LOOK FOR COMPROMISES.

DETAIL

2. THE CHIEF PREOCCUPATION OF KOHL AND HIS MINISTERS REMAINS INF DEPLOYMENT. THE 'HOT AUTUMN' HAS GONE WELL FOR THEM SO FAR. THE DEMONSTRATIONS, THOUGH LARGE, HAVE BEEN ORDERLY AND NOT OUT OF PROPORTION WITH THOSE ELSEWHERE IN WESTERN EUROPE. THE GOVERNMENT HAVE BEEN ABLE TO MAINTAIN A FIRM AND CONSISTENT POSITION OF DETERMINATION TO DEPLOY IF NECESSARY, COUPLED WITH PROFESSIONS OF BELIEF THAT A SOLUTION CAN STILL BE FOUND IN GENEVA, AFTER STATIONING BEGINS IF NOT BEFORE, AND THAT EAST/WEST CONTACTS OF OTHER KINDS WILL CONTINUE. KOHL, WHO RETURNS FROM A SUCCESSFUL ASIAN TRIP TODAY, GOT NAKASONE TO AGREE IN TOKYO TO A COMMON PUBLIC POSITION ON INF.

3. BUT ROCKS STILL LIE AHEAD. THE BUNDESTAG DEBATE ON INF WILL PROBABLY NOW TAKE PLACE ON 21/22 NOVEMBER, IMMEDIATELY AFTER SPECIAL PARTY CONGRESSES OF THE SPD, FDP AND GREENS. THE GOVERNMENT SHOULD WIN THE VOTE BY A COMFORTABLE MAJORITY. THE SPD ARE LIKELY TO CALL FOR A CLEAR REJECTION OF DEPLOYMENT AND FOR A GERMAN RIGHT OF VETO ON USE OF US NUCLEAR WEAPONS STATIONED IN THE FEDERAL REPUBLIC. THE PEACE MOVEMENT PLAN ANOTHER BIG DEMONSTRATION DURING THE BUNDESTAG DEBATE, AS WELL AS OTHER ACTIONS, AND THE AUTHORITIES ARE ALERT TO THE POSSIBILITY OF TERRORIST INCIDENTS ON THE FRINGE.

4. KOHL HAS VALUED BRITISH SOLIDARITY AND CLOSE CONSULTATION ON INF, AND WILL BE HOPING THAT THE SUMMIT CAN DEMONSTRATE ANGLO-GERMAN UNITY ON THE SUBJECT ONCE AGAIN. WE SUGGEST THAT THE PRIME MINISTER SHOULD RE-ITERATE AT THE JOINT PRESS CONFERENCE

CONFIDENTIAL

/ THE LINE

CONFIDENTIAL

THE LINE YOU USED LAST MONTH IN THE UN ABOUT BRITISH NUCLEAR WEAPONS AND ARMS CONTROL. THIS WOULD MAKE OUR POSITION MUCH BETTER KNOWN IN THE FRG. KOHL WOULD, I AM CONFIDENT, BE WILLING TO RESPOND TO SUCH A STATEMENT BY ENDORSING THE BRITISH POSITION.

5. THE GRENADA AFFAIR HAS COMPLICATED THE INF ISSUE, AS IN BRITAIN, BY RAISING THE QUESTION OF US READINESS TO CONSULT AND OF DUAL CONTROL OF NUCLEAR WEAPONS. WHILE THE GOVERNMENT, AS ALREADY REPORTED (MY TEL NO. 969), ARE REFUSING TO BE BUDGED INTO DEMANDING DUAL CONTROL, THE SPD ARE STARTING TO COME OUT IN FAVOUR. ON GRENADA, THE ORIGINAL GOVERNMENT LINE OF IMPLIED CRITICISM OF THE AMERICANS HAS BEEN TONED DOWN DURING THE WEEK. KOHL, CONCERNED ABOVE ALL TO AVOID TROUBLE WITH WASHINGTON, HAS NOW EMPHASISED THAT DEFINITIVE JUDGEMENT SHOULD BE WITHHELD UNTIL THE FULL FACTS ARE KNOWN. GENSCHER, WHOSE PARTY IS MORE SHOCKED BY THE US ACTION, HAS BEEN CLEARER IN HIS EXPRESSIONS OF REGRET.

6. IN OTHER RESPECTS, THINGS GO WELL FOR THE GOVERNMENT. SHORT-TERM ECONOMIC PROSPECTS CONTINUE TO IMPROVE, THOUGH DOUBTS ABOUT THE MEDIUM TERM FOUND AUTHORITATIVE EXPRESSION THIS WEEK IN THE LATEST REPORT BY 5 LEADING ECONOMIC INSTITUTES. A SHADOW HANGS OVER LAMBSDORFF WHO REMAINS UNDER THREAT OF PROSECUTION IN THE LONG-RUNNING PARTY FINANCES AFFAIR. IF HE HAS TO RESIGN, KOHL WILL HAVE TO USE HIS INGENUITY TO REPLACE HIM ADEQUATELY AT THE ECONOMICS MINISTRY WITHOUT UPSETTING THE BALANCE OF PARTY REPRESENTATION IN CABINET. BUT HE WILL REMAIN VERY KEEN TO KEEP STRAUSS OUT OF THE GOVERNMENT. THE LATTER, THOUGH HE CAPTURED THE HEADLINES AGAIN BY CRITICISING THE ORIGINAL GOVERNMENT LINE ON GRENADA FOR LACK OF UNDERSTANDING OF THE AMERICANS LOOKS A DECREASINGLY SERIOUS THREAT TO KOHL. CRITICISM OF KOHL'S STYLE OF GOVERNMENT HAS FADED AT LEAST TEMPORARILY, EXCEPT OVER THE SUCCESSION NEXT YEAR TO CARSTENS AS FEDERAL PRESIDENT, WHERE HE HAS BEEN ACCUSED OF POSTPONING A DIFFICULT DECISION. WENZSAECKER IS GENERALLY AGREED TO BE THE OUTSTANDING CANDIDATE, BUT THE DIFFICULTY OF REPLACING HIM IN BERLIN MAY CAUSE KOHL TO PREFER SOMEONE ELSE.

7. KOHL HAS NOT HAD TIME RECENTLY TO THINK MUCH ABOUT COMMUNITY ISSUES. HIS OFFICIALS, HOWEVER, BELIEVE THAT THE POST-STUTTGART NEGOTIATIONS ARE NOW BEGINNING TO MOVE AND THAT, WITH ONLY FIVE

CONFIDENTIAL

WEEKS TO GO BEFORE ATHENS, THE TIME HAS COME TO SEARCH FOR COMPROMISES ON WHICH TO BUILD THE BASIS FOR A PACKAGE, THE DETAILS OF WHICH WOULD BE COMPLETED AT THE MARCH COUNCIL UNDER FRENCH PRESIDENCY. THE GERMANS BELIEVE THAT THEIR SAFETY NET PROPOSALS OFFER US A GOOD DEAL, BUT THAT WE WILL NOT GET THE FULL SECURITY WE WANT. THEY WILL ALSO ARGUE THAT OUR HOPE FOR A JURISDICTIONAL FRAMEWORK FOR THE STRICT FINANCIAL GUIDELINE IS OUT OF REACH. A SUCCESSFUL CULMINATION TO THE POST-STUTTGART NEGOTIATIONS IS IMPORTANT PERSONALLY FOR KOHL AND THE GERMANS BELIEVE THAT IT IS CRUCIAL FOR THE COMMUNITY TO SHOW AT ATHENS THAT IT CAN AGREE ON SOMETHING. THESE FACTORS TOGETHER ARE LIKELY TO CAUSE KOHL TO URGE THE PRIME MINISTER NOT TO INSIST ON TOO AMBITIOUS GOALS. WE BELIEVE THAT WE SHOULD ARGUE RESOLUTELY FOR A MORE FORTHRIGHT ANGLO-GERMAN LINE. SEE MIFT.

8. THE FRENCH HAVE APPARENTLY BEEN GETTING AT THE GERMANS AGAIN ABOUT ARGENTINA AND THE FALKLANDS VOTE AT THE UN (MY TEL NO.977). GENSCHER IS TO TAKE THE GERMAN DECISION ON THE VOTE. THE LIKELIHOOD IS ABSTENTION. BUT WE SUGGEST THAT THE PRIME MINISTER SHOULD MENTION THE MATTER TO KOHL, AS WELL AS YOUR DOING SO TO GENSCHER.

9. KOHL WILL SEE US DEPUTY SECRETARY OF STATE DAM ON THE DAY BEFORE OUR SUMMIT AND TRUDEAU ON THE DAY AFTER.

FCO PLEASE PASS TO SAVING ADDRESSEES ABOVE EXCEPT BMG BERLIN, EAST BERLIN AND CGS IN THE FRG.

TAYLOR

~~REPEATED AS REQUESTED~~

STANDARD
WED
ECDS
WIAD
FID
NAD

COPIES SENT TO
No. 10 DOWNING STREET

3

CONFIDENTIAL

GRS 180
RESTRICTED
DESKBY 070900Z
FM BONN 051119Z NOV 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 989 OF 5 NOVEMBER

RESTRICTED

ANGLO/GERMAN SUMMIT: OUTLINE PROGRAMMES FOR MINISTERS

1. MIFTS GIVE OUTLINE PROGRAMMES FOR YOU AND THE OTHER MINISTERS ACCOMPANYING THE PRIME MINISTER. SOME OF THE DETAILS GIVEN MAY BE SUBJECT TO CHANGE. NOT ALL OF THESE PROGRAMMES ARE EQUALLY FAR ADVANCED. TO HELP THE GERMANS FINALISE THEM IT WOULD BE USEFUL TO HAVE DETAILS OUTSTANDING FROM OUR SIDE. APART FROM THE POINTS MENTIONED IN THE INDIVIDUAL TELEGRAMS THE PRIME MINISTER'S PLANS MAY ALSO AFFECT THOSE OF HER MINISTERS. THUS MR HESELTINE'S AIRCRAFT ARRIVAL TIME MAY NEED TO BE ADJUSTED TO KEEP IT A MINIMUM OF 5 MINUTES EARLIER THAN THE PRIME MINISTER'S. EQUALLY THE START OF YOUR DINNER ON 8 NOVEMBER MAY BE DELAYED IF, AS PROPOSED, THE PRIME MINISTER'S ARRIVAL AT THE FEDERAL CHANCELLOR'S OFFICE IS DELAYED FROM 1900 TO 1915.

2. IF THE PRIME MINISTER WISHES TO HOLD A BRIEFING MEETING AT THE RESIDENCE AFTER THE FIRST ROUND OF TALKS (EITHER LATE ON 8 NOVEMBER OR EARLY THE FOLLOWING MORNING) THIS SHOULD IDEALLY BE DECIDED AS SOON AS POSSIBLE AND CERTAINLY BEFORE MINISTERS LEAVE LONDON. OTHERWISE IT WILL BECOME DIFFICULT TO ADJUST THE SCHEDULES FOR THE MINISTERS' CARS WHICH ARE ALL SUPPLIED BY THE GERMANS.

3. SEE MIFTS.
FCO PLEASE ADVANCE TO:
NO 10
PRIVATE OFFICES MOD, TREASURY, DTI
PS/MR MACGREGOR, MAFF
WED
PROTOCOL DEPT (MISS GOLDSMITH)

[ADVANCED AS REQUESTED]

COPIES SENT TO
No. 10 DOWNING STREET

MALLABY

LIMITED
PROTOCOL D
WED
PS
PS/PUS
SIR J BULLARD

COPIES TO
PS/ SOF S. MOD
PS/ CHANCELLOR
PS/ SOF S. DTI
PS/MR MACGREGOR, MAFF

RESTRICTED

CB BONN/FCO 014/04

IMMEDIATE

7

Mr Young } WED
Mr Munro }

Ps/NO/10

Miss Lackey } ECIP/OTI
Mr Smith }

Mr Halligan/HMISy

RC

OO FCO

GRS 240

RESTRICTED

FM BONN 041630Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 986 OF 04 NOVEMBER

ANGLO-GERMAN SUMMIT: ANGLO-GERMAN FOUNDATION

1. THE FEDERAL CHANCELLOR'S OFFICE HAVE TOLD US THAT AT THE PRESS CONFERENCE AFTER THE SUMMIT HE MAY REFER POSITIVELY TO THE ANGLO-GERMAN FOUNDATION ON THE OCCASION OF ITS 10TH ANNIVERSARY (WHICH IS BEING CELEBRATED IN LONDON ON 7 NOVEMBER). THEY ASKED WHETHER THE PRIME MINISTER WOULD BE CONTENT TO BE ASSOCIATED WITH A STATEMENT ON THE FOLLOWING LINES:

"BOTH HEADS OF GOVERNMENT CONGRATULATE THE AGF ON THE 10TH ANNIVERSARY OF ITS EXISTENCE AND NOTE THAT IT HAS CONTRIBUTED HITHERTO TO THE SOLUTION OF NUMEROUS PROBLEMS WHICH CONFRONT PEOPLE IN BOTH COUNTRIES IN PRESENT CONDITIONS OF RAPID INDUSTRIAL AND SOCIAL CHANGE. IT IS IN THE POLITICAL INTEREST OF BOTH SIDES THAT THE FOUNDATION SHOULD CONTINUE AND BUILD ON ITS ACTIVITIES IN THE FUTURE AS WELL. THEY EMPHASISE THEREFORE THEIR DETERMINATION TO FOLLOW CLOSELY THE WORK OF THE FOUNDATION AND TO FOSTER IT DURING THE NEXT FIVE YEARS (1984-1988)."

3. THIS STATEMENT WOULD BE IN TUNE WITH THE GERMANS' COMMITMENT TO THE FOUNDATION. IT HAS BEEN SUGGESTED BY THE AUSWAERTIGES AMT IN FULL KNOWLEDGE OF THE LIMITS TO OUR FINANCIAL COMMITMENT (ESCRIPTT'S LETTER OF 27 OCTOBER TO MUNRO) AND DESPITE OUR DISCOURAGEMENT (TELECON YOUNG/HUNTER) ON THE GROUNDS THAT A STATEMENT AT THIS SUMMIT COULD BE PREMATURE. WE SUGGEST THAT IT IS DIFFICULT TO TURN THE SUGGESTION DOWN WITHOUT GIVING AN IMPRESSION OF LACK OF ENTHUSIASM FOR AN ORGANISATION TO WHICH THE GERMANS ATTACH IMPORTANCE. WE RECOMMEND THAT THE PRIME MINISTER AGREE TO IT.

FCO PLEASE ADVANCE TO:
YOUNG, MUNRO - WED/FCO
MISS LACKEY, A J SMITH - ECIP/DTH
HALLIGAN - HM, TREASURY
NUMBER 10

MALLABY

CONFIDENTIAL

GRS 980

CONFIDENTIAL

DESKBY 041500Z

FM BONN 041340Z NOV 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 979 OF 04 NOVEMBER

INFO PRIORITY WASHINGTON, PARIS, MOSCOW, UKDEL NATO, UKREP BRUSSELS, ROME

INFO SAVING ANKARA, ATHENS, EMBASSY BRUSSELS, COPENHAGEN, LISBON, LUXEMBOURG, MADRID, OSLO, OTTAWA, REYKJAVIK, THE HAGUE, BMG BERLIN, EAST BERLIN, AND CGS IN THE FRG.

ANGLO-GERMAN SUMMIT, 8/9 NOVEMBER: THE SCENE IN THE FRG

SUMMARY

1. THE FEDERAL GOVERNMENT HAVE SO FAR HANDLED INF SUCCESSFULLY. STATIONING WILL GO AHEAD BUT THERE WILL BE FURTHER DEMONSTRATIONS. ON GRENADA, THE FIRST GERMAN REACTION IMPLIED CRITICISM OF THE AMERICANS, BUT IT HAS BEEN TONED DOWN SINCE. SHORT-TERM ECONOMIC PROSPECTS ARE IMPROVING. ON THE POST-STUTTGART NEGOTIATIONS THE GERMANS ARE SHOWING CLEAR SIGNS OF WANTING TO LOOK FOR COMPROMISES.

DETAIL

2. THE CHIEF PREOCCUPATION OF KOHL AND HIS MINISTERS REMAINS INF DEPLOYMENT. THE 'HOT AUTUMN' HAS GONE WELL FOR THEM SO FAR. THE DEMONSTRATIONS, THOUGH LARGE, HAVE BEEN ORDERLY AND NOT OUT OF PROPORTION WITH THOSE ELSEWHERE IN WESTERN EUROPE. THE GOVERNMENT HAVE BEEN ABLE TO MAINTAIN A FIRM AND CONSISTENT POSITION OF DETERMINATION TO DEPLOY IF NECESSARY, COUPLED WITH PROFESSIONS OF BELIEF THAT A SOLUTION CAN STILL BE FOUND IN GENEVA, AFTER STATIONING BEGINS IF NOT BEFORE, AND THAT EAST/WEST CONTACTS OF OTHER KINDS WILL CONTINUE. KOHL, WHO RETURNS FROM A SUCCESSFUL ASIAN TRIP TODAY, GOT NAKASONE TO AGREE IN TOKYO TO A COMMON PUBLIC POSITION ON INF.

3. BUT ROCKS STILL LIE AHEAD. THE BUNDESTAG DEBATE ON INF WILL PROBABLY NOW TAKE PLACE ON 21/22 NOVEMBER, IMMEDIATELY AFTER SPECIAL PARTY CONGRESSES OF THE SPD, FDP AND GREENS. THE GOVERNMENT SHOULD WIN THE VOTE BY A COMFORTABLE MAJORITY. THE SPD ARE LIKELY TO CALL FOR A CLEAR REJECTION OF DEPLOYMENT AND FOR A GERMAN RIGHT OF VETO ON USE OF US NUCLEAR WEAPONS STATIONED IN THE FEDERAL REPUBLIC. THE PEACE MOVEMENT PLAN ANOTHER BIG DEMONSTRATION DURING THE BUNDESTAG DEBATE, AS WELL AS OTHER ACTIONS, AND THE AUTHORITIES ARE ALERT TO THE POSSIBILITY OF TERRORIST INCIDENTS ON THE FRINGE.

4. KOHL HAS VALUED BRITISH SOLIDARITY AND CLOSE CONSULTATION ON INF, AND WILL BE HOPING THAT THE SUMMIT CAN DEMONSTRATE ANGLO-GERMAN UNITY ON THE SUBJECT ONCE AGAIN. IT SUGGEST THAT THE PRIME MINISTER SHOULD REITERATE AT THE JOINT PRESS CONFERENCE

CONFIDENTIAL

/ THE LINE

CONFIDENTIAL

THE LINE YOU USED LAST MONTH IN THE UN ABOUT BRITISH NUCLEAR WEAPONS AND ARMS CONTROL. THIS WOULD MAKE OUR POSITION MUCH BETTER KNOWN IN THE FRG. KOHL WOULD, I AM CONFIDENT, BE WILLING TO RESPOND TO SUCH A STATEMENT BY ENDORSING THE BRITISH POSITION.

5. THE GRENADA AFFAIR HAS COMPLICATED THE INF ISSUE, AS IN BRITAIN, BY RAISING THE QUESTION OF US READINESS TO CONSULT AND OF DUAL CONTROL OF NUCLEAR WEAPONS. WHILE THE GOVERNMENT, AS ALREADY REPORTED (MY TEL NO. 969), ARE REFUSING TO BE BUDGED INTO DEMANDING DUAL CONTROL, THE SPD ARE STARTING TO COME OUT IN FAVOUR. ON GRENADA, THE ORIGINAL GOVERNMENT LINE OF IMPLIED CRITICISM OF THE AMERICANS HAS BEEN TONED DOWN DURING THE WEEK. KOHL, CONCERNED ABOVE ALL TO AVOID TROUBLE WITH WASHINGTON, HAS NOW EMPHASISED THAT DEFINITIVE JUDGEMENT SHOULD BE WITHHELD UNTIL THE FULL FACTS ARE KNOWN. GENSCHER, WHOSE PARTY IS MORE SHOCKED BY THE US ACTION, HAS BEEN CLEARER IN HIS EXPRESSIONS OF REGRET.

6. IN OTHER RESPECTS, THINGS GO WELL FOR THE GOVERNMENT. SHORT-TERM ECONOMIC PROSPECTS CONTINUE TO IMPROVE, THOUGH DOUBTS ABOUT THE MEDIUM TERM FOUND AUTHORITATIVE EXPRESSION THIS WEEK IN THE LATEST REPORT BY 5 LEADING ECONOMIC INSTITUTES. A SHADOW HANGS OVER LAMBSDORFF WHO REMAINS UNDER THREAT OF PROSECUTION IN THE LONG-RUNNING PARTY FINANCES AFFAIR. IF HE HAS TO RESIGN, KOHL WILL HAVE TO USE HIS INGENUITY TO REPLACE HIM ADEQUATELY AT THE ECONOMICS MINISTRY WITHOUT UPSETTING THE BALANCE OF PARTY REPRESENTATION IN CABINET. BUT HE WILL REMAIN VERY KEEN TO KEEP STRAUSS OUT OF THE GOVERNMENT. THE LATTER, THOUGH HE CAPTURED THE HEADLINES AGAIN BY CRITICISING THE INITIAL GOVERNMENT LINE ON GRENADA FOR LACK OF UNDERSTANDING OF THE AMERICANS LOOKS A DECREASINGLY SERIOUS THREAT TO KOHL. CRITICISM OF KOHL'S STYLE OF GOVERNMENT HAS FADED AT LEAST TEMPORARILY, EXCEPT OVER THE SUCCESSION NEXT YEAR TO CARSTENS AS FEDERAL PRESIDENT, WHERE HE HAS BEEN ACCUSED OF POSTPONING A DIFFICULT DECISION. WEIZSAECKER IS GENERALLY AGREED TO BE THE OUTSTANDING CANDIDATE, BUT THE DIFFICULTY OF REPLACING HIM IN BERLIN MAY CAUSE KOHL TO PREFER SOMEONE ELSE.

7. KOHL HAS NOT HAD TIME RECENTLY TO THINK MUCH ABOUT COMMUNITY ISSUES. HIS OFFICIALS, HOWEVER, BELIEVE THAT THE POST-STUTTGART NEGOTIATIONS ARE NOW BEGINNING TO MOVE AND THAT, WITH ONLY FIVE

2
CONFIDENTIAL

/ WEEKS

CONFIDENTIAL

WEEKS TO GO BEFORE ATHENS, THE TIME HAS COME TO SEARCH FOR COMPROMISES ON WHICH TO BUILD THE BASIS FOR A PACKAGE, THE DETAILS OF WHICH WOULD BE COMPLETED AT THE MARCH COUNCIL UNDER FRENCH PRESIDENCY. THE GERMANS BELIEVE THAT THEIR SAFETY NET PROPOSALS OFFER US A GOOD DEAL, BUT THAT WE WILL NOT GET THE FULL SECURITY WE WANT. THEY WILL ALSO ARGUE THAT OUR HOPE FOR A JURIDICAL FRAMEWORK FOR THE STRICT FINANCIAL GUIDELINE IS OUT OF REACH. A SUCCESSFUL CULMINATION TO THE POST-STUTTGART NEGOTIATIONS IS IMPORTANT PERSONALLY FOR KOHL AND THE GERMANS BELIEVE THAT IT IS CRUCIAL FOR THE COMMUNITY TO SHOW AT ATHENS THAT IT CAN AGREE ON SOMETHING. THESE FACTORS TOGETHER ARE LIKELY TO CAUSE KOHL TO URGE THE PRIME MINISTER NOT TO INSIST ON TOO AMBITIOUS GOALS. WE BELIEVE THAT WE SHOULD ARGUE RESOLUTELY FOR A MORE FORTHRIGHT ANGLO-GERMAN LINE. SEE MIFT.

8. THE FRENCH HAVE APPARENTLY BEEN GETTING AT THE GERMANS AGAIN ABOUT ARGENTINA AND THE FALKLANDS VOTE AT THE UN (MY TEL NO.977). GENSCHER IS TO TAKE THE GERMAN DECISION ON THE VOTE. THE LIKELIHOOD IS ABSTENTION. BUT WE SUGGEST THAT THE PRIME MINISTER SHOULD MENTION THE MATTER TO KOHL, AS WELL AS YOUR DOING SO TO GENSCHER.

9. KOHL WILL SEE US DEPUTY SECRETARY OF STATE DAM ON THE DAY BEFORE OUR SUMMIT AND TRUDEAU ON THE DAY AFTER.

FCO PLEASE PASS TO SAVING ADDRESSEES ABOVE EXCEPT BMG BERLIN, EAST BERLIN AND CGS IN THE FRG.

TAYLOR

REPEATED AS REQUESTED

STANDARD

WED
ECDS
WIAD
FID
NAD

COPIES SENT TO
No. 10 DOWNING STREET

3

CONFIDENTIAL

CONFIDENTIAL

GRS 180
CONFIDENTIAL
FM BONN 041150Z NOV 83
TO IMMEDIATE FCO
TELEGRAM NUMBER 978 OF 4 NOVEMBER

MY TELNO 942 AND YOUR TELNO 547: ANGLO-GERMAN SUMMIT

1. CURRENT GERMAN PLANNING IS THAT THE DINNER IN THE PALAIS SCHAUMBURG GIVEN BY CHANCELLOR KOHL ON 8 NOVEMBER SHOULD BEGIN AT 2030 HOURS OR POSSIBLY 2045. KOHL WILL BE ACCOMPANIED BY GENSCHER, MINISTER OF STATE JENNINGER AND STATE SECRETARY SCHRECKENBERGER FROM THE CHANCELLOR'S OFFICE, AN AMBASSADOR RUHFUS, DEPUTY SECRETARY TELTSCHIK (AS NOTE TAKER) AND AN INTERPRETER.

2. I THEREFORE RECOMMEND THAT THE PRIME MINISTER SHOULD BE ACCOMPANIED AT THE DINNER BY YOU, SIR J BULLARD, MR WILLIAMSON, MR BUTLER (AS NOTE TAKER), MR LEDERER (AS INTERPRETER) AND MYSELF.

3. OTHER OFFICIALS FROM THE NO 10/FCO PARTIES WILL ALSO BE CATERED FOR BY THE GERMANS EITHER AT THE CHANCELLOR'S OFFICE OR IN THE PALAIS SCHAUMBURG. WE ASSUME THAT, AS NORMAL, HINGHAM AND GOULDEN WILL PREFER TO OPERATE FROM THEIR HOTEL.

4. ARRANGEMENTS FOR THE OTHER MINISTERS ARE NOT YET FIRM. IT IS CLEAR, HOWEVER, THAT THE GERMANS NO LONGER FORESEE A CONVERSATION BETWEEN MR TEBBIT AND THE GERMAN POSTS MINISTER. MR TEBBIT IS THEREFORE LIKELY TO CONTINUE HIS DISCUSSIONS WITH COUNT LAMBSDORFF.

TAYLOR

LIMITED
PROTOCOL D
WED
NEWS D
PS
PS/PUS
SIR J BULLARD
CABINET OFFICE

COPIES SENT TO
No. 10 DOWNING STREET

CONFIDENTIAL

*F/C.O. have
been told O.K.
11/6/83*

PART 4 ends:-

Tim Ambassador to Bulmer 26/10

~~Duty Clerk to ATC 25/10~~

PART 5 begins:-

Bonn tel ⁷⁸ 9~~8~~ 4/11

