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— PART 6 —

CONFIDENTIAL FILING

PRIME MINISTER'S MEETINGS WITH CHANCELLOR KOHL IN GERMANY

GERMANY

Part 1 : June 1980

Part 6 : August 1986.

(Incorporated into file) + Briefing in Attached folder.

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~13.9.86~~						S 3061	
~~15.9.86~~							
~~18.9.86.~~							
19.9.86							
~~26.9.86.~~							
~~20.3.87~~							
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PART 6 ends:-

PM to Kohn TSJA/87 24.3.87

PART 7 begins:-

CDP to PM 7.9.87

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES.

Reference: CC (86) 31st Conclusions, Minute 4

Date: 18 September 1986

Signed C Wayland Date 20 October 2015

PREM Records Team

subject CC Master
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. T51A/87

cc fco
PC

10 DOWNING STREET
LONDON SW1A 2AA

24 March 1987

THE PRIME MINISTER

Dear Helmut.

I found our meeting yesterday a very valuable part of my preparations for Moscow and am most grateful to you for finding the time to see me. It was very reassuring to discover once again how close our thinking is on all the main issues, and I shall be much reinforced by this in my talks with Mr. Gorbachev. I should like to see our two offices follow up the proposals which you made for further confidential contacts between us on the issues raised by an INF agreement.

May I ask you to convey my gratitude to all those who were involved in the arrangements for my brief visit.

Yours ever

Margaret

His Excellency Dr. Helmut Kohl

KB

Duty Clerk

With the compliments of

Russell Dixon
Assistant

THE PRIVATE SECRETARY

For your file

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

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FM FCO
TO IMMEDIATE BONN
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PRIME MINISTER'S MEETING WITH KOHL, 23 MARCH
1. PLEASE TRANSMIT THE FOLLOWING MESSAGE FROM THE PRIME MINISTER TO CHANCELLOR KOHL:
BEGINS
DEAR HELMUT, I FOUND OUR MEETING YESTERDAY A VERY VALUABLE PART OF MY PREPARATIONS FOR MOSCOW AND AM MOST GRATEFUL TO YOU FOR FINDING THE TIME TO SEE ME. IT WAS VERY REASSURING TO DISCOVER ONCE AGAIN HOW CLOSE OUR THINKING IS ON ALL THE MAIN ISSUES, AND I SHALL BE MUCH REINFORCED BY THIS IN MY TALKS WITH MR GORBACHEV. I SHOULD LIKE TO SEE OUR TWO OFFICES FOLLOW UP THE PROPOSALS WHICH YOU MADE FOR FURTHER CONFIDENTIAL CONTACTS BETWEEN US ON THE ISSUES RAISED BY AN INF AGREEMENT.
MAY I ASK YOU TO CONVEY MY GRATITUDE TO ALL THOSE WHO WERE INVOLVED IN THE ARRANGEMENTS FOR MY BRIEF VISIT.
YOURS EVER, MARGARET.
ENDS
2. ORIGINAL FOLLOWS BY BAG.

HOWE

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LIMITED
WED
SOVIET D — MR BOYD
ACDD — MR RATFORD
DEFENCE D — MR RENWICK
ECD(I) — MR FALL
PS
PS/LADY YOUNG
PS/MRS CHALKER
PS/MR RENTON
PS/MR EGGAR
PS/PUS
MR THOMAS

Subject cc master

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 March 1987

Dear Tony,

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL

The Prime Minister had a talk this afternoon with Chancellor Kohl at the Federal Chancellery in Bonn. Herr Teltschik was also present on the German side. The discussion was almost entirely concerned with arms control and East/West relations. I am writing separately on a European Community matter.

The Prime Minister said that she had thought it would be useful for her and the Chancellor to talk over the main arms control issues before her visit to Moscow at the end of the month. She also wanted to compare assessments of what was going on in the Soviet Union.

Chancellor Kohl said that he had been grateful for the Prime Minister's offer to consult. He would like first to give her an account of the situation in the Federal Republic. This was relevant because the FRG was clearly the main target of Soviet policy in Europe.

He had delivered a policy statement on East/West relations and arms control to the Bundestag the preceding week and the subsequent debate had gone well from the Government's point of view. A number of Land elections now lay ahead of the Government, in which it had a significant chance of winning power for the first time for decades in Hesse and in Hamburg. The fundamental issue of contemporary German politics was the leftward trend of the Social Democrats. The Brandt era was drawing to a close (news of his resignation was brought in moments later) and his successors were likely to be further to the left. This meant that the fundamental understanding between the Government and Opposition in West Germany on the basic issues was no longer there. The Government was also under attack from the Greens, who were under the influence of Communist ideologues and had wide support in the press, while the Protestant church was encouraging neutralism. The atmosphere in German politics had not been so full of hate since 1949.

The Chancellor continued that the German economy would do reasonably well in 1987 with 2-2½ per cent growth. But there were particular difficulties with coal, shipbuilding and steel, where earlier Social Democrat governments had

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failed to tackle restructuring. Economic development was uneven throughout the country. There were 40,000 job vacancies in Stuttgart and 16 per cent unemployment in Dortmund. There was likely to be a row over tax reform, because it involved the withdrawal of subsidies. There were also real problems with German farmers, which would need three or four years to overcome. German agriculture had developed in the wrong direction for over two decades and the problem could not be put right overnight. However, said Chancellor Kohl concluding this doleful story, he was pretty satisfied all in all with the way things were going. So he ought to be, said the Prime Minister.

Turning to developments in the Soviet Union, Chancellor Kohl said that he was concerned by the rather naive enthusiasm in the Federal Republic about developments there. Too many people just heard the words and failed to appreciate the need for them to be matched by action. They thought that Gorbachev was trying to introduce democracy, whereas in reality he only wanted a more efficient Communist system. So far Gorbachev's reforms were only words. But even these could be dangerous for him, and he thought Gorbachev was running quite high risks. He was in practice asking the privileged class in the Soviet Union to cut off the branch on which it was sitting. The proposal that party officials should be elected could prove explosive. There must be doubts over his ability to survive. He thought that Gorbachev had only until about 1990 to prove that his way would work. In the longer term he thought that the Soviet system would crack, although one could not say when and how this would happen. The West's position meanwhile should be to watch developments with interest and sympathy, but sceptical sympathy. When practical steps forward were taken, we should acknowledge them. But we must not fall into the trap of seeing arms control as the only significant issue, much as that might suit Mr. Gorbachev. We had to judge the Soviet Union across the whole spectrum of its behaviour both internally and in international affairs. We should demand evidence of greater humanity in Soviety society, on issues such as Jewish and German emigration. There were some 80,000 Germans in the Soviet Union who had applied for permission to emigrate. The Prime Minister said that, in judging developments in the Soviet Union, we must be wary not to set bench marks which Gorbachev could claim to meet while still leaving the basic framework of Communism intact.

Chancellor Kohl continued that one aspect of the Gorbachev phenomenon which had not received sufficient attention was the likely impact of his approach in the East European countries. There were particular risks for the regimes in Poland, East Germany and Czechoslovakia. It was significant that Gorbachev's speech to the Central Committee plenum had not been published in the GDR.

On arms control, it was vital for the Europeans to have an agreed policy. This would require the closest possible co-operation between the United Kingdom, the FRG and France. It was particularly necessary in terms of influencing the

United States. He was concerned about US attitudes in the longer term, particularly if President Reagan were to be followed by a Democratic President who was not firmly grounded in reality. In that event, the Europeans might pay a high price.

The Prime Minister said that, in those circumstances, we would have to take the issues direct to the US people, pointing out that if Europe became neutral, even the United States could not stand out alone. She agreed with the Chancellor that there was a need for the United Kingdom, the FRG and France to stand together and make their views known strongly. On INF, we had to accept that negotiations should go ahead for a zero option in Europe. We were trapped by the dual-track decision. The point which worried her most was how to deal effectively with the enormous Soviet preponderance in SRINF and SNF without getting drawn down the road towards a denuclearised Europe. An INF agreement must provide for restraints on shorter range systems and for follow-on negotiations. Chancellor Kohl said that this was the most important point of all. Negotiations on shorter-range systems must follow immediately the conclusion of an INF agreement, so that they could take place during the period in which that agreement was before Congress for ratification. That would give Europe some leverage.

The Prime Minister said that the Soviet advantage in conventional forces in Europe made it essential to devise a position on shorter range systems which fully protected Europe's interests. There was a risk that Mr. Gorbachev would propose the elimination of all short-range systems, leaving Europe denuclearised and at the mercy of Soviet conventional forces. These issues needed to be sorted out now, while the INF negotiations were in progress, before we were trapped into a zero option on shorter range systems as well. We must get our position worked out. Chancellor Kohl said that there should be very early and confidential discussions between the close collaborators of the Prime Minister, President Mitterrand and himself. He would be seeing President Mitterrand shortly. Thereafter their three offices should be in touch to decide a mechanism for these consultations. The purpose would be to draw up desiderata for follow-on negotiations on shorter-range systems. The Prime Minister agreed.

Chancellor Kohl continued that the Prime Minister's talks with Gorbachev would be very important. Gorbachev had so far failed in his aim of causing divisions in Western Europe and no one would be better able to prevent him from succeeding in this than the Prime Minister. The Prime Minister should say to Mr. Gorbachev that she was speaking on the Federal Republic's behalf as well as for Britain. He was sure that President Mitterrand would take the same attitude. She should tell Gorbachev that arms reductions could not be limited to Europe. They must be global. That meant that the Soviet Union could not go on using proxies in conflicts in the Third World. She should make clear that we would not agree to elimination of INF while SRINF and conventional weapons were left untouched. The bench mark

for arms control agreements should be that they must not leave Europe less secure than before. She should also confront Gorbachev with the need for early withdrawal from Afghanistan and for progress on human rights. Gorbachev should hear the same story from all West European leaders.

The Prime Minister said that she came back to her main point. We must not get trapped again into a zero option, this time for shorter-range systems. We must get over to the United States the message that they should not sign an INF agreement without satisfactory restraints on SRINF and a commitment to follow-on negotiations. We must get our objectives for those negotiations clear. We must establish a clear link between them and negotiations on reductions in conventional forces. Chancellor Kohl agreed that negotiations on shorter-range systems and conventional weapons must go together.

I am copying this letter to John Howe (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

Yours sincerely,

(C. D. POWELL)

A. C Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL;
23 MARCH 1987

FRG Attitudes to the Soviet Union

1. There appears to be optimism within the governing coalition that change in Soviet domestic policy could have a major impact on Soviet external relations. Kohl's government declaration of 18 March endorsed Genscher's line ("we must put Gorbachev's words to the test") though adding the cautious rider that "we shall not lose sight of realities nor chase after illusions". Kohl also confirmed the FRG's wish to intensify the bilateral political dialogue with the Soviet Union, after the cooling of relations following his implied comparison of Gorbachev with Goebbels. The Germans hope that Shevardnadze will visit Bonn before the end of June.

Arms Control

2. Kohl and Genscher have informed the Prime Minister and the Foreign Secretary of messages they have sent to the US Administration on INF. The key FRG desiderata are a binding legal commitment to follow-on negotiations on SRINF, and that the objective of SRINF negotiations should be equal ceilings at low levels.

3. Studies are proceeding in NATO specialist groups on military/deterrence requirements. It is right that an initial view should be ready for NATO Defence Ministers at the May Nuclear Planning Group. NATO's objectives for SRINF negotiations cannot be defined with precision until then.

/4.

4. The Prime Minister might wish to:

- endorse the FRG call for rapid work on details of LRINF agreement, and welcome bilateral contacts with FRG on problems of verification. Preliminary UK advice is that verification problems are complex but manageable.

- agree with Kohl that follow-on negotiations will be necessary to address imbalance. We must, however, avoid being rushed into over-hasty negotiations. Gorbachev may try to press for SRINF zero/zero.

5. Kohl has said in an interview that the US should respect the narrow interpretation of the ABM Treaty. We have avoided endorsing one or other interpretation as we are not parties to the treaty, but we have in the past welcomed the conduct of the SDI research programme within the restrictive interpretation.

6. This area is unlikely to be controversial at time of the Prime Minister's visit. She might say that:

(i) we await the US Administration report on interpretation of Treaty; that

(ii) there will be further consultations with allies after this and OSD studies on reconfiguration of SDI programme; and that the

(iii) UK is participating in research which no-one disputes is permitted by ABM Treaty.

/6.

6.(a) On the Delors proposal for an extraordinary Summit on defence/security issues the Prime Minister will wish to say she favours discussion of these issues among Europeans, but she doubts whether there is a case for a summit. Foreign Ministers of the Twelve will devote most of their 4/5 April weekend meeting to these subjects, and there is a WEU Ministerial on 27/28 April. The proposed summit would cut across these meetings and create unnecessary problems with the Irish, Danes etc.

Community Financing

7. The Foreign Secretary hopes that if time allows the Prime Minister will take the opportunity to impress on Kohl personally that we must work together in the discussions now engaged in Brussels on Community financing. The Prime Minister will want to emphasise that decisions are not going to be taken at the June European Council and that we are not going to base our approach on the Commission's proposals; but also to indicate that we are ready to work with Germany to try to achieve an eventual solution based on more effective expenditure control.

8. I attach speaking notes on which the Prime Minister might wish to draw on Community financing, plus a contingency note for use as necessary with Chancellor Kohl on EC research and development.

Bilateral and Other Issues

9. There are no bilateral points we recommend the Prime Minister raise with Kohl on this occasion. If Kohl raises the next Anglo-German Summit, the Prime Minister might say that she is looking forward to seeing him in London in the autumn. (It has been announced that Mitterrand and Kohl will themselves meet in Paris before the end of March).

10. Recent developments in the Soviet Union have also raised West German hopes of major progress on inner-German relations. But as yet there is no indication of a reinstatement of Honecker's visit to Bonn, postponed in 1984; nor of Soviet permission to allow Honecker to accept the Governing Mayor's invitation to attend a 750th anniversary ceremony in West Berlin (which Chancellor Kohl will attend). There is no evidence that fundamental Soviet aims over Germany (to perpetuate its division and to consolidate the GDR as a legitimate state under Soviet control) have changed under Gorbachev.

11. If Chancellor Kohl suggests that the Prime Minister might raise Rudolf Hess's case whilst in Moscow, the Prime Minister might say that she would be reluctant to add to the considerable number of important and sensitive questions already on the agenda for the visit, but would be willing to consider doing so if the proposed tripartite demarche to the Russians in Allied capitals (likely to take place in the week beginning 23 March) were to reveal any sign of movement in the Soviet position.

12. Chancellor Kohl has been briefed on Afghanistan. The Prime Minister may wish to take the following line:

- Following the adjournment of the UN talks in Geneva, the West must reinforce the essential elements of the Pakistan position (speedy withdrawal of Soviet troops, neutral non-Communist regime to manage the transition) as the only way of securing the cooperation of the Afghan refugees and resistance.

- We must also emphasise that the West is not seeking to humiliate the Russians or prolong the war.

/13.

13. Chancellor Kohl may also raise the proposal for an International Conference (IC) on the Middle East, on which Foreign Ministers of the Twelve issued a statement on 23 February. The UN Secretary-General is consulting Permanent Members of the Security Council under his mandate to report by 15 May on action taken to convene an IC. Our aim is to nudge the Americans forward and to encourage the moderate Arabs and Peres, without raising expectation on which we (or the Twelve) would be unable to deliver, or putting ourselves at odds with the US or Israel. We shall pursue these aims during the State Visit of King Fahd (24-27 March), the Prime Minister's visit to Moscow (28 March-1 April), Sir Patrick Wright's visit to Israel (5-9 April) and King Hussein's meeting with the Prime Minister (9 April). Mr Peres has also requested calls in the period 9-11 April.

14. Kohl will have much in mind current problems concerning hostages in the Lebanon, and the question of Hamadei's extradition from Germany to the United States. If the subject comes up, the Prime Minister will wish to express sympathy and support, while acknowledging the firmness the German government has so far shown.

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL:
COMMUNITY FINANCING

- Important that Britain and Germany should work together in the discussions now engaged in Brussels on Community financing.

We are not satisfied with the Commission's report. Their proposals are far too ambitious and loaded towards the Mediterranean.

No question of our agreeing to doubling of the structural funds or an increase in own resources to 1.4% of GNP (equivalent to a 2.2% VAT rate).

We all have to face difficult choices in our national budgets. In Britain we are interested in cutting taxes, not increasing them.

Fontainebleau Agreement stipulates that the maximum rate may be increased to 1.6% on 1 January 1988 by unanimous decision of the Council and after approval by national parliaments.

We shall not put a proposal for any further increase to the present British parliament. Decisions will not be reached at the June European Council. But we should use that meeting to get greater realism into these discussions, and to pave the way for solutions later, based on more effective expenditure control.

Britain and Germany should agree that for non-obligatory (non-agricultural) expenditure, we must ensure that the maximum rate of increase (which is what the Community can afford) is not exceeded. We have worked together to achieve this in the 1987 budget and must ensure that this becomes the rule for the future.

- In the CAP, we have to carry forward the process of adjustment to market realities. We have to build into the principal market regimes stabilising mechanisms to ensure that they do not exceed the budgetary provision.

- We will not provide extra money in 1987. The 1987 budget deficit should be dealt with, as the Commission propose, by moving from FEOGA advances to reimbursement. That would help expenditure control.

- Even with the Fontainebleau correction, we remain the second largest contributor to the Community budget. We will not agree to any solution that would leave us worse off than Fontainebleau. Indeed we should like to see some improvements.

(If Kohl argues that CAP spending must have priority.)

Reforms causing problems with farmers in Britain. We have told them they must be carried forward: otherwise the policy will collapse. Recognise need to support farming community. But social aids should be financed nationally, under Community control (to prevent distortions of competition). Reforms cannot be achieved by price cuts alone. But other steps will not be effective unless accompanied by a price freeze and measures to ensure that intervention returns to the role of a safety net and does not act as an incentive to over-production.

(If Kohl argues that Germany cannot accept price cuts or the Commission's proposals to weaken intervention eg for cereals.)

Understand German concern to help small farmers, but this can be done by social aids paid nationally, under Community control. This a lesser evil than forcing up costs throughout the whole Community. The linking of the agricultural ecu to the strongest currency also has that effect.

(If Kohl argues that if Britain receives a budgetary correction, Germany will want one as well.)

We will not agree to arrangements that would leave us worse off than Fontainebleau. We would be willing to work with France and Germany on a model that would ensure that all three net contributors did not pay more. That would give the other member states an interest in budgetary control. Germany already contributes to the British correction at an abated rate (Germany contributes at 2/3rds the normal rate to the UK correction).

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL.

[AS NECESSARY]

EC RESEARCH AND DEVELOPMENT

- In Brussels tomorrow (24 March) the Research Council will be trying to decide on the 1987-91 five year framework programme.

- Britain, France and Germany have insisted on a programme of 4.2 becus. Understand that you may be prepared to consider 5 becus ie 4.2 plus commitments unspent from the existing programme. We are not clear that others will come down to that figure. More likely that other member states will continue trying to bargain upwards.

- Our position remains that we think that a 4.2 becus programme should suffice. Important that Britain, France and Germany should remain together at the Council. Mr Pattie is in touch with the German Research Minister (Riesenhuber).

  [Note: It is not suggested that the Prime Minister should raise this with President Mitterrand as he favours a larger programme, while M Chirac is insisting on a programme of not more than 5 becus.]

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PS/Mr Thomas
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PS/Mr Lord DS

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IMMEDIATE

FM BONN
TO DESKBY 201200Z FCO
TELNO 237
OF 201000Z MARCH 87

ADVANCE COPY

PRIME MINISTER'S VISIT TO BONN: 23 MARCH

1. KOHL HAS BEEN TOO BUSY TO SEE ME RECENTLY, BUT TELTSCHIK TOLD ME YESTERDAY HOW VERY PLEASED THE CHANCELLOR WAS THAT THE PRIME MINISTER HAD FOUND TIME TO FIT IN THESE CONSULTATIONS WITH MITTERRAND AND HIMSELF. HE THOUGHT THIS REPRESENTED A NEW QUALITATIVE ADVANCE IN THE TECHNIQUES OF WESTERN EUROPEAN COORDINATION, BESIDES STRENGTHENING THE PRIME MINISTER'S POSITION IN MOSCOW AND INCREASING STILL FURTHER THE IMPORTANCE OF HER MISSION.

2. KOHL'S OFFICE ARE AWARE OF THE CONSCIENTIOUS AGENDA IN MY TELNO 216, BUT THEY ASSUME THAT IN PRACTICE, ALLOWING FOR INTERPRETATION BOTH WAYS, THERE WILL BE NO TIME TO TALK ABOUT ANYTHING NOT DIRECTLY RELATED TO THE VISIT TO MOSCOW. RELATIONS WITH THE EAST WERE THE MAIN FOREIGN POLICY THEME IN KOHL'S GOVERNMENT DECLARATION THIS WEEK, AND HAVE BEEN THE MAIN FOCUS FOR PRESS COMMENT SINCE THEN. AS KOHL MAY EXPLAIN, THE RUSSIANS ARE MAKING A DEAD SET AT AN EARLY STATE VISIT TO MOSCOW BY PRESIDENT VON WEIZSAECKER, WHICH GENSCHER SUPPORTS, WHILE THE CHANCELLOR'S OFFICE ARE TRYING TO LAY OUT A DECENT APPROACH MARCH IN THE FORM OF MINISTERIAL VISITS IN BOTH DIRECTIONS. I WOULD PERSONALLY EXPECT VON WEIZSAECKER TO GO TO MOSCOW IN 1988 AT LATEST - AND HONECKER TO COME HERE IN 1987.

3. I SENSE LESS JEALOUSY ABOUT ALL THIS ON THE PART OF KOHL THAN ONE MIGHT EXPECT. HE MAY FEEL HE LACKS THE EXPERIENCE TO TAKE ON GORBACHEV JUST YET, OR HE MAY SIMPLY ATTACH MORE IMPORTANCE TO THE FIVE LAND ELECTIONS DUE HERE THIS YEAR.

4. A STANDARD SCENE-SETTING TELEGRAM IS BEING SENT SEPARATELY.

5. PLEASE PASS TO PRIVATE SECRETARY TO PRIME MINISTER.

BULLARD

YYYY

BPLNAN 3332

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Original Filed on FRANCE : PM's Visits to France: Part 5

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PRIME MINISTER

MEETINGS WITH PRESIDENT MITTERRAND AND CHANCELLOR KOHL, MONDAY 23 MARCH 1987

You are to meet President Mitterrand and Chancellor Kohl in the course of Monday. Your programme is attached.

There is considerable interest in your meetings. Kohl has welcomed them as introducing a new dimension to consultation of Europe. We envisage that you will see the press briefly at the end of each meeting in company with Mitterrand and Kohl respectively. I think that you should make clear that you are also consulting President Reagan, so that there is no impression that the Americans are somehow being left out.

The visits are to a large degree demonstrative. The fact of making them before you go to Moscow is as important as what you say. But they will undoubtedly allow you to speak with an even greater authority in Moscow and will increase Gorbachev's interest in what you have to say.

Some detailed briefs are in the attached folder. I have included the Steering Brief and the Arms Control Brief for your Moscow visit.

Allowing for interpretation you will have only just over an hour with Mitterrand and Kohl. Inevitably most of the discussion will be taken up with your Moscow visit. You will want to make clear that you are not going to Moscow with great expectations. Your main purpose is to convince Gorbachev of the continued firmness of purpose and unity of the NATO Alliance. We do not take Soviet declarations at face value. And shall not weaken our defences simply because of a few interesting speeches. You will want to drive home that

Gorbachev is not going to be able to divide Europe from the United States. At the same time you will want to make your own first-hand assessment of Gorbachev's intentions and prospects of succeeding in his plans for reform. You will want to show that arms control is not the only issue in East/West relations, important though it is. You intend to cover the whole gamut of issues: regional problems, human rights, bilateral issues as well as having a broader and more philosophical discussion of the future relations between our competing systems.

On arms control, you will be making clear to Gorbachev your view that the defence of the West will continue to rely for as far ahead as you can see on the deterrent effect of nuclear weapons. You will base yourself on the three priorities established at Camp David and explore with Gorbachev how progress can be made on each of them. On INF you will place particular stress on strict verification and on the need to constrain the Soviet advantage in shorter-range systems (this point is shared by Mitterrand and Kohl). At the same time you will want to point out to both Mitterrand and Kohl the dangers of being drawn down a path towards a de-nuclearised Europe. The West must act quickly to formulate a position for follow-on negotiations on shorter-range systems and decide what substitute the Alliance needs for the deterrent and striking power of the Cruise and Pershing. We shall need to have a common position on this by the time of the NATO Defence Ministers' meeting in May.

On the complex of space issues, you will want to explain to Mitterrand and Kohl your ideas for a commitment by both sides not to deploy a strategic defence system for a fixed number of years, and then only after negotiations; and to set out publicly their timetable for research and testing to give the re-assurance of predictability. This should give both sides sufficient confidence in the intentions of the other about strategic defence to allow them to negotiate reductions in strategic weapons. You will want to explain your

scepticism about the likelihood of progress in negotiations to reduce conventional weapons. But you will also want to make the point that there must be a clear linkage established between follow-on negotiations on shorter-range nuclear missiles and conventional force reductions.

Both Mitterrand and Kohl may raise the proposal by M. Delors to convene a special European Council to discuss these issues of East/West relations. We think this is unnecessary. There is a European Council any way in June. What is needed is for Foreign Ministers to prepare thoroughly for discussion there.

The other subject which you ought to try to raise with both Mitterrand and Kohl is the review of Community finances. You will want to stress to them the importance of Britain, France and Germany working closely together to deal with Delors' impractical ideas. You will want to make clear in particular that we shall not be ready to reach agreements at the June European Council. We see discussion there as an opportunity to inject greater realism into the discussions.

There are one or two issues which may come up bilaterally. With Mitterrand you might refer to his speech at Chatham House in which he talked particularly of the prospects for defence co-operation between Britain and France. You could refer to the recent meeting between Mr. Younger and the French Defence Minister at which practical co-operation in a number of areas, including nuclear matters, was agreed. You may also wish to mention briefly the subject of hostages in Lebanon. As you know, there is a threat to execute one of the French hostages.

With Kohl it would be very helpful if you could raise the issue of David Williamson's candidature for the post of Secretary General of the Commission. We are now very close to the point of decision and the Germans are still running their own candidate (Mr. Krenzler). Your line might be that we

would certainly support a good German candidate to succeed Delors as President of the Commission. You would also support Mr. Krenzler for the post of Director General of External Relations (which we at present hold) in return for their agreement to support David Williamson for the Secretary General post. If Kohl asks you to raise in Moscow the case of Rudolph Hess, I suggest that you say that you already have a considerable number of important and sensitive questions on the Agenda and would only want to mention this if there was any evidence beforehand of a change in the Soviet position.

CHARLES POWELL

20 March 1987

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original filed on FRANCE : PM's visits to France: Part 5

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

20 March 1987

Dear Charles,

Prime Minister's Meetings with Chancellor Kohl and President Mitterrand, 23 March

I enclose separate briefing notes for these two meetings, including speaking notes on European Community financing.

The enclosed scene-setting telegram from our Embassy at Paris gives the political background to the meeting with Mitterrand. As an example of the difficulties which cohabitation presents to France's friends, the Prime Minister should be aware that the Embassy have had some hints from Chirac's office that they considered that Chirac rather than Mitterrand should be her French interlocutor. The Embassy made clear that the original suggestion had been Mitterrand's, and reminded Matignon that Chirac and the Prime Minister would have a chance to exchange views when he came to Chequers on 26 April (this visit may not be known to Mitterrand); and Chirac's office have not reverted to the issue. But, as their rivalry becomes more open, Mitterrand will not waste opportunities to score discreetly at Chirac's expense. Chirac's office, and the French press, will accordingly look at any public statement made by the Prime Minister on 23 March for indications of bias. The Delors proposal for an EC Summit on defence and security issues appears to have more to do with internal French politics than high strategy.

I also enclose a scene-setting telegram from our Embassy in Bonn, which covers the internal political scene in the Federal Republic following the recent formation of the new government (in which the FDP's influence has been increased), together with a recent despatch by Sir Julian Bullard reviewing Kohl's career and personality.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary 26 September 1986

Dear Colin,

ANGLO-GERMAN SUMMIT

I enclose a record of the plenary session of the Anglo-German summit in Bonn on 16 September. I am most grateful to Nigel Williams at the Embassy for having produced this.

I am copying this letter and enclosure to Alex Allan (Treasury), John Howe (Ministry of Defence), Tim Walker (Department of Trade and Industry), Robin Young (Department of the Environment), Geoff Dart (Department of Energy), Richard Allan (Department of Transport) Tim Abraham (Mr. Pattie's office), Barbara Jones (Mr. Waldegrave's office) and Michael Stark (Cabinet Office).

yours ever,

Charles Powell

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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VISIT TO BRITISH FORCES GERMANY (BFG) BY THE PRIME MINISTER AND CHANCELLOR KOHL, 17 SEPTEMBER

SUMMARY

1. THE VISIT GOT GOOD PUBLICITY HERE AND CAN BE SAID TO HAVE ACHIEVED ITS AIMS. KOHL AND HIS PARTY WERE DEEPLY IMPRESSED.

DETAIL

2. THE PRIME MINISTER AND CHANCELLOR KOHL SPENT 17 SEPTEMBER VISITING BRITISH FORCES GERMANY IN THE FIELD. MR YOUNGER AND DR WOERNER ACCOMPANIED THEM, TOGETHER WITH THE CDS AND FROM THE GERMAN SIDE THE INSPECTOR OF THE ARMY (CGS EQUIVALENT), SOME LOCAL MPS AND OTHERS. THIS WAS KOHL'S FIRST VISIT TO BFG. THE COMMANDERS-IN-CHIEF, WHOSE DAY IT WAS, WILL NO DOUBT BE SENDING THEIR IMPRESSIONS.

3. FROM MY POINT OF VIEW THIS VISIT HAD THREE PURPOSES:-

(A) TO BRING HOME TO KOHL AS VIVIDLY AS POSSIBLE THE QUALITY OF BFG AND THE VITAL ROLE THEY PLAY:

(B) TO REMIND THE GERMAN PUBLIC AT LARGE OF THE MAJOR CONTRIBUTION MADE BY BRITAIN TO THE DEFENCE OF THE FEDERAL REPUBLIC:

(C) TO DEMONSTRATE SYMBOLICALLY AND GRAPHICALLY THE INTERDEPENDENCE OF OUR DEFENCE EFFORT IN THE FRG.

4. I BELIEVE WE SUCCEEDED VERY WELL ON (A), AND ADEQUATELY ON (B). ON (C) WE NOW HAVE A LANDMARK WHICH WE MUST ALL WORK TO KEEP VISIBLE.

PROGRAMME

5. KOHL WAS GIVEN AN IMPRESSIVE BRIEFING ON THE THREAT AND BFG'S ABILITY TO MEET IT. THE DISCUSSION WHICH THIS SET OFF, THOUGH BRIEF, WAS ONE OF THE MOST VALUABLE PARTS OF THE VISIT. BUT THE MAIN AIM WAS TO SEE THE FORCES IN THE FIELD. THE 2 HEADS OF GOVERNMENT WATCHED A TANK DEMONSTRATION AT FALLINGBOSTEL, INVOLVING BOTH CHALLENGER AND GERMAN LEOPARD II. THEY WERE TELEVISED IN THE TURRETS OF THEIR RESPECTIVE NATIONAL TANKS, FIRED THEIR GUNS AND EACH SCORED A DIRECT HIT. THEY WATCHED A HARRIER DEMONSTRATION BY RAF GERMANY.

/THEY

THEY MET A WIDE RANGE OF BFG PERSONNEL OF ALL RANKS, AND SOME FROM THE BUNDESVEHR.

MEDIA

6. THE DAY'S EVENTS PROVIDED IDEAL TARGETS FOR THE TELEVISION CAMERAS AND THERE WAS GOOD COVERAGE HERE, ESPECIALLY ON THE LATE NEWS BROADCASTS. AT THE PRESS CONFERENCE KOHL SPOKE WARMLY OF THE ANGLO/GERMAN DEFENCE COOPERATION AND EXPRESSED ADMIRATION FOR THE HIGH STANDARD OF BFG'S TRAINING. THE PRESS HAD WIDESPREAD PHOTOGRAPHIC COVERAGE, THOUGH NOT MANY COLUMN INCHES OF TEXT. THE REGIONAL PRESS WILL NO DOUBT GIVE WIDER COVERAGE, INCLUDING ON THE QUESTION OF TRAINING AT SOLTAU-LUENEBURG. ON THIS KOHL WAS MORE ROBUST THAN WOERNER IN EXPLAINING THE NEED TO TRAIN. ''FREEDOM CANNOT BE HAD FREE OF CHARGE''.

COMMENT

7. KOHL'S OFFICE HAVE TOLD ME THAT HE CAME AWAY DEEPLY IMPRESSED. (WOERNER'S STAFF SAY THE SAME OF HIM, WHICH IN A WAY IS AN EVEN GREATER COMPLIMENT.) KOHL BEING THE MAN HE IS, THE VISIT WILL HAVE DONE MORE THAN MANY HOURS OF TALKING OR READING COULD EVER ACHIEVE TO PRINT IN HIS MIND THE PICTURE OF BRITISH FORCES AS TOP QUALITY, DEEPLY COMMITTED PROFESSIONALS DEFENDING ONE OF THE MOST VULNERABLE POINTS OF THE INNER-GERMAN BORDER. ASSUMING KOHL CONTINUES TO LEAD GERMANY FOR ANOTHER FOUR YEARS, THE EFFORT PUT INTO ARRANGING THE VISIT WILL HAVE BEEN AN EXCELLENT INVESTMENT.

BULLARD

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ANGLO-GERMAN SUMMIT, 16 SEPTEMBER 1986: RECORD OF THE PLENARY SESSION, HELD IN THE KANZLERAMT, BONN, AT 1730

Present:

The Prime Minister	Dr. Kohl
Sir Geoffrey Howe	Herr Genscher
Mr. Younger	Dr. Wörner
Mr. Pattie	Dr. Reisenhuber
Mr. Waldegrave	Dr. Wallmann
Sir Julian Bullard	Dr. Schlecht
Sir Clive Whitmore	and officials
and officials	

Dr. Kohl opened the meeting by expressing appreciation for the excellent state of Anglo-German relations, despite occasional differences. This good relationship was an essential pre-condition for further progress towards a federal Europe. He suggested that there was no need for Foreign Ministers to report to the Plenary as they had been unable to hold a bilateral meeting in Bonn and had already given an extensive account of developments in Brussels at the press conference. The Prime Minister endorsed Dr. Kohl's assessment of the state of relations and expressed appreciation for the German Government's welcome.

Dr. Wörner said that he and Mr. Younger had discussed the situation in the Alliance. They were agreed on the need to prevent the United States and Europe drifting apart and to avoid encouraging attitudes which could lead to the reduction of the US military presence in Europe. They had agreed to compare notes about the insights they gained into the SDI from the participation of their respective firms. They had noted that the revitalisation of WEU had not so far produced encouraging results. They hoped that the European Fighter Aircraft MOU could be signed at the NPG meeting in Gleneagles. There were difficulties over the SP70 but they had had a

useful exchange and would be talking to the Italians at Gleneagles. They had noted that the Anglo-German Coordinating Group had made some progress on the question of the environmental impact of military training. Mr. Younger had agreed that the negotiators should be asked to continue their work. Mr. Younger commented that the very close relations in the defence field were a great advantage to both countries and essential in preserving the cohesion of NATO. He much appreciated the role Dr. Wörner played in the Alliance. He confirmed that experts would be keeping in touch to monitor the European side of the SDI to ensure that the spin-off was as high as we hoped it might be.

Mr. Pattie said that he had had discussions with Dr. Schlecht and would be having further discussions with Dr. Riesenhuber after the Plenary. Dr. Schlecht and he had agreed on the need to press on with the completion of the internal market. They had similar positions on the Information Technology Directive and the introduction of OSI standards, which they believed should be voluntary. On public procurement, they had agreed that the directive should not apply to all European utilities until further studies had been carried out. They had agreed that a Shipbuilding Directive was needed and that the aim should be to minimise government subsidies. They had noted that after ten years' work on the Fork-Lift Truck Directive there were still difficulties over reaching agreement on pedal layout. Dr. Schlecht had said that the FRG would join the British in putting pressure on the Commission to ensure that Greece met its obligations on introducing VAT and removing export subsidies such as those which were causing the UK difficulties over cement. He and Dr. Schlecht had discussed transport especially civil aviation and noted that the UK put more weight than the FRG on liberalisation of market forces. Their views on RACE differed but the problem could perhaps be dealt with if it was looked at in a longer-term context. They had noted that Airbus Industrie was about to start its marketing drive and that the results of this would enable the two governments to take the necessary decisions. Dr. Schlecht added that the two sides saw the need for further contact on

the liberalisation of services especially insurance. He also said that he and Mr. Pattie had agreed that it was important to press ahead with the new approach to harmonisation: mutual recognition of standards rather than regulating for uniformity.

Dr. Kohl commented that the Prime Minister and he had agreed that it was important to continue the Airbus project. If Airbus disappeared the United States would have a monopoly of aircraft manufacture in the 1990s. The new cost forecasts were, however, disturbing. Reliable figures were needed soon so that an intermediate balance could be drawn up.

Dr. Wallmann said that he and Mr. Waldegrave had begun by discussing large combustion plants. Good progress had been made. They had agreed on the need for new plants to be equipped with desulphurisation equipment and hoped that agreement in Brussels would be forthcoming this year. A bilateral working party on transboundary air pollutants and control technologies was to be established within the next week or two. Wallmann welcomed the increasing number of unleaded petrol stations in the UK and Mr. Waldegrave's support for his attempt to get authority to phase out leaded normal petrol. He and Mr. Waldegrave had also emphasised the importance of measures for the protection of the North Sea to be discussed at next year's conference to be held in London. They had agreed a joint press communiquè. Mr. Waldegrave expressed appreciation of the warm relations that had developed between his department and Dr. Wallmann's new Ministry. The relationship had been transformed and there was now a good understanding between the two countries in this field.

Dr. Kohl closed the meeting at 1800.

CDP.

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The Minister
BRITISH EMBASSY
53 Bonn Friedrich-Ebert-Allee 77

Telephone Bonn 234061 ext ~~173~~ 270

Your reference

Our reference

Date 18 September 1986

Charles Powell Esq
No. 10 Downing Street
LONDON SW1

Dear Charles

ANGLO-GERMAN SUMMIT, 16 SEPTEMBER

1. I enclose my draft record of the Plenary Session for you to revise and distribute as appropriate.

Yours ever

Nigel

N C R Williams

cc:

Colin Budd Esq
FCO

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CAVEAT.....

SUBJECT: ANGLO-GERMAN SUMMIT, 16 SEPTEMBER 1986: RECORD OF THE PLENARY SESSION, HELD IN THE KANZLERAMT, BONN AT 1730

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The Prime Minister	Dr Kohl
Sir Geoffrey Howe	Herr Genscher
Mr Younger	Dr Wörner
Mr Pattie	Dr Riesenhuber
Mr Waldegrave	Dr Wallmann
Sir Julian Bullard	Dr Schlecht
Sir Clive Whitmore	~~etc.~~ and officials.
~~etc.~~ and officials	

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/need

Enclosures–flag(s).....

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/The

The new cost forecasts were however disturbing. Reliable figures were needed soon so that an intermediate balance could be drawn up.

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A bilateral working party on transboundary air pollutants and control technologies was to be established within the next week or two.

Wallmann welcomed the increasing number of unleaded petrol stations in the UK and Mr Waldegrave's support for his attempt to get authority to phase out leaded normal petrol. He and Mr Waldegrave had also emphasised the importance of measures for the protection of the North Sea to be discussed at next year's conference to be held in London.

They had agreed a joint press communique.

Mr Waldegrave expressed appreciation of the warm relations that had developed between his department and Dr Wallmann's new Ministry. The relationship had been transformed and there was now a good understanding between the two countries in this field.

6. Dr Kohl closed the meeting at 1800.

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LONDON SW1A 2AA

From the Private Secretary

18 September 1986

PRIME MINISTER'S MEETING WITH THE FEDERAL GERMAN CHANCELLOR IN BONN ON TUESDAY 16 SEPTEMBER

You might find it helpful to have a few personal comments in addition to my official record of the Prime Minister's meeting with the Chancellor in Bonn on 16 September.

The Chancellor was in an ebullient mood. Indeed I have never seen him so confident, both about his political position and the state of the Federal Republic, and also emphatic about his views and policies (for instance, on sanctions against South Africa). He was also maddeningly discursive. We had two stories about the last war, the point of both of them being to underline sterling German qualities; two more stories about his mother, evidently a saintly lady rich in moral guidance for the young Helmut; a very long account of the role of the Protestant Church in modern Germany, which made it sound like an amalgam of CND, the anti-apartheid movement and Commander Boaks; and a tiresome replay of his most famous budget battles. Between them, these took up close to one hour of the time set aside for the discussion with the Prime Minister. The most original and interesting statement which he vouchsafed was that there had been an enormous change in the FRG in the last three or four years: the Germans were becoming more normal. Sadly, he did not expand on this tantalising notion. He also lamented the very small number of European students attending front-rank universities in the United States. This situation needed to be corrected if Europe was to continue to have access to the best of American technology. Fortunately, the Kohl family are equal to the situation: the Chancellor's elder son is to start at MIT shortly.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

LONDON SW1A 2AA

18 September 1986

From the Private Secretary

Dear Tony,

ANGLO-GERMAN SUMMIT

The Prime Minister commented unfavourably on what she regarded as the unnecessarily large number of officials attending the Anglo-German Summit in Bonn this week. She wishes numbers to be restricted more severely in future. You and other recipients of this letter will wish to bear this in mind for the next Anglo-German consultations (and indeed for the Anglo-French consultations in November). A Minister plus a single official and a Private Secretary should be the maximum necessary.

I am copying this letter to Departments most likely to be involved in these bilateral summits: thus to Alex Allan (HM Treasury), Timothy Walker (Department of Trade and Industry), John Howe (Ministry of Defence), Robin Young (Department of the Environment), Stephen Boys Smith (Home Office), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Tim Abraham (Office of Mr. Pattie, Department of Trade and Industry), Barbara Jones (Office of Mr. Waldegrave, Department of the Environment) and to Michael Stark (Cabinet Office).

yours sincerely,

Charles Powell

(C. D. POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 September 1986

ANGLO-GERMAN SUMMIT

My letter of today's date recorded the main points of the Prime Minister's talk with Chancellor Kohl at the Anglo-German Summit. This letter amplifies some aspects of the discussion of South Africa for much more restricted circulation. The reason is that the Chancellor stressed that his remarks were strictly personal and that he did not want his views reported to the German Foreign Ministry. The Prime Minister gave him an undertaking on this which we must honour.

In essence, Chancellor Kohl is keen to launch a further initiative to help achieve a peaceful solution in South Africa. This would be a tripartite effort by the UK, FRG and US. He claims that the South African government remained open to discussion, on the basis of the following formula (whose ingredients will be familiar to you):

"In return for willingness on the part of the South African government to consider a binding commitment to release Nelson Mandela and other political prisoners, to unban the ANC, and to embark on a peaceful dialogue, the Front Line States would use their influence with the ANC to ensure a commitment on their part to call for an end to violence and to enter peaceful negotiations" (translated from the original German!).

He would like to see the scope for making progress on this basis explored further with the UK and the US, and then by all three of them with the South African government. He did not want to work through the Auswaertiges Amt, whom he regarded as unreliable on this issue. It was important to proceed very discreetly. He suggested that there should be contacts between Herr Teltschik and me.

The Prime Minister took the Chancellor through the difficulties, pointed out that this particular route had been thoroughly explored both by the Eminent Persons Group and by the Foreign Secretary, and discouraged any early approach to the South Africans. But she agreed that a further initiative

would be needed in due course, that joint action by the UK, FRG and US was desirable, and that there might be contacts between the Federal Chancellor's office and No.10 to consider this.

I think that the Prime Minister intends to mention this to the Foreign Secretary at their bilateral this afternoon.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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meeting record.

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LONDON SW1A 2AA

SUBJECT

cc Master

From the Private Secretary

17 September, 1986.

Dear Colin,

PRIME MINISTER'S MEETING WITH THE FEDERAL GERMAN CHANCELLOR IN BONN ON TUESDAY, 16 SEPTEMBER, 1986, AT 1410

The Prime Minister had a talk with the Federal Chancellor lasting some two and a half hours at the beginning of the Anglo-German Summit in Bonn on Tuesday, 16 September. This was longer than planned because of the late arrival of Foreign Ministers from Brussels. Herr Teltschik was also present on the German side.

Situation in the Federal Republic

Chancellor Kohl, who was in a very confident mood, had no doubt that his Party would win the Federal Elections. The polls were more favourable every week. The Social Democrats were all but resigned to defeat. The economic situation was also very satisfactory. The Prime Minister asked the Chancellor to explain Germany's economic success. Chancellor Kohl said that, while economic factors such as the decline in the oil price were important, the main reason for success was psychological. People realised that Germany had a strong Government which would not be deflected from its chosen course. He thought that the INF stationing decision had been crucial in this respect even though it had nothing directly to do with the economy. The Chancellor said that he was convinced that the unemployment figures were not accurate. At least 800,000 of those on the register were not genuinely unemployed. He intended to do something about this problem after the elections. Of course there were regional and structural problems, for instance in shipbuilding. But there were also labour shortages, particularly of skilled workers and engineers. The prospects for the German economy in 1987 were good: predictions were for growth of 3 per cent.

Nuclear Energy

The Prime Minister said that there was no way the energy needs of either the industrialised or developing countries could be met without nuclear power. It was important to repeat this constantly in public. The statement from the Tokyo Economic Summit had been very helpful in this respect. It was no less important to stress the excellent safety record of nuclear power. Chancellor Kohl's initiative in calling for a Conference on International Cooperation in Nuclear Safety

JB.

had been well judged.

Chancellor Kohl said that in no country had Chernobyl caused such a psychopathic reaction as in Germany. There were several reasons for this, not least among them the role of the Protestant church. The SPD had recently voted to phase out nuclear power. The position of the trade unions was shaky. His Government was firmly committed to continuing Germany's nuclear energy programme. But it was a sensitive area, and it would be necessary to take account of proposals being discussed in the United States Congress to restrict the size of new nuclear power stations to some 500 or 600 megawatts. There would be a lot of support for this in the Federal Republic.

South Africa

Discussion took place on the basis of news agency reports of the outcome of the Foreign Affairs Council discussion in Brussels. Chancellor Kohl said that he was not at all convinced of the value of sanctions. They caused unemployment, poverty and suffering. They were easily evaded. For instance, Switzerland was now doing brisk business in gold coins. A great deal of hypocrisy was talked about sanctions, particularly by the Protestant church in Germany. But he had wanted to be helpful to President Reagan and also to the Prime Minister in the face of her difficulties in the Commonwealth. He had therefore been prepared to agree to a ban on the import of gold coins, iron and steel, and on new investment. But his opposition to a ban on the import of coal was very firm indeed and would not change. He would not give a millimetre on this, even if the Americans were to ban coal imports.

The Chancellor continued that he hoped that, following the conclusions reached in the Foreign Affairs Council, it would be possible to draw a line under discussion of sanctions. But he remained concerned about the situation in South Africa and the risk of drift towards a bloodbath. He had had intensive contacts with President Botha recently. Botha still appeared interested in finding a solution which would allow the release of Mandela and other political prisoners and the unbanning of the ANC in return for an undertaking to end violence and enter into peaceful negotiations. The main Western countries should be ready for a fresh effort to achieve a peaceful solution at the right moment.

The Prime Minister said that she shared Chancellor Kohl's views on sanctions. President Botha's priority was to put an end to violence before taking any further steps towards reform. The state of emergency had reduced violence to some extent, although it was not a solution in the long term. President Botha saw an important distinction between a commitment by the ANC to end violence and to suspend it. It would be necessary to argue this through before embarking on any fresh initiative. Otherwise it would only risk accusations of bad faith. She saw no scope for any new initiative at least until the United States had settled its

own policy on sanctions. Even then, it would be necessary to move cautiously since Botha was allergic to outside interference, and would not do anything if it appeared that he was acting under pressure. Chancellor Kohl suggested that it would be best to await the outcome of the United States elections before considering further steps.

Airbus

Chancellor Kohl said that he had recently received information pointing to a sharp deterioration in the financial position of the Airbus Consortium. Although he was not very clear about the details, the difficulties appeared to relate to what he described as the bridging period before new models of the Airbus could be launched. He had discussed the problem with Monsieur Chirac. They had agreed on the need for a realistic financing plan, to be put to Governments for consideration. This appeared to be a separate issue from launch aid.

The Prime Minister said that she was not aware of the particular problem which the Chancellor had described although she knew that the question of launch aid for new models of the Airbus would shortly have to be considered. She had been taken aback to learn that the Federal Republic was proposing to give launch aid of as much as 90 per cent. But she took the view that Europe had to maintain an independent capability to produce civil and military aircraft. She therefore accepted that it made sense to go on to develop further members of the Airbus family. We also attached particular importance to the European Fighter Aircraft - which must be a genuinely European project - and hoped that the Federal Republic would be in a position to sign the Memorandum of Understanding on the EFA at Gleneagles in October.

East-West Relations

There was some discussion of the detailed situation at the CDE in Stockholm. This has been overtaken by events, and I shall not record it. But both sides agreed that the United States should be pressed to help bring the Conference to a satisfactory conclusion this week.

I attach copies (for the Foreign and Commonwealth Office only) of the speeches made at dinner by the Prime Minister and the Chancellor.

I am sending copies of this letter to Alex Allan (HM Treasury), John Howe (Ministry of Defence), Timothy Walker (Department of Trade and Industry), Geoff Dart (Department of Energy), Robin Young (Department of the Environment), and Michael Stark (Cabinet Office).

yours ever.

(C.D. POWELL)

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

FROM JANES LEE AT COI.

TRANSCRIPT OF PRESS CONFERENCE GIVEN BY THE PRIME MINISTER, MRS. THATCHER, AND CHANCELLOR KOHL, IN BONN, ON TUESDAY, SEPTEMBER 16, 1986.

==========

CHANCELLOR KOHL:

Welcome for our Press Talk. I apologise to you for being a little bit late, but as you know, the Foreign Ministers have only just come back from Brussels and this has caused a slight delay.

This afternoon, we had a very full agenda and it is a great pleasure to me to have you, Mrs. Thatcher, and your colleagues, here in Bonn once again. We have interrupted our talks in order to meet you now. Of course, we will go on after this meeting and will have the Plenary Session and then continue our talks in the evening.

We have discussed East West relations and we have agreed that as Europeans we will make use of the dialogue which is going on safety and armament to make the European position felt.

We know perfectly well that European security interests can only be safeguarded in close cooperation with our Alliance partners. We have also, in this context, discussed the Stockholm Conference, which will come to an end this Friday. We agreed that it is absolutely necessary that at this closing phase the western side must operate in close harmony. We know that success in Stockholm will prepare the ground for further progress in conventional disarmament at the conference in Vienna.

Of course, in today's talks, the question of the South African policy of the Twelve has played a great role. I propose that we set this point aside from my little report now and let the Foreign Ministers speak to you about that later, and of course, after that, the Prime Minister and I will have our comments to make.

Then, the Prime Minister and I talked in great detail about the special conference of the AEEU on reactor safety, which will begin next week. I thanked the Prime Minister very warmly for having so effectively supported my proposal for calling such a conference. We are wholly agreed that it is necessary to make substantial progress and obtain substantial agreement and cooperation on the exchange of experience and safety standards and such-like, and I would like to point out in this context that the statement that the safety and health of the citizens must have priority over all considerations is also the view of the British Prime Minister.

We will go on continuing about this but, briefly, we also discussed the European Community of which, as you know, the United Kingdom is in the Presidency at this time.

I once again supported our British friends in the context of further development and in the extension of the internal market, and so far as the Federal Government and I personally are concerned, we will do everything that we can in order to ensure the success of the British Presidency.

Particularly, I would like to thank the Presidency for having taken up a suggestion made by Prime Minister Chirac and myself for calling a special conference on internal security. This conference will now take place on 25th September and will deal, in the first place, with cooperation in anti-terrorist activities.

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Naturally, we also spoke about the economic and social development in our two countries and let me also say that the Prime Minister and I will tomorrow jointly visit for a whole day the British Army of the Rhine. I am looking forward to this joint visit to the British Army and I want this to be seen as a demonstration for the British soldiers here in Germany and I want to emphasise by this visit how much we in Germany appreciate the fact that Great Britain, by stationing her soldiers here, makes a contribution to our security. This is an example, if you like, for showing that German-British relations are excellent and based on confidence and friendship, and this makes me very happy, and I think, Margaret, I can say that this also is to some extent due to the fact that we cooperate so very well together.

Shall we now first ask the Prime Minister and then perhaps the Foreign Ministers.

PRIME MINISTER:

Thank you, Chancellor Kohl.

Just a brief word. As you know, this is the tenth time that Chancellor Kohl and I have had bilateral talks, though it is only the seventh formal summit that we have had since 1982.

As Chancellor Kohl has indicated, relations between the Federal Republic and the United Kingdom are excellent and our relationships and that of our two countries will be heavily underlined tomorrow in our tour together of British Forces, Germany. This will help to demonstrate the British commitment enshrined by treaty to the defence of the Federal Republic which is of course the forward defence of the United Kingdom.

Meanwhile, Chancellor Kohl and I have had very full discussions - a long tete-a-tete of about two hours - before Foreign Ministers joined us on their return from Brussels.

I confirm what Chancellor Kohl told you about our talks and would like to underline that I congratulated the Chancellor on his initiative in proposing a conference on international cooperation in nuclear safety.

We had quite a long discussion on South Africa, about which you will hear more from Foreign Ministers about what happened at Brussels.

We talked about economic developments in our respective countries and the prospects for the future.

We confirmed that both our governments would continue to rely on nuclear energy for a substantial part of our energy needs and stressed that it would be absolutely vital for the Third World if it is to have enough energy supplies also to have some nuclear energy.

We discussed East-West relations and the prospects for a Summit and for arms control agreements and we reviewed the

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situation reached at the CDE Conference in Stockholm, which we both want to see brought to a successful conclusion, and our talks will be carried forward in more detail at the Plenary which follows this press conference after you have let us escape from your questions.

----oOo----

FOREIGN SECRETARY:

I do not want to repeat the whole contents of the communique on South Africa agreed in Brussels. If I may, I shall just give you the highlights quite quickly.

Community Foreign Ministers reviewed our policy towards South Africa. We did that in light of the decisions agreed at The Hague European Council in June and on the basis of a report by me on my mission to South Africa in the following month.

On the situation in South Africa, we expressed our grave concern in terms that you can find set out in the communique.

On positive measures, we underlined the importance we attached to the strengthening and effective coordination of the measures being taken to assist the victims of apartheid.

We reaffirmed the urgent need for genuine national dialogue, deplored the fact that the South African Government was not yet prepared to take the steps necessary for that, and we described those steps, and we undertook to work towards a programme of political action designed to promote the achievement of those objectives.

In view of the South African Government's failure to respond, we decided that the Twelve should now proceed to adopt a package of restrictive measures consisting of bans on investments and on the import of iron, steel and gold coins from South Africa.

We concluded with the following paragraph:

> Most partners were also willing to implement
> a ban on the import of coal from South Africa
> if a consensus on this could be achieved.

On this question, the Presidency will continue to seek consensus on the basis of the statement made by The Hague European Council.

And I add a sentence of explanation about the United Kingdom position and the position of the Federal Republic:

The position of the United Kingdom was agreed at our meeting with members of the Commonwealth in London in August - that we would be ready to take part in whatever was agreed in the Community discussions. It was therefore my job at those discussions to establish the extent of that agreement and it was to that extent that we were prepared to take part, and it was on that basis - on the basis of the statement made by The Hague European Council - that we reached the conclusions that I have described to you.

The Federal Republic, at the proceedings in Brussels, made plain that it would not agree to a ban on coal imports and that was, of course, an important component of the conclusions which we reached.

---oOo---

HERR GENSCHER:

It was important for the Federal Republic that today's declaration is composed of three elements:

First, the aid - both Communitywise and national - for the black population, largely with regard to training.

Secondly, that a political initiative should be organised with the aim to attain the goal of The Hague Declaration, which was to establish dialogue on the basis of the release of political prisoners, including Mr. Mandela, and the unbanning of the ANC and other black political parties.

Despite our continued doubts and objections to the purpose and efficacity of economic sanctions, we have, in the interests of the unity of the Community, agreed to four types of sanctions:

A prohibition on the import of iron and steel and the import of gold coin and also a ban on new investment; that is not to say substitute investment.

As to a ban on the import of coal from South Africa, we feel that if such a ban were effective it would have disastrous consequences on tens of thousands of black miners who work in the mines there and not only those who live in South Africa, but also those who go to South Africa to work in the mines from the neighbouring countries. On this point, the Portuguese delegation were of the same opinion.

In the context of yesterday's meeting, it was necessary to explain that, contrary to other statements that were made, in The Hague, no automatism about sanctions was agreed. On the contrary, it was very clearly stated at the end of The Hague that there was no commitment on the part of anybody and that all the states simply undertook not to exclude sanctions if they were agreed by all.

Because of such misunderstandings, I had to say today that the Federal Republic would not be able give a commitment to agree to such an import ban on coal, and had to explain that our reasons for this were not tactical, but were based on the reasons that I explained to you earlier on.

-----oOO----

QUESTION:

I would like to ask both the Prime Minister and Chancellor Kohl if they feel that the measures adopted in Brussels today would lead to a relaxation of apartheid.

CHANCELLOR KOHL:

I have never hidden my sceptical attitude towards sanctions. We had long discussions in The Hague on this subject. We looked back over history, right back to the continental blockade. I pointed out in The Hague that such sanctions are always the golden opportunity to do good business by avoiding and evading them and Mr. Genscher has quite correctly reflected the reasons why we have now agreed to what we have agreed.

We are part and parcel of the Community and this compels us to cooperate and work together, particularly so long as you can really do so from within your own views.

So far as coal is concerned, Mr. Genscher has described our position. I am really worried about the fate of many many thousands of not only coal-miners, who do not get any unemployment benefit as they do in our countries, but also of all the family members.

The most important point for me is that we should not let up in our efforts to talk to the South African Government and try to aid them to bring about a peaceful settlement of this dreadful situation, because the danger of enormous tragedy is already written on the wall. And that is why - and I say this for myself personally as well - the decisions of today do not in any way relieve us from the duty to do something positive and, of course, this also covers the help and aid that we can give for the training of young blacks in South Africa. In other words, we clearly extend

a helping hand.

PRIME MINISTER:

I agree with what Chancellor Kohl has said. I do not believe that sanctions will help to bring apartheid to an end. They may, however, cause poverty, unemployment and starvation among many black South Africans, which is why Chancellor Kohl and I recoil from many of the suggestions which have come before us with regard to sanctions.

I agree with Chancellor Kohl that positive measures which have been indicated in the Brussels communique, which were previously indicated in The Hague communique, coupled with political action, are a more effective way of reaching our objective of bringing apartheid to an end.

HERR GENSCHER:

I would like to add just that it was the manner in which our British colleague conducted the negotiations which made it possible to get this decision. Unfortunately, there were some countries who, on the method of all or nothing, wished to delay such a decision, which would have been very bad for the credibility of the Community and which would also have meant a delay in the decision on the initiative for positive aid measures.

QUESTION:

On the question of terrorism, I wonder whether the Prime Minister or the Chancellor, in their discussions, have raised the possibility of going down the same road that the French have gone down and imposed visas on non-EEC country nationals. Has that thought been addressed or is there any question of addressing it?

CHANCELLOR KOHL:

We have not discussed this in such detail. The Ministers are meeting. Nor have we in the Federal Government discussed taking such measures as have been adopted in France.

In the light of today's situation, I think it is unlikely that we will take a comparable step.

PRIME MINISTER:

May I just explain our position on visas:

We put on a requirement for visas for operational reasons. That is to say, when so many people are coming into our airports from a given country that we cannot deal with them properly. For that reason, we have recently required visas from five countries, but that is nothing to do with terrorism.

As far as Libya is concerned, because of our previous experience with Libya and the murder of Policewoman Yvonne Fletcher, we already very strictly limit people coming to the United Kingdom from Libya. That was as a direct result of acts of terrorism in Britain.

QUESTION:

(INAUDIBLE)

FOREIGN SECRETARY:

It was not only the Federal Republic that expressed firm opposition to the ban on coal imports. As Herr Genscher has explained, Portugal was in the same position in that respect.

The position of the United Kingdom was as agreed at our meeting with the Commonwealth Heads of Government in London at

the beginning of August, that in the context of further consideration of the statement made by The Hague European Council, we should not argue against any of those measures. If they were agreed by unanimity amongst our Community partners, we would be prepared ourselves to adopt them. That is why, as I said earlier on, my job in Brussels was, as President of the Council, to establish the extent of that agreement. I am grateful to Herr Genscher for his kind words about my role in that respect and grateful to him for the part that he played.

QUESTION: (SECOND PART OF INAUDIBLE QUESTION ABOVE:

I would like to ask you whether you fear that the Federal Government will now be internationally made the scapegoat for the fact that there no effective sanctions against South Africa have been agreed.

CHANCELLOR KOHL:

I will answer quite frankly. When I look back at the discussions at The Hague and what has happened until today since then; when I consider all the people that have talked to me and that I have talked to, both Europeans and black Africans, then I have come to the conclusion that we are not at all alone in our view. We simply expressed and did what many people think and let me raise the social issue again and when I think of the social position of mineworkers and their families then I am sure that we have taken the right decision.

QUESTION:

On terrorism, and aside from the visas issue, were there any discussions on specific measures to combat international terrorism

that might form the basis for proposals next week at the meeting of Interior Ministers in London?

CHANCELLOR KOHL:

It is the purpose of that conference, in view of the increasing terrorist activities - and all we have to do is to look at what has happened in Paris - to get together to consider what can be done to combat terrorism and, of course, there are quite a number of things that are being considered, but they are not a suitable subject for a press conference.

----oOo----

(ENDS) NNNN

Pres Conference (1630)

We talked for 2½ hours, joined by Foreign Ministers for the last 20 minutes.

We discussed South Africa & the outcome of the Foreign Affairs Council in Brussels. We hope that has drawn a line under discussion of sanctions.

We talked about economic developments in our respective countries, & the prospects.

We confirmed that both our ~~countries were~~ governments would continue to rely on nuclear energy for a substantial part of ~~our~~ our energy needs. I congratulated the

Another an EU initiative

is ~~[illegible]~~ proposing a

an ~~[illegible]~~ effort

on international cooperation

in ~~[illegible]~~ nuclear safety

We looked at the projects for

a new generation of Airbus

aircraft.

We discussed Eur/Amer relations

at ~~[illegible]~~ and we prospects for

a summit & ~~[illegible]~~

arms control agreements.

We ended briefly on a

number of English Grammar

items

CDP

PRIME MINISTER

PRESS CONFERENCE

Below is a speaking note for your opening remarks at the Press Conference. You can cross out those things which you have not covered or do not care to mention.

This is the 10th time Chancellor Kohl and I have had bilateral talks, though it is only the 7th formal Summit we have had since 1982.

We have had a lengthy tete-a-tete since Foreign Ministers, who would otherwise have joined us for 45 minutes, have only just arrived from the Foreign Affairs Council in Brussels.

We have, as you know, a close working relationship and I shall be elaborating on that in my speech at dinner tonight.

But our relationship, and that of our two countries, will be heavily underlined tomorrow in our tour together of British Forces Germany.

This will help to demonstrate the British commitment, enshrined by Treaty, to the defence of the Federal Republic, which is of course the forward defence of the UK.

Meanwhile we have had a very full discussion already and our talks will be carried forward in more detail in the plenary which follows this press conference.

Subjects the Chancellor and I have covered so far are;

East/West relations - our hopes for

- a summit
- progress across the board on arms control, nuclear, CDE, chemical weapons and conventional; and progress on Helsinki Accord: we should not think of our relations with the Soviet Union solely in terms of arms, we are also concerned with ideas and peoples happiness.

International economic situation and prospects for both our countries.

European Community issues:
- budget; 1.4% ceiling; CAP
- our employment initiative
- trade, Japan, commodity agreements
- freedom of movement for workers/Turks

South Africa - outcome of EC Council

Middle East/Libya/Terrorism - sympathy for French

Nuclear Power - greatly welcome Chancellor's role in securing a special IAEA Conference on International Cooperation, September 24-26. I reiterated our commitment to nuclear power on which safety is paramount in the UK.

Environment - I briefed Chancellor Kohl on our planned action last week to reduce sulphur emissions to cut down the acidification of lakes and streams; draw distinction on forests.

Other issues;
- asylum/our action on visas

Chancellor Kohl and I have similar approaches to problems and policies and we work well together - Anglo/German relations are in good heart.

That is good for both our countries, for Europe and for the world.

BERNARD INGHAM
16 September 1986

CDP to PM.
& BI. has accepted.

C. Chope has phoned Carsica &

NLW rang him back. – RB's

Parliamentary Sec (Accepted)

D.O.E.

Thanks - Nigel.

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PRIME MINISTER'S VISIT TO FRG: 16/17 SEPTEMBER
PRESS COMMENT

TWO LEADING NEWSPAPERS TODAY CARRY FAVOURABLE COMMENTARIES ON THE STATE OF UK-FRG RELATIONS AND ON THE PROSPECTS FOR THE PRIME MINISTER'S VISIT WHICH STARTS TOMORROW.

2. WRITING IN ''DIE WELT'' (CONSERVATIVE, 200,000 COPIES) CONRAD - WHO HAS INTERVIEW WITH MRS THATCHER TOMORROW - COMMENTS THAT: IN KEEPING WITH THE PRAGMATIC STYLE OF THE ANGLO-SAXONS, ANGLO-GERMAN RELATIONS ARE MORE DOWN TO EARTH THAN THE FRANCO-GERMAN RELATIONSHIP. THE PROFESSIONALISM OF BRITISH FOREIGN POLICY AND FREQUENTLY PARALLEL INTERESTS HAVE LED TO A REMARKABLY MATTER-OF-FACT WAY OF DEALING WITH EACH OTHER. THERE ARE NO PERSONALITY PROBLEMS IN LONDON COMPARABLE TO THOSE BETWEEN MITTERRAND AND CHIRAC. MRS THATCHER REPRESENTS PERSONAL CONTINUITY, ALTHOUGH HER SELF-WILLED CHARACTER ALSO PRESENTS PROBLEMS FOR HER PARTNERS. ALL THIS MIGHT HAVE HELPED TO MAKE REGULAR CONSULTATIONS BETWEEN THE IRON LADY AND CHANCELLOR RATHER RARE LATELY, APART FROM SOME MEETINGS AT THE PERIPHERY OF SUMMIT CONFERENCES. THIS MAKES THATCHER'S VISIT TO BONN TOMORROW ALL THE MORE WELCOME. IT WOULD BE QUITE WRONG TO SUSPECT THE WISH FOR A ''COUNTER-BALANCE'' TO FRANCO-GERMAN FRIENDSHIP BEHIND SUCH CONTACTS. THE PM SAID HERSELF IN A WELT INTERVIEW 2 YEARS AGO: ''I DO NOT BELIEVE THAT ONE FRIENDSHIP EXCLUDES FRIENDSHIP WITH OTHERS''. THE FACT IS THAT THE EUROPEANS, AND PARTICULARLY THE GERMANS, NEED THE COSMOPOLITAN APPROACH, THE COMMON SENSE AND RELIABILITY OF THE BRITISH. FOR THE FRG THIS IS ALSO REFLECTED IN THE PRESENCE OF THE FIRST-RATE RHINE ARMY. AND SO ONE WELCOMES THE FACT THAT THE CHANCELLOR WILL PAY HIS RESPECT TO THESE TROOPS ON WED. TOGETHER WITH MRS THATCHER.

3. THE RHEINISCHE POST (DUESSELDORF'S MAIN NEWSPAPER: CONSERVATIVE: 395,000) PRINTS A COMMENTARY FROM THEIR LONDON CORRESPONDENT KUBALLA, WHO SUGGEST THAT SINCE NOTHING IS HAPPENING AT PRESENT BETWEEN LONDON AND PARIS, RELATIONS WITH THE FRG ARE GAINING IMPORTANCE FOR HMG. THE 18TH SUMMIT IN BONN THIS WEEK IS VERY IMPORTANT FOR MRS THATCHER. RELATIONS ARE SO GOOD THAT, WHILE THE TOP PEOPLE PLAY A CERTAIN ROLE FOR THE ATMOSPHERE, THEY DO NOT AFFECT SUBSTANTIAL AND PRACTICAL CONTACTS AT ALL LEVELS. THE FIRST JOINT VISIT BY THE TWO HEADS OF GOVERNMENT TO BFG IS MEANT TO UNDERLINE THIS AND THE IMPORTANCE OF BRITAIN'S CONTRIBUTION TO DEFENCE IN EUROPE. DIPLOMATIC CIRCLES IN LONDON STRESS THAT THATCHER'S RELATIONSHIP WITH KOHL HAS IMPROVED. BOTH SIDES MAKE EFFORTS TO LISTEN TO EACH OTHER AND TO RESPOND EVEN IF THEIR CHARACTERS ARE SO DIFFERENT.

4. FCO: PLEASE PASS TO NO 10 PRESS OFFICE.

ENDS

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Foreign and Commonwealth Office

London SW1A 2AH

15 September 1986

CDP

Dear Charles,

Prime Minister's Interview with Die Welt:
16 September 1986

As you know the Prime Minister has agreed to a request from Die Welt for an interview. This is to be on the basis of arrangements agreed directly between your Press Office and Die Welt, namely written answers to pre-submitted questions, as well as oral supplementaries to be putin the course of a 30 minute interview on Tuesday evening, 16 September, in Bonn.

I now attach, as you requested, answers to the first dozen submitted questions, which may have to be refined in the light of the discussion at the Foreign Affairs Council on Monday in Brussels. The last two questions are as you will see for No 10 rather than the Foreign Office.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell ESq
No 10 Downing St

cc PC Press. MS. (1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone ~~01-9381022~~ 218 2111/3

MO 25/3/4

15 September 1986

Prime Minister
This is background material on points which may be raised during your visit to BFG, particularly at the press conference & in your interviews with British Forces Broadcasting Services. CDP 15/9

Dear Charles,

PRIME MINISTER'S VISIT TO BRITISH FORCES GERMANY

Thank you for your letter of 13th September 1986. I attach below:

- Bull points on the British contribution to the Central Front and the role of British Forces Germany.

- Defensive briefing on military low flying in Germany and Army training in Germany which expands on the material in the Prime Minister's Summit briefing.

- Lines to take and background notes on aspects of conditions of service which may be raised by families;

- A line to take and comment on yesterday's Sunday Telegraph article on overstretch.

These taken together should also cover all the points which may come up in the Prime Minister's interviews with BFBS radio and television.

Please let me know if there is anything more that would be helpful.

I am sending a copy of this to Robert Culshaw (Foreign and Commonwealth Office).

Yours sincerely,

Jeremy Wright

(J S WRIGHT)

Charles Powell Esq
No 10 Downing Street

ANNEX A

PRIME MINISTER'S VISIT TO BRITISH FORCES GERMANY

- The presence of British Forces Germany (BAOR 55,000, RAF(G) 11,000) is the most tangible manifestation of our commitment to NATO's strategy of forward defence and flexible response.

- A massive contribution. About one third of the British Regular Army. But this is because we recognise that NATO's security is Britain's security. The Central Region is NATO's heartland in Europe. The forward defence of Germany is the forward defence of Britain itself.

- Together with other NATO allies we are responsible for a vital sector of NATO's Central Region.

- Our commitment (under the modified Brussels Treaty) to maintain 55,000 troops and a tactical air force on the mainland of Europe, as previous administrations have done for over 25 years, is beyond doubt. British servicemen and their families will remain in Germany, backed by a very extensive commitment for rapid reinforcement from UK in an emergency. BAOR would have total force of 150,000 on mobilisation. Major equipment programmes are under way (Challenger, Tornado) to maintain the effectiveness of these forces.

- British Forces Germany play a key role in the close bilateral UK/German defence relationship. We also work together in the multilateral fora (WEU, IEPG, Eurogroup) which aim to strengthen the European contribution to the NATO Alliance.

- Our mutual interests are particularly reflected in the equipment field, where we are each other's most important collaborative partners (Tornado, EFA).

ANNEX B1

D/Sec(AS)33/3/1

BRIEF FOR

PRIME MINISTER'S AND CHANCELLOR KOHL'S VISIT TO BFG 17 SEPTEMBER

MILITARY LOW FLYING IN FRG

LINE TO TAKE (Defensive)

- Given problems experienced by UK population, share your concern about the effect that military low flying may have on the general public.

- RAF have extended their voluntary restrictions on low level operations in FRG.

- But remain concerned about effect restrictions will have on our ability to train effectively.

- Will continue to do all we can in the spirit of our agreement to reduce low level noise burden on local population.

D/Sec(AS)33/3/1

BRIEF FOR

PRIME MINISTER'S AND CHANCELLOR KOHL'S VISIT TO BFG 17 SEPTEMBER

MILITARY LOW FLYING IN FRG

LINE TO TAKE (Defensive)

Given the problems already experienced by our own population, we share your concern about the effect that military low flying may have on the general public. Following the meeting between Mr Younger and Dr Wörner on 17 February and the one between our Chiefs of Staff at Ramstein on 7-11 April the RAF have extended their voluntary restrictions on low level operations in FRG, as have the USAFE. We remain concerned about the effect that the restrictions requested will have on our ability to train effectively, nevertheless we will continue to do all we can in the spirit of our agreement to reduce the low level noise burden on your population.

PRIME MINISTER'S AND CHANCELLOR KOHL'S VISIT TO BFG 17 SEPTEMBER

MILITARY LOW FLYING IN FRG

BACKGROUND NOTE

1. The Prime Minister will be aware of the concern of the West German Government about the impact of training activities, including military low flying, on the local population in the Federal Republic. The extent of the growing domestic political pressures on the West German Government from their own supporters (as well as the 'Greens') to do something about the effects of Army training and low flying has emerged sharply. The German complaints are not simply confined to the activities of the British Forces, but also apply to other visiting forces.

2. Low flying training was one of the subjects discussed by the Defence Secretary and Dr Wörner at their meeting on 17 February 1986 when Dr Wörner asked that HQRAF Germany adopt a number of voluntary measures aimed at reducing disturbance to the German public. These comprised:

a. limiting the low flying content of each sortie to not more than 50 minutes;

b. banning all low flying between 1230-1330 hours May-October;

c. flying at the minimum height of 250 feet during the final attack run to targets only.

MILITARY DISCUSSIONS

3. We have accepted the spirit of the 50 minute limitation although we have reserved the right to conduct some longer sorties principally involving the Tornado. To compensate, sorties by some other aircraft will be shorter. At the COMAAFCE Chief of Staff Conference at Ramstein 7-11 April we also accepted the mid-day break even though this will cause some operational problems. However, we maintained our concern about the effect that the 250 foot restriction would have on training but, in the spirit of the requirement, we agreed to reduce the amount of time that RAF aircraft would spend at the lower level. CinC RAFG wrote to General Eimler, the German Chief of Air Staff, accordingly, on 15 April and all RAF units were instructed to reduce the amount of time spent at the lower level. Except for the US our allies appeared to accept the voluntary restrictions.

FORMAL RESTRICTIONS

4. Subsequent to the Ramstein meeting, however, MOD Bonn sought to have a much more specific and detailed 250 foot restriction formally embodied in the AFCENT Low Flying Handbook - the publication which regulates all low flying in the Central Region. We believed

that this was not only not in the spirit of the agreement reached but also was not acceptable if adequate training was to be gained by out aircrew. With the support of USAFE, we proposed an alternative amendment. CinC RAF Germany in a further letter of 12 May proposed to General Eimler that the limitation of the 250 foot element of a low level sortie should be expressed in more general terms. CinC USAFE wrote to General Eimler in support of this proposal on 16 July which ensured that the UK was not politically isolated or embarrassed. In his signal of 29 July to CinC RAF Germany General Eimler accepted our proposal.

ANNEX B2

ENVIRONMENTAL TRAINING ISSUES - BRITISH ARMY IN GERMANY

LINE TO TAKE (DEFENSIVE)

- Fully recognise the Federal Republic's environmental concerns and the need to reconcile our vital needs for training with them wherever possible.

- As agreed at the last Summit, our officials are seeking ways of easing the problems in the forum of the Anglo-German Coordinating Group. Next meeting is probably scheduled for early November.

- Steps have already been taken towards meeting German concerns at Soltau-Lueneberg.

BACKGROUND

1. The Prime Minister will recall the concerns of the West German Government about the impact of Army training activities there, principally at the Soltau-Lueneberg Training Area to which Chancellor Kohl referred at their meeting on 27 November 1985.

2. Soltau-Lueneberg Training Area, which is a 'dry' training area (ie no live firing), is in the popular tourist area of Lueneberg Heath. Our agreement with the West German Government provides for the permanent use by BAOR of certain areas and imposes various obligations and consultation procedures on the rest. The German Government has focused on a number of restrictions applied by the Bundeswehr which they would wish us also to adopt and which would further restrict our training, particularly at weekends, and stop it altogether.

3. The Secretary of State agreed with Dr Worner in February that German and British staffs should pursue discussions to try and find a mutually acceptable solution to the problem. An 'Anglo-German Coordinating Group' on Army Training was therefore formed. The Group's first meeting (in Bonn on 15 May) went well. The German side recognised the measures already taken by BAOR and welcomed a number of new measures to be taken by BAOR on Soltau-Lueneberg, including the cessation of all battle simulation on Sundays and public holidays and after 1300 on Saturdays. Both sides were confident that there would be a noticeable diminution in the impact on the population of training during 1986. The second meeting is probably to be held in early November.

4. Environmental questions concerning the Sennelager Training Area may also be raised by the Chancellor. In 1981 we announced our intention to site an Urban Combat Training Installation complex close to an existing range at Sennelager. This aroused little interest at the time but the submission of the planning application in 1983 was badly received locally. The particular point of complaint centred on the proximity of the proposed site to Augustdorf and the unacceptable noise levels to which the inhabitants would be subjected. However, it has not been possible since then to identify an alternative, mutually acceptable site. We are now actively considering how and when we should resubmit our case.

ANNEX C

PRIME MINISTER AND CHANCELLOR KOHL'S VISIT TO BRITISH FORCES GERMANY
17TH SEPTEMBER

LOCAL OVERSEAS ALLOWANCE CUTBACKS: LINE TO TAKE

- LOA paid to servicemen to compensate them for additional essential day to day living costs due to living abroad.
- LOA rates revised periodically (up or down) as relative costs between UK and Germany change.
- Reductions in LOA not through arbitrary cuts but because local costs reducing by comparison with UK costs.
- No system perfect but LOA provides best protection to ensure servicemen neither better or worse off than colleagues at home.

If pressed

- Services have enjoyed full pay comparability under this Government which has kept Service pay ahead of UK inflation.

LOCAL OVERSEAS ALLOWANCE (LOA) AND THE FORCES FIXED RATE OF EXCHANGE (FFR) BACKGROUND

The FFR system is designed to provide protection to Service personnel overseas. LOA is expressed in £s sterling and is based on an assumption that approximately 65-70% of net pay will be spent in country. Changes in exchange rates will cause the £ sterling LOA sum to increase or decrease correspondingly. Thus personnel who save more money in the UK than allowed for in the LOA expenditure assumption will lose money when the £ sterling strengthens. When the £ sterling loses value, LOA will be increased in sterling terms to maintain local purchasing power eg the same number of DMs. This latter situation is currently the trend and LOA rates have been increased accordingly.

UNEMPLOYMENT PROBLEMS OF SERVICE DEPENDANTS IN GERMANY - BACKGROUND

A common source of complaint among Service personnel in BFG is the limited range of opportunities available for Service wives to find work there. The problem is exacerbated because under present regulations dependants (including older children) are not generally eligible for DHSS or unemployment benefits when in Germany. This issue has been under consideration by MOD and DHSS Ministers for some time though no solution is yet in sight. There are particular problems in relation to EEC reciprocal agreements. MOD is also considering what action might be taken to increase the employment opportunities for dependants in British Service organisations in Germany.

LEAVE TRAVEL SCHEME - BACKGROUND

Like all Service personnel overseas, those in British Forces Germany benefit from a scheme which provides leave travel at public expense. The BFG scheme was designed to reflect the need to get away from war-torn Germany in the 1940s and has recently attracted some criticism from the Treasury who would like to see it updated. MOD is carrying out a comprehensive review of all overseas leave schemes as part of a wider review of Armed Forces allowances. The views of BFG on what they would like from a leave scheme have been sought and will be taken into account during the review.

ANNEX D

LINE TO TAKE

OVERSTRETCH IN BAOR? (SUNDAY TELEGRAPH ARTICLE)

1. BAOR is one of the key elements of our defence policy: the forward defence of the Federal Republic is the forward defence of Britain itself. We therefore intend not only fully to stand by our Brussels Treaty to maintain the strength BAOR numbers at 55,000, but substantially to improve our contribution. Thus we are planning major enhancements including a new armoured regiment in 1988, a new air defence regiment and new generations of equipments, not least a 7th regiment of Challenger tanks. This means more manpower is needed. We intend that Army numbers in BAOR will rise from 55,000 to 56,000 by the end of the decade. Of course we expect a great deal of our soldiers in Germany and elsewhere, but we are taking steps to ensure that our units in BAOR continue to be properly equipped and manned for their task.

OVERSTRETCH IN BAOR

BACKGROUND

1. The Sunday Telegraph of 14 September (copy annexed) refers to views in HQ BAOR that numbers should be increased from 55,000 to 58,000 to relieve overstretch.

2. Cmnd 8288 (the 1981 Defence Review) announced that BAOR numbers, previously planned to increase, would be held at 55,000. It subsequently became clear that essential improvements to BAOR's capabilities in the 1980s (the introduction of new equipments such as the CHALLENGER tank, the WARRIOR armoured personnel carrier and the Multiple Launch Rocket System, the creation of an extra in-theatre armoured regiment and a new air defence regiment) could not be managed within that ceiling. Two solutions were adopted:

a. Exercise Lean Look identified 4,000 posts in the support area that could be redeployed to the front line by 1990; and

b. Following Ministerial correspondence in May 1984, it was agreed that the ceiling would rise to 56,000 by the end of the decade. This was made public in the 1985 Defence White Paper.

3. Thus on the basis of current establishment figures, BAOR's forward manpower plans are in balance up to 1990 (though beyond that date new requirements are apparent for which compensating manpower savings have not yet been identified). However, HQ BAOR believe that current unit establishments are in many cases too tightly drawn, disguising real overstretch. In addition, some 1,000 soldiers are

reckoned to be "misemployed" on fatigues and domestic duties which would more properly be performed by civilian labour, if funds were available. Lean Look redeployments will provide some relief; but though the savings half of the Lean Look equation is on course, some of the countervailing enhancements have had to be cancelled to allow financial savings to be made from reducing manpower.

4. Quite separate from the requirement for BAOR to be adequately manned for its wartime role is the problem of peacetime overstretch. The demands of the various peacetime commitments, notably the provision of battalions for emergency tours in Northern Ireland, have meant that the intervals between tours for some units is as low as 10 months, compared with the 24 months assessed as the minimum required for adequate training for the wartime role.

5. This situation is undoubtedly increasing the pressure on individual soldiers on the ground, though management action is in hand - eg reducing the level of exercise activity - to alleviate the situation.

SUNDAY TELEGRAPH

Oslo demo puts Bonn on alert

4!

By ALAN COCHRANE

SECURITY chiefs fear that the pro-IRA demonstrations which marred Mrs Thatcher's visit to Oslo last week may herald a new campaign against British politicians in foreign capitals.

As a result, elaborate security precautions will be taken to protect the British Prime Minister when she visits West Germany this week for talks with Chancellor Kohl in Bonn.

The serious rioting in Norway, which led to a formal apology to Mrs Thatcher from the Norwegian Premier, is believed to have been sparked by a demonstration organised by IRA sympathisers and addressed by Mr Danny Morrison, a leading member of Sinn Fein, the political wing of the provisional IRA.

The incidents in Oslo have increased concern that pro-IRA groups are planning a "road-show" of protests and violent demonstrations against Mrs Thatcher and other British public figures.

Television and newspaper pictures of the violence in Oslo are already being seen as a propaganda triumph for the IRA, and something that the terrorist organisation will try to repeat elsewhere.

Mr Morrison is the subject of an exclusion order under Britain's anti-terrorist laws and cannot enter mainland UK—but this does not prevent him travelling to other parts of Europe.

British intelligence chiefs will be trying to keep abreast of Mr Morrison's movements this week and will tip off their West German counterparts if they think he is heading for Bonn.

Security for Mrs Thatcher's visit would have been formidable even without the new concern, given the IRA's close links with German terrorist groups such as the Baader Meinhof gang.

Before reaching Bonn, Mrs Thatcher faces a different set of problems when she visits the British Army of the Rhine.

At BAOR headquarters she will hear complaints from senior officers about what they call "unacceptable overstretch problems" within the 55,000-strong Rhine Army.

Manpower cuts combined with increasing commitments, such as a battalion for service in Cyprus now being drawn from within BAOR, have all served to increase pressure on the three armoured divisions which make up Britain's military presence in West Germany.

The amount of time that front-line units spend away from their home bases in Germany on exercise, combined with rotational duties outside the country has reportedly led to an increase in soldiers and officers choosing to leave the Army rather than extend their term of service.

Senior officers, it is understood, will make the point to Mrs Thatcher that by increasing the manpower available to BAOR by only 3,000 to a total of 58,000, these welfare and operational problems caused by overstretching could be largly solved.

The Army's tendency has been to "put up and make do" according to one cavalry regiment commander in Germany, who gives the warning that "goodwill and thorough professionalism can only go so far to rectify the simple fact that we do not have enough of most things we need."

Mrs Thatcher will be told of the success during a three-year trial of the Army's 6 Airmobile Brigade. It has been working on the concept of a helicopter-borne force able to block Soviet armoured thrusts with anti-tank "screens." The Airmobile Brigade is due to be re-roled in 1988 as an armoured brigade and Army chiefs are anxious that a replacement should be found from one of the infantry brigades based in England.

3

PRIME MINISTER

VISIT TO BRITISH FORCES GERMANY

You are to visit British Forces Germany with Chancellor Kohl on Wednesday. I attach the programme and some briefing notes.

The main purpose is to bring home to Chancellor Kohl personally, and more widely to German public opinion, the scale of Britain's military contribution to the defence of the Central Front. We shall be looking for the widest possible media coverage. There will be about 120 journalists following the visit.

The main items are:

- a short briefing (30 minutes)
- a tour of a YWCA to meet families and open a bowling alley
- a visit to a Sergeants' mess
- a visit to the main ranges to watch a joint British/German tank demonstration. You will meet tank crews and fire a gun
- lunch in the field
- a press conference
- a demonstration by Harriers and helicopters
- interview with the British Forces Broadcasting Service

Chancellor Kohl is bringing a large party including his Defence Minister and local politicians. There may be questions at the press conference about local environmental issues (eg public access to training areas). You may also be pressed by service families on reductions in local allowances. We will have briefing for you.

C.D.P.

CHARLES POWELL
13 September 1986

VC4AJD

CONFIDENTIAL

VC4AJC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

13 September 1986

PRIME MINISTER'S VISIT TO BRITISH FORCES GERMANY

Thank you for your letter of 11 September enclosing the programme for the Prime Minister's visit to British Forces Germany.

We shall need in addition (I assume you have this in hand: it will require work over the weekend):

- notes on points which the Prime Minister might make at the press conference about the role of BFG and the significance of the British contribution to the defence of the Central Front (ie bull points);

- defensive briefing on local issues, eg environmental, which might be raised at the press conference;

- notes on points which may be raised by service families, eg local allowances, accommodation, etc;

- points which the Prime Minister might try to bring out in her interview with the British Forces Broadcasting Service. I enclose details on the sort of questions likely to be asked and it would be helpful if your briefing could cover them in short note form.

We shall need these by 1700 on 15 September.

C.D. POWELL

Jeremy Wright, Esq.,
Ministry of Defence.

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LINE OF QUESTIONING FOR BFBS RADIO INTERVIEW

1. Your reaction to what you have seen during your tour in BFG and how impressed you have been by the standard of professionalism within the British Armed Forces in Europe.

2. The importance of Britain's role within NATO.

3. How successfully Britain is carrying out its NATO commitment.

4. Anything you would particularly like to say to British servicemen and women in BFG.

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5. The seriousness of the Russian threat.

6. How rising costs of weaponary and equipment will determine our future defence policy.

7. Views on past Conservative leaders.

SEP 11 '86 11:21

FOR THE ATTENTION OF MR MIKE HORNE - PRESS OFFICE
DOWNING STREET

PRIME MINISTER.- suggested questions for TV interview

×1. Prime Minister, you have had quite a whirlwind tour today, seeing and hearing about various aspects of BFG, what have been your impressions of your visit today?

×2. You had the chance to talk to some of the soldiers and airmen on the ground, what worries or problems did they express to you?

×3. Recent cutbacks in LOA and the falling exchange rate between the pound and the mark has made the average serviceman worse off financially and caused a certain amount of resentment among the troops that they are being hard done by. Are you happy that the BFG serviceman is getting a fair deal for his part in helping to maintain and defend NATO here in Germany?

×4. What, if anything, are you doing to improve their lot?

5. You have just had a meeting with the two Cs in C, did they have any big worries about lack of manpower, resources or morale which were making their jobs as leaders increasingly difficult?

6. Just how important do you feel BFG's role in NATO is?

7. Do you foresee any major changes to BFG in the future, for example, there has been talk lately of cutting back drastically on the number of British troops here?

8. You have spent the day with your German opposite number, Chancellor Kohl, does he have any reservations about the British Forces here in Germany, for example complaints from his voters about the disruption to their lives ~~but~~ such things as exercises, low flying and so on cause?

ANGLO-GERMAN SUMMIT

1. Internal situation in UK and FRG
   - economic prospects
   - nuclear power
   - emissions from powerstations
   - visas/asylum seekers

2. South Africa

3. East/West relations and arms control
   - prospects for US/Soviet Summit
   - consequences of Daniloff
   - START/SDI
   - CTB
   - CDE
   - Chemical Weapons
   - Glenn amendment

4. EC issues
   - 1.4% ceiling must not be reopened
   - need for further CAP savings
   - support for our employment initiative
   - tougher approach to Japan
   - sympathise over free movement of labour for Turkey: postpone implementation for 10 years
   - commodity agreements (tin, rubber, cocoa)

5. Middle East
   - prospects for Arab-Israel peace process
   - Libya; Walter's visit

6. Nuclear
   - compliment on initiative to launch IAEA conference on international cooperation in nuclear safety

7. Bilateral
   - visit to BFG
   - problems over training areas
   - signature of MOU or EFA (Ferranti radar)
   - draft dodgers
   - launch aid for Airbus
   - torpedoes for Argentina
   - Falklands
   - World Administrative Radio Conference
   - HOTOL/Hermes
   - Cultural cooperation: reports of special representatives

ANNEX A

ANGLO-GERMAN SUMMIT: PRIME MINISTER'S PROGRAMME,
TUESDAY 16 SEPTEMBER

All times local

1120	Depart London Heathrow by VC10
1330	Arrive Cologne/Bonn
1400	Arrive Federal Chancellery
1410-1510	Bilateral between Prime Minister and Federal Chancellor with note-takers only
1515-1600	Foreign Ministers to join the meeting
1615-1700	Press Conference
1715-1845	Plenary
(time to be confirmed)	Interview with Die Welt
2015	Dinner

ANGLO-GERMAN SUMMIT 16 SEPTEMBER 1986

STEERING BRIEF

OUR OBJECTIVES (in order of discussion agreed with the Germans)

A REVIEW OF POLITICAL AND ECONOMIC DEVELOPMENTS IN BOTH COUNTRIES

- To outline the main political issues in the UK including immigration policy.
- To support German efforts to limit numbers of Third World asylum seekers entering the FRG.
- To bring out positive developments in the UK economy.
- (For civil use of Nuclear Energy, see F below).

B SOUTH AFRICA (see separate brief)

C EAST-WEST AND ARMS CONTROL

- To establish maximum common ground over arms control in order especially:

i) to ensure united Alliance support for the US position at the Geneva negotiations and in the Summit preparations;

ii) to dissuade the Germans from publicly advocating a Comprehensive Test Ban;

iii) to respond to any last-minute German concerns about the conclusions of the CDE in Stockholm (scheduled for 19 September).

iv) to work towards a common approach in the preparations for the Vienna CSCE meeting (begins on 4 September).

D EUROPEAN COMMUNITY ISSUES

- To coordinate positions with Kohl on major EC issues during UK Presidency, specifically:

i) to work with the Germans to ensure that expenditure is contained within 1.4% ceiling in 1986 and 1987;

ii) to enlist Kohl's support for our Presidency initiative on employment growth;

iii) to consolidate Anglo-German cooperation on international trade, including resolution of EC/US trade disputes;

iv) to seek Kohl's cooperation in achieving effective Community action on the Japanese trade surplus;

v) on Turkey, to assure Kohl that we agree there can be no question of implementing the free movement of labour provisions in the Association Agreement in December 1986;

vi) to explain that we think it unrealistic to aim for a definitive solution on free movement now, and that a 10 year postponement may be the only realistic possibility;

vii) to strengthen German resolve on commodities policies, and enlist Kohl's support against signing the proposed International Rubber Agreement;

viii) To gain credit with Kohl for the British decision to put further emission pollution controls on new power stations and some existing ones.

E MIDDLE EAST/LIBYA

- To compare notes on the risk of further terrorist actions by Libya, in the light of General Walters' visit, and emphasise the need for continuing cooperation to combat state sponsored terrorism.

F IAEA AND CIVIL USE OF NUCLEAR ENERGY

(As separate item on agenda at German request in view of Kohl's personal interest)

- To congratulate Kohl on his personal initiative in proposing an international conference on safety following Chernobyl.
- To assure Germans of our full support for further work in IAEA on safety standards.
- To encourage the Germans to maintain a robust line on the need for nuclear power.

G BILATERAL (see also Press Handling section of brief)

- To bring out in public (at the joint press conference) the quality of the bilateral relationship, the extent of shared interests and objectives, and the value both governments attach to developing still closer contacts, as exemplified by President von Weizsäcker's State Visit in July.

- To take note of the reports by the Special Representatives on ways of further strengthening non-governmental links.
- To explain our requirements for military training in Germany, whilst expressing understanding for German environmental concerns.
- To issue invitation to next Summit in the UK at a time to be agreed.

H OTHER ISSUES

- To encourage the Germans to abstain on the UNGA resolution the Argentines are likely to introduce on the Falklands.
- To note common ground on the approach to the World Administrative Radio Conference (WARC).
- To answer German concern about Government aid for development of the Airbus A330/A340.

GERMAN OBJECTIVES

GENERAL

- To demonstrate publicly in the run-up to the 25 January 1987 Federal Elections that Kohl can work in an effective and statesmanlike way with a key EC and Alliance partner to advance German interests.

A REVIEW OF POLITICAL AND ECONOMIC DEVELOPMENTS

- To discuss issues relevant to the German elections, including civil nuclear energy safety questions.
- To enlist continuing UK support in the Community and elsewhere to limit numbers of asylum seekers entering Germany and other Western countries.

B SOUTH AFRICA (see separate brief)

C EAST/WEST AND ARMS CONTROL

- To confirm the priority attached in Germany to East/West relations and FRG's special interest.
- To enlist our support in encouraging the US to take full account of European, and particularly German, interests in their approach to the next US/Soviet Summit, the Vienna CSCE meeting and other negotiations.
- To raise any last-minute points of difficulty in the CDE negotiations in Stockholm, ending 19 September.

D EC ISSUES

- To express their view that agricultural expenditure should not be sacrificed in favour of the structural fund, and to avoid CAP reforms which would antagonize the German farming vote before the Federal elections.
- To express concern at the possibility of Italy/Spain unravelling EC/US citrus deal, if not settled at 15 September Council.
- To avoid action on Japan which might lead to pressure on Germany because of its growing trade surplus, high interest rates etc.
- To seek our support for a definitive solution to prevent free movement of Turkish labour in the Association Agreement.

- To seek UK views on handling a possible Turkish application to join the Community.

E MIDDLE EAST/LIBYA

- To argue for caution in response to any proposals for further action against Libya.

F IAEA

- To gain credit for Kohl's initiative following Chernobyl, and to seek future international cooperation in nuclear safety.

G BILATERAL RELATIONS

- To press for further restrictions on training of British Forces in Germany, particularly at Soltau-Lueneberg.
- To take note of the Special Representatives' reports.

H OTHER ISSUES

- To press HMG to provide aid for the development of the Airbus A330 and A340.
- To investigate out attitude to Hermes.

ARGUMENTS FOR USE

A INTERNAL DEVELOPMENTS

Economic Developments

- Government economic policy bearing fruit: inflation lowest for almost 20 years; GDP rising for sixth successive year; employment risen by about 1 million since 1983; productivity since 1979 grown faster than any other industrial country except Japan; profitability of all British companies last year highest for 25 years.
- But unemployment still rising; currently by around 10-15,000 per month.
- Growth in UK has slowed this year, as in other major industrial countries, while the world adjusts to sharp fall in price of oil. Collapse of oil price has had an initially dampening effect on world activity, as oil producers have been more prompt in cutting back their spending than oil consumers in increasing theirs. This has shown up in UK export performance in first half of this year. But our most recent monthly export figures are more encouraging, with signs of renewed growth. Also heartened by signs of pick up in German growth. Confirms us in our view that we are merely experiencing a brief pause; the outlook for next year and beyond remains good.
- However, UK industry's control of its labour costs has been disappointing. Pay increases are running substantially above the inflation rate. Unit labour costs are increasing much faster than in our major competitor countries. This has prevented the UK from creating jobs on the scale it should and is a major reason for the continuing rise in unemployment.
- The problem we face is not just the level of pay in relation to productivity but also the rigidity of the pay system. Profit related pay (PRP) may be a way of introducing greater flexibility, and we published in July a discussion document on the possibility of adopting PRP more widely, following consultation with industry. In no doubt about merits of PRP in principle. Still considering whether new tax relief should be given to encourage employees to participate in PRP schemes.

Immigration Policy

- UK faces immigration pressure mainly from Indian sub-continent and West Africa.
- Government has just announced decision to impose visa requirement on nationals of India, Pakistan, Bangladesh, Nigeria and Ghana.
- Recent increase in pressure on ports of entry, particularly Heathrow Terminal 3, from passengers who are not genuine visitors or businessmen. Visas will require them to establish their eligibility for admission before travelling.
- British move consistent with approach of EC partners.

Asylum Seekers

- Sympathetic to problem. Note Federal Government's efforts to tackle it.
- [to be confirmed] Demarches by the Twelve to GDR and Soviet Union have demonstrated the seriousness with which the Twelve view the problem. Ready to study German proposals for other measures in appropriate Community forum.
- Any progress on discussions with the GDR?

Nuclear Energy

- Chernobyl raised level of public concern about nuclear energy. Main public concerns are Sellafield reprocessing plant, proposed Sizewell power station and possible low grade waste sites.
- Government remains committed to nuclear power. Opposition parties appear to be moving towards anti-nuclear positions.
- Should do our best to avoid widening gap between pro-nuclear and anti-nuclear Community partners.
- Situation in Germany?
- Your response?

B SOUTH AFRICA (See separate brief)

C EAST/WEST RELATIONS AND ARMS CONTROL

East-West Relations

- Incidents such as detention of Daniloff have important implications for superpower relationship. [To be confirmed: despite the agreement over Daniloff and Zakharov], clumsy Soviet handling has damaged Gorbachev's image in lead-up to possible US/Soviet summit and Vienna CSCE Meetings.
- If Gorbachev does go to the US, would need concrete arms control results both for domestic policy reasons and to balance expected barrage of human rights criticism. Rude Pravo interview suggests he still wants a productive summit, but is nervous about prospects for achieving Soviet aims.
- Welcome US restraint in an extremely fraught situation.

Arms Control

- Fully support approach in President Reagan's reply to Gorbachev. Must continue to encourage clear and flexible US position in all arms control negotiations. May require strong line in Washington by Allies.
- Indications that Russians now beginning to grapple with central arms control issues. Major concessions by them still needed if agreements to be reached.
- Alliance unity crucial. Signs that Russians understand strength of Alliance unity.
- Hope US will not drop objective of 50% strategic cuts.

INF

- Interim INF agreement (possibly with freeze on Asian systems) may be more realistic prospect than zero-zero. Should also ensure our security interests met.
- Grateful for firm German support on third country forces. British policy unchanged. Not prepared to speculate now about possible future involvement. Russians will drop conditions (viz no transfer) if seriously want agreement.

SDI

- Important that US conducts SDI in conformity with restrictive interpretation of ABM Treaty.
- Implications of Glenn Amendment. Welcome our coordination of lobbying in Washington. Must bring home to US that Europeans will not accept second class treatment.

Conventional Arms Control

- CDE important test of Soviet intentions. West must pull together in final days. US/Europe split, as at Berne, in no-one's interest.
- Result will condition our approach to future initiatives, through the Conventional Task Force in NATO. Welcome our close coincidence of views in that forum and at MBFR.

CTB

- Soviet moratorium played for propaganda, not for agreement at a US/Soviet summit. Way forward on CTB lies through discussion of verification issues at Conference on Disarmament, and US/Soviet contacts centred on verification, particularly for Threshold Test Ban Treaty and Peaceful Nuclear Explosions Treaty. Agreement on these more likely at US/Soviet summit.

Chemical Weapons

- Grateful for German support for UK initiative on CW challenge inspection.

CSCE

- Continued close Anglo-German cooperation important in run-up to CSCE Follow Up Meeting in Vienna (opens 4 November). Must avoid division evident at end of Berne Conference. Opportunity to highlight European interests; reassert Western priorities; help resolve future of conventional arms control.

- UK places priority at Vienna on encouraging Soviet and East European implementation of existing commitments. Thorough review of implementation crucial to future credibility of process. New proposals also important to maintain CSCE momentum, but should be directed towards ensuring better compliance.

D EC ISSUES

i) Budget/CAP

- Good cooperation between us on the 1986 and 1987 budgets. Must continue to resist pressures from Mediterranean. Hope as Presidency can count on German support to avoid discussion of 1.4% ceiling. Do not want issue raised at December European Council.
- Agriculture spending must be held within ceiling. Much expenditure is directed in ways which do not really benefit the farming community. Absurd that two-thirds of EC agriculture expenditure on storage and disposal of surpluses. Must ensure that expenditure better directed.
- Community is commited to achieving reforms in beef regime. 700,000 tonnes in cold storage. Must seek measures to reduce surpluses and rebalance market. Want to work with Germans to carry forward discussion of alternative use of land (cereals set aside scheme). Interested in German experience and ideas.

ii) Employment/Internal Market

- Community needs coherent employment approach, aimed at helping create conditions in which business, particularly small enterprises, can flourish.
- Paper circulated before last Social Affairs Council set out our main ideas.
- Not a question of additional expense, but of concerted approach in member states and through existing Social Fund provisions.
- EC Employment Ministers will meet informally at Edinburgh on 22-23 September to discuss this and work out priorities (e.g. encouraging small businesses; more flexible employment patterns; training; tackling long-term unemployment).
- Must work to meet 1992 target for breaking down remaining barriers to free trade in goods and services, which impede creation of wealth and jobs.

[if Kohl argues that Transport Liberalisation must proceed in step with harmonisation]

- Harmonisation must not delay liberalisation, on which we are bound by European Court judgement, as well as European Council decisions, to take early action.

iii) EC/US

- Look forward to continuing cooperation with Germany on active management of trade relationship with US. Experience shows Americans can be dissuaded from protectionist action if EC maintains two-pronged policy: working for negotiated solutions, while not hesitating to retaliate against illegal unilateral US actions. (If Germans raise Glenn/Traficant Amendments as an EC/US issue)
- Not an EC/US trade dispute, but confirm importance of cooperation in opposing Glenn/Traficant Amendments. (See page 25 for background).

iv) EC/Japan

- Seriously concerned about Japan's trade surplus. France and other Member States also increasingly worried. Council agreed on need for action, most recently in July.
- Objective is not erection of protectionist barriers, but to persuade Japanese to open up their market, giving us the benefits of the open trading system from which they profit. This means long term macro-economic and structural change.
- Nakasone's intentions clearly right, and we must encourage him. Appreciation of Yen since Plaza Agreement should reduce trade surplus in long term, though may also bring dangerous trade diversion from US to other markets (eg Germany). Surge in exports to EC of particular products: cars 42%, lathes 54%, machine centres 33% in first half 1986.
- Inadequate progress on removal of non-tariff barriers to trade with Japan, and trade surplus keeps growing; latest figures appalling: manufactured imports remain negligible, overall trade surplus $34 bn, surplus with EC $8.3 bn, over first half of 1986.
- In long run GATT round should help. But in short term, Community must take effective action. Vigorous anti-dumping action (recent photocopiers case) must be complemented by continuing pressure on Japanese to open up specific sectors (eg alcoholic drinks) and speed up structural change.
- If Japanese fail to respond, EC must act in GATT to defend its rights, as Council has agreed.

v) EC/Turkey

- Share German concern to normalise relations with Turkey, and to forestall any membership application by Turks - that was my purpose in talking to Ozal in February.
- [Subject to developments] EC/Turkey Association Council in Brussels (on 15/16 September) first public step in normalisation of relations.
- Essential that Greek bilateral problems with Turkey are not allowed to dictate course of EC/Turkey relations.

[If Germans argue for early decision on free movement]
- Understand German concerns about free movement of labour. Commission proposals amount to freezing Turkey's rights in this respect. Are working together to ensure no further influx of Turkish workers.

[If Germans argue for definitive solution, ie effective removal of right of free movement]
- See force of this. But as Presidency, doubt if other member states prepared to go that far; almost certainly not acceptable to Turkey.

[If Germans ask about handling Turkish application for membership]
- Have made clear to Ozal application unwise until sure it would succeed. We must continue to dissuade.
- If Turks proceed, we must all respond carefully, and avoid public statements in favour or against. (Greeks will no doubt oppose instantly.)

vi) Commodity Policies

- Price stabilising commodity agreements interfere with free market forces and are unwelcome in principle. Can only contemplate such agreements if they contain stringent economic and financial provisions, to ensure no repetition of tin disaster.
- Important to build this into EC approach to commodity issues. Preparation for UNCTAD VII offers chance for EC to develop constructive position on whole range of commodity issues.
- Hope Germans will support UK in maintaining tough EC line at next session of renegotiations on International Rubber Agreement.

Reference price in Rubber Agreement must reflect long run market price. Price adjustments should be even more automatic.

- New Cocoa Agreement better than expected. But HMG against commodity agreements in general and remains concerned about certain aspects of this one. Would prefer not to join, but recognise our view not shared by majority of EC partners.
- Also concerned about line Commission seems to be taking on Community membership. Important legal and competence issues involved. Hope Germans will join UK in opposing any Commission proposal that undermines member states' positions.

(If Kohl raises Tin)

- Essential to ensure ITC and members obtain and mobilize best legal arguments. Useful exchanges between lawyers in London.
- Hope Germans will support efforts to establish ITC sub-group to instruct ITC lawyers.
- UK Presidency organising meeting of EC defendants on 25 September.
- (If necessary) Understand Spanish/Portugese concern, but must not let this inhibit Community consultation.

(If Kohl argues that insistence on free market likely to accentuate problem of export earnings instability for producers, or raises the need for more compensatory finance)

- No need for any new scheme for compensatory finance. IMF and EC facilities exist.

vii) Large Combustion Plants

- Pleased to tell you that HMG has announced intention to retrofit fluegas desulphurisation (FGD) equipment to three major power stations.

(If Kohl asks whether UK will join 30% Club)

- No. Our aim remains 30% SOz reduction on 1980 levels by end of 1990s. Have already reduced by over 40% since 1970.

(If Kohl raises Large Combustion Plants Directive).

- Hope during Presidency to develop the possible compromises which have been put forward.

E MIDDLE EAST/LIBYA

i) Libya/Terrorism

- Recent incidents in Karachi, Istanbul and Paris demonstrate need to keep up international cooperation.
- EC measures provide reasonable framework to maintain pressure but important for those who have not yet fully implemented them to do so.
- Important to present to public opinion considerable progress already made within the Twelve.
- UK happy to agree to French and German proposals for special meeting of Interior Ministers. Have proposed dates, await parnters' response. What do you see as main purpose of meeting?
- No evidence so far of Libyan involvement in Karachi or Istanbul. Too early to say who was responsible but events have focussed attention again on terrorist problem.
- Message we derive from Walters' visit is that US content with measures taken by Europeans so far. But US still reserves right to take military action where there is conclusive evidence of involvement in terrorism. Need to keep in close touch with the US on their likely intentions. Need also to ensure that Europeans continue to work together and demonstrate that there is a creditable alternative to military action.
- Possible further measures could include oil embargo but UK not major importer and could not take the lead. US said they were content with quiet measures taken by European countries to reduce imports of Libyan oil.

ii) Iran/Iraq

- Iran still oppose all mediation attempts, but if her expected Autumn offensive fails, might just be a chance for the UN Secretary General.

iii) Middle East Economic Plan (if raised)

- Not enough support for this amongst EC partners or Summit 7. Not a starter: economically dubious and fraught with political problems.

iv) Arab/Israel (if raised)

- Continued stagnation worrying, but caution still in order for the Twelve. Not clear we can do more than keep in contact with parties and US; be ready to help when the parties are again ready to move.

F IAEA SPECIAL CONFERENCE

- Value idea of IAEA Special Session, 24-26 September, and recall this stems from your initiative. Strongly endorse your support for IAEA's role. Recall my own letter to Gorbachev.
- Welcome Soviet contribution to post-accident review meeting in Vienna, 25-29 August. A surprisingly open performance.
- Pleased with rapid progress in drafting two Conventions (Early Notification and Assistance in the Event of a Nuclear Accident).
- Important to restrain Commission from exceeding Community competence by becoming too involved in international nuclear safety standards.

G BILATERAL RELATIONS

Anglo-German Security Cooperation

- Anglo/German defence and security cooperation central to Alliance.
- Believe bilateral defence relationship has not had the publicity it deserves. Looking forward to visit with you to British and German Forces tomorrow.
- Value our extensive collaboration in defence equipment. We are each other's most important partner.
- Very much hope that Germany will be able to join others in signing EFA EGA General MOU at ceremony now arranged for Defence Ministers at Gleneagles on 22 October. Important to ensure maximum European content in this project which will be mainstay of European military aerospace industry into the next century.

Cultural Relations

- Pleased that both Special Representatives have now submitted reports on possible ways of developing non-Governmental contacts. Some useful ideas being implemented. Hope we can follow up some of their ideas, especially increased contacts between young people.
- Endorse Special Representatives' conclusions on the need to encourage learning of German. We have launched an initiative which we hope will lead over time to increase in numbers studying German as a first foreign language, as well as study of foreign languages in general.

Arrangements for next Summit

- Look forward to hosting next Summit in UK in 1987.

Soltau-Lueneberg training area (if raised)

- As we agreed in November, officials examining question of environmental issues raised by British Army training in Germany. Understand that main outstanding issue is whether British Forces should continue training during summer holidays. Steps already taken to meet some of your concerns at Soltau-Lueneberg. However, cannot commit ourselves to a summer pause in training there in advance of the outcome of the Anglo-German Coordinating Group's work.

- Most important to train forces effectively. British training practices in Germany essentially no different from those in the UK.

750th Anniversary of Berlin in 1987 (if Kohl raises)

- (Proposal for joint visit by three Allied leaders plus Kohl) Will consider carefully. Have Reagan and Mitterrand reacted?
- UK will play full part in celebrations. HM The Queen has already announced that she will visit on 26/27 May.

Draft Dodgers (if Kohl raises)

- Remain willing to examine sympathetically German proposals, subject to paramount need to preserve demilitarised status of Berlin.
- (if necessary) Allied specialists have studied carefully March 1986 German proposal, but do not consider it consistent with Berlin's demilitarised status.

H OTHER ISSUES

Airbus A330/A340 (if raised)

- No decision has been made on the question of government launch aid for BAe for the new A330 and A340 aircraft.
- Recognise that if Airbus is to have a long term future it must develop its product range.

HOTOL/Hermes

- HOTOL's "proof-of-concept" study has not revealed any insuperable problems. Grateful for Germans' interest in HOTOL. Important to take longterm view of space vehicle development. European Space Agency should determine requirements and appraise all options. (Hermes, HOTOL, Sänger)
- On Hermes, still considering a (small) UK share of up to 5-10 % in Hermes if rewarding UK role can be identified.
- Welcome Rolls Royce collaboration with MBB-ERNO on future propulsion system studies for ESA.

Broadcasting

- Most important to concert Western position and tactics before February 1987 World Administrative Radio Conference meeting on High Frequency Broadcasts.
- Clear that not all Community partners understand political significance.

Falklands

- Thank you for renewed assurance not to supply SUT torpedoes to Argentina.
- Argentines again likely to introduce UNGA resolution calling for negotiations on sovereignty and ignoring Islanders' right to self-determination. Trust we can again count on German abstention.

Macro-economic policies (If raised)

- Must continue with sound macroeconomic policies, but further measures needed to reduce current account imbalances: US needs to achieve major reduction in Federal deficit over time, starting with a sizeable cut in 1987; Japan to reduce barriers to imports.

ANGLO/GERMAN SUMMIT : 16 SEPTEMBER : SOUTH AFRICA

OBJECTIVES

a) If necessary (ie. if the Germans have blocked agreement in the Foreign Affairs Council on 15 September) to stress as Presidency the advantages of early conclusion of a joint EC position.

b) To explain the consequences of dropping coal from the Hague package, and the unlikelihood of precise concertation of EC, US and Japanese decisions on restrictive measures.

c) To consider what further positive contribution the Twelve can now make towards the objective of fundamental but peaceful change in South Africa.

ANGLO/GERMAN SUMMIT : 16 SEPTEMBER : SOUTH AFRICA

ARGUMENTS FOR USE

FURTHER MEASURES : THE HAGUE COMMUNIQUE PACKAGE

[If FRG have agreed to decision to adopt Hague Communiqué measures at FAC on 15/16 September.]

- Pleased that Twelve have reached common decision on further measures.

- Still believe that economic measures will prove ineffective, and probably counter-productive. Growing obduracy of SAG confirms this. But given the refusal of SAG to react to our call for movement towards reform during the three months period set in Hague communiqué, and limited achievements of Sir Geoffrey Howe's mission, Twelve had little alternative.

- By finalising our position now we have been able to resist pressure to unpick or go beyond Hague Council communiqué measures. It is an integral package. Not prepared to go further, but dropping the ban on coal imports would have destroyed the basis for agreement.

- A pity we were not able to achieve precise coincidence of measures with US, Japan and other Western partners. Principle of Western concertation important; but must recognise disparity of our national interests. Have therefore had to settle at this stage for similar kinds of measures taken on a broadly similar timescale.

 [If

[If FRG have blocked agreement at FAC or reserved their position on Hague Communiqué measures ad referendum to Chancellor Kohl]

- Clear from discussions at Brocket Hall and Foreign Affairs Council that most of the Twelve favour agreement on further measures in Hague Communiqué on or before 27 September.

- Share your conviction that sanctions policy will not be effective and may be counter-productive in pursuit of fundamental but peaceful change. But SAG have failed to respond to our call for steps towards dialogue. For sake of Twelve's credibility we now have to swallow bitter pill of further restrictive measures.

- Clear that for most partners the measures included in Hague Communiqué are minimum acceptable. For UK (and I believe FRG) they are certainly maximum acceptable. Believe they represent only identified basis for agreement in Twelve.

- Removing coal from list, however desirable, would inevitably lead to calls from Partners for alternative measures. Most likely is ban on fruit and vegetable imports. This highly contentious. Prospects for finding a new basis for agreement dim. Hague package agreed only with great difficulty.

HIS OBJECTIVE:

a) To promote maximum concertation with Western allies on measures against South Africa, [and, if FRG have blocked agreement at FAC, to encourage UK to join US and Japan in opposing ban on coal imports].

b) To discuss prospects for a common political platform agreed by EC/US/Japan.

YOUR RESPONSE : CONCERTING WITH WESTERN ALLIES

- Agree important to concert action, especially with US, Japan. But recent exchanges with both (Troika talks with Japanese on 3 September and Sir Geoffrey Howe's discussions with George Shultz 9/10 September) revealed differences on individual measures. For example, both US and Japan likely to go ahead with ban on air links. UK cannot accept this.

- So dictates of individual national interests mean we shall have to settle for concertation in terms of similar kinds of measures taken on broadly similar timescale. Foreign Secretary and Mr Shultz agreed this principle on 9/10 September; and Shultz sceptical whether EC position would influence thinking in Congress, although prior EC agreement on package might strengthen President Reagan's hand.

- We should concentrate now on achieving best outcome in Twelve. Strong arguments for early decision.

- Risky to wait for President Reagan to announce his position. House and Senate have now agreed proposals for far reaching measures including coal ban. Administration bound make concessions going beyond what we can accept. Risks encouraging more radical Partners to try to unravel and expand Hague package.

- We should also face strong criticism at UNGA and throughout black Africa if no measures adopted by 27 September. Also undermine new-found moderation and realism in Front Line States.

- As Presidency believe it in best interests of Twelve to get agreement on Hague Communiqué measures now, and implement on or before 27 September.

[Defensive:

- [Defensive: I would not favour holding extraordinary European Council to agree/announce measures]

- Agreement now would allow us to move on from negative obsession with sanctions policy and look at more positive approaches. Otherwise debate on measures will continue and pressures on us can only grow.

[DEFENSIVE : IMPLEMENTATION OF MEASURES]

Hague communiqué measures are:

- "ban on new investments, and the import of coal, iron, steel and gold coins."

- I have already announced UK willingness to impose voluntary ban on new investments (as well as promotion of tourism). A Ministerial announcement of these bans will follow shortly.

- We have already imposed a legal ban on import of gold coins.

- UK considers these measures are for implementation at national level. We cannot accept attempt to make ban on new investments legally binding. Not prepared to pass primary legislation or extend Community competence

- Bans on imports of coal, iron, steel (which we believe should cover treaty of Paris products only) would be for decision of the Member States meeting as Council of Ministers. Contingency planning for their implementation by 27 September already in hand.

4 /FUTURE OF EC POLICY

FUTURE OF EC POLICY

- Time is not right for major new Western initiative; neither SAG nor black opinion in receptive mood.

- Remain convinced that key to progress on the ground lies in reciprocal and matching concessions. This is basis of idea Sir Geoffrey Howe floated on Kaunda and others.

POLITICAL ROLE OF TWELVE

- At Brocket Hall Herr Genscher argued for common political platform as basis for international pressure on SAG. Dutch expressed similar sentiments; believe that we need to reassure Afrikaners if there is to be movement towards reform. These ideas welcome in principle. Should ask officials to put flesh on them; but important to avoid publicity at this stage (risk of raising expectations).

ANGLO/GERMAN SUMMIT : 16 SEPTEMBER : SOUTH AFRICA

BACKGROUND

1. The issue of restrictive measures against South Africa is a contentious one within the FRG's coalition. Herr Strauss is a vocal opponent.

2. To deflect domestic criticism Chancellor Kohl has sought to achieve maximum coordination between the Twelve and Western allies, notably US and Japan. He earlier indicated a preference for announcement of any EC measures at Head of Government rather than Foreign Minister level.

3. At Brocket Hall, Herr Genscher did not exclude the possibility of a decision in principle in the margins of the Foreign Affairs Council on 15/16 September to adopt the further measures envisaged in Hague Communiqué. But on 12 September Genscher told the Foreign Secretary that FRG would not be able to support a ban on coal imports because of the adverse effects it would have on black coalminers. He had been told by the US Ambassador that US and Japan would not impose a coal ban, and argued that the substance of the EC position should be as close as possible to those of Japan and the US.

4. Insistence on precise coordination with the US and Japan seems impractical. (For example, both Japan and US will probably accept a ban on air links and other measures which the US Administration seem likely to accept go well beyond the European package.) Given disparity of national interests we are unlikely to be able to achieve more than concertation in terms of similar kinds of measures

taken on broadly similar timescales. Mr Shultz agrees. On 11 September the House and Senate agreed on joint proposals for further measures going far beyond the Hague package. It is by no means clear that the Administration will be able to resist a coal ban.

5. FRG share our interest in examining the best ways for the Twelve to make a positive contribution over the coming months towards peaceful change in South Africa. At Brocket Hall Herr Genscher called for the establishment of a common political platform among the Western countries as a basis for massive political pressure on South Africa. This approach requires further definition, but prima facie is not dissimilar from a Dutch proposal that the Twelve should elaborate a set of common principles for an eventual solution in South Africa.

Southern African Department
12 September

PRESS HANDLING : SOUTH AFRICA

A. **[If FAC has announced agreement on Hague measures.]**

- the two Heads of Government noted decision in principle taken by Foreign Ministers in FAC to implement measures listed in the Hague Communiqué by 27 September. This decision the result of failure of SAG to respond to Twelve's call on them at The Hague to implement steps to bring about a dialogue for peaceful reform. Twelve must now examine together how they can most effectively contribute in future to achieving aim of fundamental but peaceful change in South Africa.

B **[If Herr Genscher has reserved FRG position on further measures at FAC ad referendum to Chancellor Kohl]**

- Foreign Ministers of the Twelve, meeting in political cooperation in the margins of FAC, agreed in principle to adopt the economic measures against South Africa identified in the Hague Communiqué for implementation by 27 September.

- In case of FRG this agreement was given ad referendum to Chancellor Kohl as Head of Government.

  [Chancellor Kohl has confirmed today to the Prime Minister, in her capacity as President of the European Council, that FRG agrees to the implementation of the measures.]

C **[If no agreement reached in margins of FAC]**

- Twelve stated in Hague Communiqué that they would consult on further measures against South Africa for possible adoption if certain steps to advance prospects for reform not taken by SAG by 27 September.

- UK position on these that:

  - we have already announced willingness to impose voluntary ban on new investments in South Africa and on promotion of tourism. (These will be announced soon).

  - We have already imposed legal ban on import of gold coins.

  - At CRM Prime Minister announced that UK would not oppose joint EC decision to ban imports of coal, iron, and steel.

- In the event no agreement on adoption of these measures was reached at FAC. The two Heads of Government discussed outcome of the FAC and future handling of further measures against South Africa by the Twelve. Twelve will be considering the issue further in consultation with Western partners.

Debt (if raised)

- Should maintain existing case by case approach, and support Baker intiative. Problems still serious but being managed. Must continue to be flexible, in particular to help oil exporting debtors to adjust.
- Support agreement in principle to General Capital Increase for World Bank at annual meetings. Welcome German signature of Multilateral Investment Guarantee Agency Convention.

BACKGROUND

A INTERNAL DEVELOPMENTS

UK Economic and politics (see Annex C on Germany)

- Gross domestic product (output estimate) rose by about 0.5% in 1986Q2 and was 1.5% higher than a year earlier.
- Consumer expenditure rose by about 0.5% in 1986Q2 and was about 3% higher than a year earlier.
- Industrial investment in 1986Q2 was over 5% higher than a year earlier.
- Unemployment (UK seasonally adjusted excluding school leavers) on the provisional output estimate rose by 4,400 in July 1986 to stand at 3.2 million (11.7% of working population).
- The employed labour force rose by 29,000 in 1986Q1 to 24,035,000, some 242,000 higher than a year earlier, and 1,022,000 higher than in March 1983 when employment began to rise again.
- Average earnings (underlying) rose by about 7.5% in year to June 1986.
- Productivity in manufacturing industry in 1986 broadly unchanged on a year earlier.
- Unit wage costs in manufacturing in 1986Q2 7.5% higher than a year earlier.
- Retail price inflation 2.4% in July.
- Money supply MO 3% growth over last 12 months. (In bottom half of 2-6% target range) £M3: 19% growth in last 12 months. (Outside 11-15% target range).
- PSBR in first four months of 1986/87 totalled £2.1 bn compared with £3.1 bn over same period last year.
- Current account surplus: £3.75 billion in 1985, sixth successive year of surplus. Current account estimated to have been in surplus of £0.9 billion in the first half of 1986.
- Budget time forecast: Oil price assumed to average $15 for rest of 1986 and in 1987. GDP was forecast to grow by 3% in 1986Q4. current account forecast to remain in sizeable surplus (£3.5 billion in 1986). PSBR forecast to be £7 billion in 1986-87. Mr Lawson has subsequently said "For this year, while the rate of inflation is likely to be even lower than I forecast at the time of the Budget, the rate of output growth may be slightly lower too. But next year

- 1987 - I would expect to be that much better". The FSBR current account forecast could quite possibly prove too optimistic given fall in oil prices after Budget. PSBR forecast in FSBR still best central estimate.

Immigration

- In year to June 1986 (over 1984) 34% increase in difficult cases needing detailed immigration examination at Terminal 3. Pressure threatened effectiveness of immigration control, with 2½ hour queues for immigration control at peak periods. Up to 12 hours wait for interview for those needing detailed examination; sometimes held overnight in waiting area.
- Majority from 5 countries selected - 80% of difficult cases at Terminal 3; over 6,000 nationals of the 5 countries refused at Heathrow and Gatwick in first half of 1986, 68% up on 1985.
- Germany makes wide use of visas (including all 5 selected countries except Nigeria). Recently announced tightening of restrictions, including tightened visa requirements for Ghana and Bangladesh among other countries.
- EC pressure for relaxation of controls over EC nationals needs to be balanced by effective checks against illegal immigration, terrorism etc. For discussion at meeting of EC Interior Ministers in London on 20 October.

Asylum Seekers

- Influx into West Germany of Third World asylum seekers (mainly from the Middle East) has increased sharply since 1984: some 74,000 in 1985; nearly 67,000 already in first eight months of this year. FRG's liberal asylum laws guarantee that anyone claiming political asylum may stay while the case is heard, which can take years. In practice, few arrivals are sent back. Asylum seekers are an increasing economic and social burden; now major domestic political issue in FRG.
- Approximately 50% of asylum seekers exploit (with GDR connivance) the lack of controls at the Berlin Sector Boundary to enter West Berlin via East Berlin, having arrived at the GDR airport Schönefeld. Most arrive by Aeroflot or GDR airline Interflug. The Berlin Allies have spoken to the Russians, but cannot introduce controls at the Sector Boundary without undermining Allied position

that East Berlin (the Soviet sector) is not part of the GDR, and that the Sector Boundary is therefore not a state frontier.

- FRG Government have been pressing the GDR to stop the flow through Berlin, but are reluctant to jeopardise inner-German relations. Honecker has hinted at possible GDR flexibility, but no practical progress yet. Focus in FRG now on domestic measures rather than Berlin. Kohl announced on 27 August series of measures, including fines for airlines which bring asylum seekers, designed to show that the government is taking action. These will not however plug the Berlin loophole.

- Germans have also raised problem in Community. UK as Presidency have drawn up demarche by the Twelve to GDR and Soviet Union calling on them not to issue transit visas to, or transport, individuals without visas for final destination (ie FRG). Approval of the Twelve awaited, but should be possible to deliver before Summit. Germans are pleased.

Nuclear energy in the UK

- Main public concerns have been the Nuclear Industry Radioactive Waste Executive's (NIREX) difficulties in securing access to explore possible sites for low grade waste disposal, and minor incidents at Sellafield. The nuclear debate will be given a new stimulus when we receive the report of the Sizewell Inspector (due to be delivered at about the end of September).

- In 1985 the UK's 18 commercial nuclear power stations supplied 20% of electricity from the public grid.

- Nuclear power remains high on the list of public concerns, although the signs are that of opinion is settling down: 53% anti-nuclear immediately post-Chernobyl; 45% anti-nuclear end July.

- Mr Walker gave a robust pro-nuclear speeck in June stressing the government's continued support.

- The other main parties have since adopted anti-nuclear positions: Labour will seek Conference agreement on phasing out nuclear power, albeit over the longer-term; Liberal position is similar, but with a 10-15 year timescale; SDP oppose new nuclear orders but would maintain existing stations.

Nuclear energy in the FRG

- The FRG's 19 nuclear power stations are predominantly light water reactors operated by privately owned utilities. Six further stations are under construction. Nuclear power accounts for 33% of electricity (24% in 1984). There are facilities for manufacture of fuel elements and (by UK/FRG/Netherlands consortium URENZO) for uranium enrichment. Reprocessing is mostly carried out in France, but a reprocessing plant is under construction at Wackersdorf. Work there and at other nuclear plants continues against a background of violent demonstrations.
- The CDU remain committed to the nuclear programme. The creation of a new Federal Ministry of the Environment, Nature Conservation and Reactor Safety on 6 June was designed to demonstrate the Government's concern following Chernobyl. The CSU generally take the strongest pro-nuclear line within the coalition. The FDP have called for a thorough review of nuclear policy. A key electoral issue for the SPD will be their commitment to withdrawal from nuclear energy within 10 years. The Greens are ferverntly anti-nuclear.
- Recent German opinion polls showed 59% afraid of radioactivity, while 62% rated it a major political issue. Nuclear issues will remain important in the Federal election campaign.

B SOUTH AFRICA (see separate brief)

C EAST/WEST RELATIONS AND ARMS CONTROL

East/West Relations

- Discussion is likely to be dominated by consideration of prospects for the US/Soviet Summit, which have been thrown into doubt by arrest of Nicholas Daniloff, Moscow correspondent for US News and World Report, on 30 August. He was charged with espionage on 7 September. On 8 September Reagan stated that the affair could become "a major obstacle in US/Soviet relations". [To be confirmed: the US and the Soviet Union have now reached agreement over Daniloff and Zakharov]
- The pace of US/Soviet contacts on arms control, regional and bilateral issues had picked up since Deputy Foreign Minister Bessmertnykh's visit to Washington (25/29 July), when agreement was reached that Shultz and Shevardnadze should meet on 19/20 September. Reagan is considering options for responding to Daniloff's detention, including a review of whether this meeting should go ahead.
- In an interview with Czech Party Newspaper Rude Pravo on 8 September, Gorbachev stated: "We are in favour of the holding of the Soviet/American Summit meeting, a Summit that would be marked by the achievement of considerable headway towards the solution of at least one or two problems of international security".
- But time is short for achieving even a framework arms control agreement. Without such an agreement, a full agreement during 1987 on central arms control issues is less likely. It is still difficult to identify which areas offer most potential: INF is one possibility, but agreement may only fall into place once the START outline is clear.

Arms Control

- Nitze and Karpov met in Moscow in August, but appear to have got down to basics only at the last moment. They met again on 5-6 September. The Russians tabled a further proposal on INF elaborating an interim solution at rather lower levels than in previous proposals. There was no mention of third country forces

(although we do not know whether there was any agreement to leave this issue aside until a later stage). No new numbers were tabled by either side in the START group. The US accept that despite the Reagan reply of 25 July the ball is still in their court on this. Leaks in Washington had suggested that the Administration were working on some figures which amounted to an offer of about a 30% cut. But the US were not in a position to table these on this occasion. Discussion of space and defence issues was limited, with the Russians accepting that the ball is in their court following the President's message of 25 July. The next session of the US/USSR nuclear and space negotiations begins on September 18, with Shevardnadze's meeting with Shultz on 19-20 September.

- The Germans share our view that private encouragement is the right approach with the US Administration, although this does not prevent some public activity, especially by Genscher (he restated the FRG's commitment to the Harmel doctrine, and importance of the twin-pillars of Alliance, during a speech at American/German Chamber of Commerce in Munich on 28 July).
- It is electorally important to Germans that a US/Soviet Summit should be held; and they may develop nerves as the FRG elections approach if Summit prospects deteriorate. They will have European interests very much to the fore, viz INF, CW and CDE/MBFR.
- Germans also share UK concerns about US intentions on holding to restrictive interpretation of ABM Treaty, and Senate action to try to restrict foreign participation in SDI research (the Glenn Amendment). In a surprise move on 8 August the US Senate passed an amendment to its version of the FY87 Defence Authorisation Bill, which would, if it becomes law, prevent the award of SDI contracts to Allied governments unless the US Defence Secretary certified that the work could not reasonably be performed by a US firm. An even more restrictive House amendment was dropped. The Senate amendment will now go forward to the budget conference in mid-September. The Traficant Amendment would oblige the Pentagon to award a contract (not just SDI-related) to a domestic firm if the difference between domestic and foreign bids was not more than 5%. We are lobbying in concert with the Germans.

Conventional Arms Control

- Stockholm CDE, which ends on 19 September, is important to the Germans. They badly want a significant outcome agreed between East and West. They are particularly nervous about possibility of US vetoing a result otherwise acceptable to NATO, as happened at the Berne CSCE human contacts meeting. The political significance of a CDE agreement as a means of revitalising the CSCE, which the Germans regard as a process and not just a negotiation, may make them less exacting than other allies in judging the fine print.
- Many issues have been settled during the last four weeks but two key items remain to be resolved: the level of forces at which prior notification of military activities will be obligatory; and the detailed procedures for verification.
- On notification the Allies are pressing for a threshold (c 10,000 men) which would oblige the Soviet Union to notify divisional exercises on their territory. The Germans may be ready to accept a figure of 12,000. This would be at the margin of acceptability for us, as it would catch very few exercises on Soviet territory. However it might be acceptable if other aspects of the final package are significantly attractive.
- Verification may be the acid test. The Russians have made concessions but are backtracking on their apparent agreement to use neutral aircraft for air inspection, and are arguing for unreasonably large restricted areas which will not be open to verification through inspection. The UK does not need such areas but the Germans say they do. We would be prepared, given German views, to accept restricted areas provided they are not as large as the Russians currently demand.
- On the Task Force established by the NATO Halifax Meeting to look at ways of developing the Allied position on conventional arms control, the Germans share our perceptions about the lessons of the past. Whether they are developing new ideas as we are is not yet clear. In the meantime they agree with us on the need not to appear to be giving up on MBFR.

CTB/CW

- The Germans are less close to the UK position over nuclear testing. Their commitment to a Comprehensive Test Ban Treaty (CTBT) has recently surfaced in unhelpfully forthcoming comments on the

extension of the Soviet moratorium on testing. In a statement on 19 August Genscher said it was important that US/Soviet contacts should lead to a narrowing of the gap over verification. Should this lead to agreement on a CTB at a US/Soviet summit, the Germans would welcome it.

- Kohl wrote an open letter in early August supporting the 6 Nations/5 Continents group's proposals on verification for a CTB. He reiterated his support during a visit to Sweden on 4 September. Nevertheless, in recent contacts with Sir J Bullard, the Germans have made clear that their position has not changed: whilst a CTBT remains an objective, they recognise that while deterrence remains the basis of Alliance policy, some testing will be necessary, (even if they could not say so in public).
- While the UK wants to see further work on verification, we would not want the US and Soviet Union by themselves to include an agreement on a CTBT at a summit. We believe that US views on the importance of testing rule this out in practice. The most that may be achieved would be a more limited agreement to ratify the Threshold Test Ban and Peaceful Nuclear Explosions Treaties.
- The UK Chairmanship of 1986 negotiations on Chemical Weapons has made good progress. FRG strongly supported UK initiatives to try to make progress on the key verification issue of challenge inspection. The Soviet Union has yet to respond.

CSCE

- For the Germans the CSCE has been since 1975 the main opportunity for continuing Ostpolitik, ie reconciliation with former enemies and gradually overcoming the division of Europe. Together with the relationship with the US and the development of a united Europe, this remains the main focus of their foreign policy.
- The Germans will wish to discuss the prospects for the Vienna CSCE Follow Up Meeting (4 November). German strategy will be to maintain dialogue. They still resent US failure to support the agreed NATO position at the Berne Human Contacts meeting. The environment is another issue of particular concern in view of the pollution of the FRG emanating from the GDR and Czechoslovakia.
- Although there is no general discrepancy between the FRG position and our own, we (like the Americans) tend to put greater emphasis on ensuring implementation of existing commitments, rather than wide-ranging proposals for new commitments.

D EC QUESTIONS

EC Budget/CAP

- The Budget Council on 8 September agreed on a draft 1987 budget which respects budget discipline rules. Cooperation between the "northern" member states (especially the UK, FRG and France) was a major factor in securing this outcome. The Budget now goes to the European Parliament.
- Possible 776 mecu shortfall in 1986 Budget: Council invited Commission to make management savings and will look at situation again later this year when figures clearer.
- The Commission are likely to present by the end of the year the ex novo review of own resources called for by the Fontainebleau conclusions one year before the 1.4% ceiling is reached.
- The Germans, like us, have said that there should be no increase in the 1.4% ceiling this year or next, in accordance with the Fontainebleau terms ("the rate may be increased to 1.6% on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures".) We share a common interest in avoiding discussion of the ex novo review during our Presidency (including at the London European Council) and for as long as possible next year (although the German domestic budget already plans for an increase beyond 1.4% in 1988).
- On the immediate CAP objectives and responsibilities of our Presidency (reform of the beef régime primarily by cutting back intervention, and certain structural measures) the Germans are not likely to be particularly troublesome. They should also be sympathetic to our idea of curbing cereals surpluses through a set aside scheme (for discussion in the informal Agricultural Council on 28-30 September). But the Germans are unlikely to translate their growing recognition that CAP surpluses are economically and financially disastrous into measures hurting their farmers before the Federal elections. Since this year's tough price fixing, the Germans have given DM 650 million of aid to these farmers, mostly in direct compensation for the price fixing.

Employment Initiative

- The Germans are concerned about high unemployment, though current trend in FRG shows unemployment down and employment up.

- The Germans will be represented at the Edinburgh meeting of Employment Ministers (22-23 September) by Minister of State, Vogt. He visited UK on 3 September for discussion with Mr Clarke (Paymaster General) on the employment initiative, in advance of the Edinburgh meeting.
- While the Germans have until recently been the least enthusiastic about this initiative, fearing that we were seeking to divert Community funds to solve our own unemployment problems, Mr Clarke's meeting with Vogt seems to have gone a long way towards removing German objections. However, should these reemerge it will be important to emphasise (as Mr Clarke did with Vogt) that no additional Community funding will be involved. As the UK paper made clear, the intention is to re-assess the priorities for expenditure within the existing Social Fund resources.

- Following the Edinburgh meeting, we aim (as Presidency) to steer a detailed resolution through the December Social Affairs Council, to lay down the broad lines of a common approach to combat unemployment, based on the ideas in the UK/Irish/Italian paper.

EC/US

Commission/US agreement on citrus/pasta dispute on 10 August. First stage (rollback of retaliatory tarifs on both sides) now implemented. UK Presidency working for Council approval on 15 September of substance of deal involving further EC tariff reductions: Italy, Spain and Greece are holding up agreement.
- US will implement agreement with EC on export restraint levels for semi-finished steel on 15 September.

EC/Japan

Japanese trade imbalance has worsened perceptibly in first half of 1986.
- Surplus with EC record $8.3 billion, according to Japanese figures: 61% increase in dollar value of exports (compared with 42% for imports). Global surplus record $33 billion.
- OECD estimates show likely surplus for 1986 as $80 billion.
- Volume of Japanese exports to EC estimated to have risen by 28% over first five months of 1986.
- 21 July Foreign Affairs Council decided to instigate formal GATT

procedures against Japan if no assurances by October on removal of discriminatory tax system on alcoholic drinks; and to select other sectors for similar treatment.
- Foreign Secretary has written to Nakasone conveying Council conclusions; Delors has also done so.

EC/Turkey
- Agreement at February Foreign Affairs Council to begin gradual normalisation of EC/Turkey relations.
- Greece has subsequently raised difficulties at every turn, but Ministerial meeting of EC/Turkey Association Council scheduled at Foreign Affairs Council on morning of 16 September. Germans will be keenly interested in outcome and in our handling as Presidency.
- Several outstanding problems include Greek foot-dragging over signature of protocol covering Greek adherence to EC/Turkey Association Agreement.
- Germans have major political problem with commitment in Association Agreement on free movement of Turkish workers in EC, which is theoretically intended to come into effect on 1 December 1986. (In our and German view this is not a legal deadline, but remains subject to prior decisions by the Association Council and detailed implementing provisions.)
- Germans (who have 1.5 million Turkish workers) want solution which will effectively end further Turkish immigration on permanent basis. We and other partners see no prospect of Turks accepting this, and think postponement of any decision on implementation for eg ten years most realistic option. However, Vogt told Mr Clarke that the Germans would be opposed to such a postponement.
- Germans likely to be concerned at prospect of early Turkish application for membership. Prime Minister told Ozal in February that an application had no chance of success at present.
- Risk that Turks may try to link problem of free movement with membership application. Possibility of further joint UK/FRG action to dissuade Turks from applying under discussion.
- If Turks apply, our objective will be to minimise public response and ensure application is processed in normal way, eg, (very protracted) study by Commission as first step. But Germans might be tempted to make encouraging statement in belief that others (eg Greece) will veto.

Commodity Policies

- Negotiations on the International Rubber Agreement resume in October. A Community mandate for these negotiations was agreed in 1985. At UK instigation, the Community has taken a tough line. But there is a risk that, faced with the readiness of others to settle for something closer to the producers' position, Community partners will be reluctant to hold out on all the points to which we attach importance (eg period of automatic price adjustment and price level). The Prime Minister commented on Mr Channon's report on the outcome of the May session of the negotiating conference that the government should take opportunities to lobby vigorously before the next session, to ensure that the UK's tough stance on the Rubber Agreement was widely shared within the Community.

- Apparent American willingness to renew the present Agreement without significant amendment makes the prospect of achieving our goal more difficult. The US position is determined more by self-interest than by any strong desire to please the Malaysians and other producers: the financial saving and strategic benefits of holding a significant proportion of the Agreement's buffer stock in the USA outweigh US commitment to free market principles.

- On compensatory finance, the Germans have shown keenness for some kind of new facility to compensate developing countries for loss of commodity export earnings. This would involve us in heavy unscheduled expenditure from our aid programme.

- The new International Cocoa Agreement negotiated in Geneva in July incorporates the majority of points upon which UK negotiators were instructed to insist, and generally meets the criteria for commodity agreements set out in the Interdepartmental Review of Commodity Policy. Unless we are able to muster a sufficient number of EC member states to oppose membership of the Agreement, the UK will be unable to prevent a Community decision to join.

- Ministers have not yet considered the question of UK membership. Mr Jopling is expected to make a recommendation about signature and provisional application in the light of discussions in the Community the outcome of the Cocoa Council meeting (1-12 September).

- A Commission proposal for signature/provisional application of the Agreement by 30 September was discussed by the Community on 9 September. The FRG, and almost all other members states, favoured membership. The FRG indicated that it would join the Agreement

unilaterally if the EC Council of Ministers proved unable to agree a decision on Community membership (30 September).

- Whatever their positions of principle the UK, Italy and Ireland, will not be able to complete the necessary domestic procedures to permit membership by 30 September. The Commission's proposal could imply an extention of Community competence. It is possible moreover that the Commission may seek to force member states to take a decision on the basis of an amended version of the proposal which involves unacceptable legal, competence and practical difficulties.
- It is important to ensure that the Germans are aware of the need to take full account of the implications of the Commission's proposals. Despite the Germans' commitment to the new Agreement, they should be willing to oppose a proposal of questionable legal validity which could result in an extension of Community competence.
- All members of the International Tin Council (ITC), and the EC Commission, are named as defendants in an action brought by one of the tin brokers owed money by the ITC.
- The UK has proposed the creation of a small ITC legal sub-committee authorised to instruct ITC's solicitors without first seeking the approval of the entire ITC membership. This proposal was discussed at ITC meetings on 10 and 11 September. A number of member states had misgivings about it.
- The UK Presidency, in response to a Commission suggestion, is organising a meeting of EC defendants in London on 25 September to discuss coordination of defence in general. Spain and Portugal, who are not members of the ITC, will not participate in the meeting of EC defendants on 25 September. An attempt by Spain, supported by Portugal, to obtain an undertaking from the Council of Ministers exempting these two countries from financial liabilities that might follow from legal actions, will be discussed at the Foreign Affairs Council on 15 September. The UK Presidency hopes to satisfy Spanish and Portuguese concern without committing the Council to any particular undertaking.

Large Combustion plants

- On 11 September HMG announced it had authorised CEGB (subject to completion of engineering studies, appropriate financial arrangement and consultatins with planning authorities) to retrofit 6000MW of existing generating capacity, equivalent to three 2000 MW stations, with fluegas desulphurisation (FGD) equipment, starting with the recently completed extension to the Drax power station. The retrofit programme will be phased over 1988-1997.
- The Government also announced that it will require future coalfired power stations to be fitted with FGD, to the requirements of the Industrial Air Pollution Inspectorate.

E MIDDLE EAST/LIBYA

Terrorism/Libya

- This is an issue to which Kohl attaches considerable importance in view of its possible electoral implications.
- General Walters visited European capitals from 1-5 September. In Bonn he saw Kohl and Genscher separately. Walters' main theme in Bonn as elsewhere was low-key expressing appreciation for measures already taken, and to urge that these be maintained to keep up pressure on Qadhafi.
- Pan Am flight 73 was attacked on the ground at Karachi airport in the early hours of 5 September. Incident ended with 20 dead and over 100 injured. Hijackers under arrest in Pakistan. No sign so far of their affiliation but early indications are that they had Palestinian rather than Libyan sympathies.
- Arab speaking terrorists attacked the main Istanbul synagogue on 6 September. 21 were killed and several injured. Turks are still investigating but no sign so far of direct Libyan or other state involvement.
- A bomb exploded in the Hotel de Ville in Paris on 8 September killing one woman and injuring several. These events prompted Kohl and Chirac to call for an urgent meeting of EC Ministers of the Interior after their own discussions on 9 September. We are consulting partners about a possible meeting later this month.

Sale of EX-BCAL Airbuses to Libya

- Aircraft are now in Libya. German support for attempts to prevent the delivery of the aircraft to Libya was patchy at first, but eventually satisfactory considering the limited direct German interest. Officials are considering action to seek German support in denying Libya access to Airbus spares, in particular to the central spares facility at Hamburg.

Iran/Iraq

- A major Iranian ground offensive is expected this Autumn. It is likely to be bloody but inconclusive. The Iranians remain implacably opposed to mediation, but if the offensive fails and economic pressures increase, might just be more amenable. UN Secretary General is best placed to exploit any opportunity.

Middle East Economic Plan

- New bureaucratic structure not the answer to the region's (including Egypt's) economic problems: international institutions such as the IMF already exist. Israeli ambitions to use the idea to foster economic cooperation between Israel and the Arab states likely to founder on Arab political objections.
- Ezer Weizmann, Israeli Minister without portfolio, visited Bonn on 2 September. In a two hour meeting with Kohl, he sought German support for the Middle East economic plan.

Arab/Israel

- Stagnation in the peace process since Jordan/PLO breakdown in February. US efforts to broker Isreal/Jordan/Egypt statement:prospects poor. Rotation to Shamir in October.

F IAEA SPECIAL CONFERENCE

- Kohl wrote to the Prime Minister (and heads of Government in other countries with nuclear power programmes) in May, proposing a conference to consider developing international cooperation in nuclear safety. The Prime Minister supported the initiative, but urged that the conference should be convened under IAEA auspices.
- A Special Session of the IAEA Board of Governors on 21 May agreed to convene a conference under IAEA auspices, to consider on the full range of nuclear safety issues. Following a visit to Vienna in late May by Dr Zimmermann (then Federal Minister responsible for the Environment), the German and IAEA proposals were combined. The resulting Special Session of the IAEA General Conference takes place on 24-26 September.

G BILATERAL RELATIONS

Plans for next Summit

- Anglo/German Summits were held twice a year up to 1984, then in November 1985 (in London). On the pattern of the last two years, the next Summit would take place in the autumn of 1987 in the UK (in any event after the German elections).

Defence Cooperation

- The only area of difficulty concerns the environmental effects of training by British Forces in Germany, which the German Government fear could become a serious public issue. Although agreement has been reached on voluntary restrictions on low flying by Allied air forces including RAF(G), and some reductions made on ground forces training, problems over the environmental impact of ground force training have yet to be resolved. As agreed at the last Summit, officials have been tasked with examining the problem. We told the Germans on 10 September that it would not be possible to implement a summer pause in training this year or next.

- The Germans are showing uncertainty over the signing of the European Fighter Aircraft General Memorandum of Understanding which would allow the establishment of an International Project Office to formalise arrangements for management of design development and production of the aircraft and its engine. The signing is scheduled to take place on 22 October at Gleneagles. The Defence Secretary will be pressing Dr Wörner at the Summit to keep to this timetable despite their difficulties over financial authorisation. It will be important to sign the General MOU before the German pre-election period prevents decisions being taken. Chancellor Kohl will have been briefed on this issue.

- Ferranti are part of a European consortium bidding against an American one for the EFA radar contract. The choice will be made towards the end of this year on the basis of an international competition. The Germans appear to favour the American bid and it may well be necessary at a later stage to put political pressure on them over this. It would, however, be premature to do so before the competing bids have been evaluated.

750th Anniversary of Berlin in 1987

- The Germans indicated some time ago that they might wish to propose a joint visit by the three Allied Heads of State/Government and Kohl to Berlin in May 1987, following Economic Summit in Italy. Kohl mentioned the idea at Tokyo Economic Summit. But no formal invitation has issued, and there are signs that the Germans may be cooling on the idea and that Reagan and Mitterrand might prefer to make separate visits on their own.

Draft Dodgers in Berlin

- Kohl not briefed to raised this, but has personal and electoral interest in problem and could do so (as he did in margins of November 1985 summit).
- Germans in Berlin cannot be called up because of demilitarised status of city. Many young Germans go to Berlin each year to avoid call-up. This has the incidental effect of altering the city's political balance, although the CDU (Diepgen) now seems to be established in power after years of SPD preeminence (Reuter and Brandt).
- Problem considered in detail in 1982. Allies suggested that Germans propose solutions (eg changing rules of call-up in FRG).
- Germans put forward paper in March suggesting that individuals moving to Berlin should be considered Bundeswehr conscripts (and hence expellable to FRG) if call-up papers were served at former address in FRG. Allies about to reply rejecting proposal as inconsistent with Berlin's demilitarised status. Germans expecting negative reply.

Cultural Relations

- The British Special Representative, Sir Norman Statham, has now submitted his report (which was delayed by illness). Follow up action is also in hand on the German Special Representative's (Dr Gehlhoff) report. (Gehlhoff's report apparently failed to arouse Genscher's interest and Gehlhoff has now resigned.)
- Sir Norman Statham saw a need for an increase in foreign language learning in the UK, in particular in German. On 16 June the DES published a Draft Policy Statement in England and Wales on Foreign Languages in the School Curriculum, calling for substantial increase over time in the study of foreign language throughout compulsory

schooling and beyond. The Statement also seeks some increase in the study of German (and one or two other languages) as a first foreign language, and an improvement in communication skills. Educational interests are being consulted and it is expected to issue the Statement later in the Autumn. It would be worth mentioning this at the Press Conference.

- The other main areas the reports identified for further consideration include:
- efforts to stimulate British interest in school links;
- increased resources for youth exchanges;
- improved publicity for town-twinning arrangements;
- greater publicity for work of Anglo-German Foundation for the Study of Industrial Society (which von Weizsaecker visited after his State Visit).
- Recent initiatives on youth exchanges include:
- von Weizsäcker's meeting with participants in successful first Young Wilton Anglo-German Seminar, held at Wilton Park 29 June - 5 July;
- new undergraduate and von Weizsäcker postgraduate scholarships established;
- exchange of community social workers.

H OTHER ISSUES

Airbus A330 and A340

- HMG recognises that if Airbus is to have a long-term future it must develop its product range. The Government fully supports in principle the development of the Airbus family of aircraft to cover a wider market range, and hopes that BAe and UK equipment suppliers will be able to partake in new Airbus programmes which prove to have strong prospects of commercial viability.
- DTI Ministers have made clear that government launch aid for new Airbus projects will be available only if the projects are commercially viable, and if BAe have been unable to raise the necessary finance in the commercial markets. Sir Austin Pearce has told Mr Channon that BAe will expect the same level of launch aid as their French and German Partners. BAe have not yet made a formal application for aid, but hope to submit technical details of the projects in early September. A Cabinet decision is therefore unlikely to be taken before the end of September.
- Kohl raised the question of British launch aid with the Prime Minister at the Tokyo Economic Summit in May, and Genscher pressed hard on this in talks with Sir Geoffrey Howe at Farnborough on 4 September. The German Government has decided in principle to meet 90% of Deutsche Airbus' development costs when these have been determined, provided the project appears to be commercially viable. But the German Government does not propose to give financial support for production of the A330/A340.
- The French Government has recently agreed to meet 50% of Aerospatiale's pre-production costs of about £22 million compared with the 100% funding sought. The French Government is likely to come under pressure to meet a higher proportion of Aerospatiale's costs, possibly in the region of 75% of development costs.
- In the light of the levels of French and German launch aid, Kohl is likely to press HMG to provide equivalent financial support to BAe.

HOTOL/Hermes

- France and Germany keen to develop an independent space transport system for Europe.
- The Germans have expressed considerable interest in HOTOL

(Horizontal Take Off and Landing spaceplane, to be unmanned at first but with the option later of a manned version), a next generation advanced technology project being developed by BAe and Rolls Royce. But the Germans have queried how firmly the UK is committed to the project. They have encouraged Britain to take a stronger lead and provide more technical data about it.

- The current "proof of concept" study of HOTOL is due to last until late 1987. So far none of the challenging technology problems seems insoluble. HOTOL launch costs could be 50-80% cheaper than those of today. HOTOL, like Hermes (see below) is being offered for adoption by the European Space Agency (ESA): likely cost £2,800m.
- France is vigorously promoting the manned mini-shuttle, Hermes, which has been adopted as an ESA-funded programme for its project definition stage. ESA Ministers meeting in mid-1987 will be asked to adopt the subsequent development and construction phases (about £1,200m). UK and Germany are potential participants with prospective shares of up to 5-10% and 20-30%.
- Although largely complementing each other in applications, Hermes and HOTOL could prove mutually exclusive in terms of ESA funding.
- Germany has described its own manned spaceplane concept to ESA (Sänger, £5,600m to £6,800m to develop).

Broadcasting

- The World Administrative Radio Conference on high frequency (short wave) broadcasting (WARC-HFBC) meets in Geneva in February 1987 to consider a 'more equitable' allocation of the limited short wave frequencies. This poses a serious potential threat to Deutsche Welle and BBC External Services operations (BBC say they could lose up to 60% of their wavelengths). It would affect the West's ability to present a democratic voice to the rest of the world. The problem is therefore political as well as technical. It is important that we and the Germans liaise closely on tactics, and rally other European countries, some of whom are not fully apprised of the political implications. Coordination of a Western position, including the US, is in hand.

World Economic Issues

- There are no substantive points of disagreement with the FRG on major international economic issues.
- OECD and IMF forecasts for world economy suggest that factors producing relatively slow growth earlier this year were largely temporary; outlook is for activity to strengthen in the second half of 1986 and in 1987, with inflation continuing very low. But large current account imbalances remain. US Treasury Secretary Baker has suggested that Japan and FRG should do more to increase growth. We share German view that a major fiscal/monetary boost in FRG is unnecessary at the moment. On 20 August, US cut its discount rate to 5½%. Volcker has put pressure on Germans to follow suit. They may do so eventually, but reduction in German interest rates likely to be small and of largely token significance. Likely that strengthening DM and good growth rates will start to reduce current account surplus in 1987.
- At spring Interim Committee Mr Lawson proposed improved policy coordination and strengthening IMF role to help reduce imbalances between industrialised countries. Work is proceeding in the IMF to establish economic indicators to help improve understanding of international dimension of domestic decisions.
- Tokyo Summit agreed to hold meetings of G7 Finance Ministers as well as of G5 Finance Ministers and Central Bank Governors. The first G7 meeting is likely to take place in the margins of the IMF/IBRD Annual Meetings at the end of September. UK and FRG share view that G7 meetings should not be operational in same way as G5, and that Central Bank Governors should only be included if it is known in advance that interest rates and exchange rates are to be discussed.

- Debt strategy remains intact. Some good progress made on implementing Baker initiative eg by IBRD. Recent US interest rates will help further, but dangers remain particularly from protectionism, oil exporting debtors. IMF agreement with Mexico should be sealed shortly, but appears to dilute normal fund conditionality. Nigeria, Egypt present formidable problems. The Germans share our outlook on debt. They are prepared to support General Capital Increase for World Bank and $12 bn IDA 8 though figure likely to end up at $11.5 bn to meet US concerns. UK willing to contribute its share (6.7%) of $11.5 bn IDA 8, but any topping up to $12 bn should be from voluntary contributions eg from Japan, Italy.

PRESS HANDLING (may need updating in light of Foreign Affairs Council)

1. The joint press conference will be held before the Plenary Session in order to meet the early deadlines of the German media. Chancellor Kohl as host will make an opening statement, ask the Prime Minister to give her comments, and then invite questions.

A Points for the Prime Minister to draw on in her opening remarks

i) General

- A relationship of exceptional extent and depth.
- Visits to Britain within the last twelve months by the holders of the three most senior offices in Germany (the Federal President, the Chancellor and the President of the Bundestag).
- Success of State Visit of President von Weizsäcker, who gave a major and thoughtful speech to both Houses of Parliament.
- Close and fruitful consultations with Germany on major policy areas: East-West relations, security, arms control, European Community affairs.

ii) EC Issues

- Important that there should be close cooperation between us in the European Community, particularly as United Kingdom now holding Presidency. Believe Presidency has got off to a good start. We confirmed the closeness of our views on international trade issues, on the Community budget and on the completion of the internal market.
- We are committed to adapting the CAP in the face of global surpluses so that supply more closely reflects demand. we are looking at various ideas including alternative land use (cereals set-aside and afforestation).
- I have also informed the Chancellor today that, on top of our excellent record, United Kingdom has decided to put new pollution controls not only on new power stations but on a number of existing ones.

iii) IAEA

- Welcome role of IAEA in follow-up to the Chernobyl accident. Chancellor Kohl played a significant role in ensuring that, through IAEA, the international community is learning the lessons of Chernobyl.

iv) Security Co-operation

- Joint visit tomorrow to British and German Forces highlights quality of defence relationship and its contribution to strengthening the European pillar of the Alliance. British Forces Germany a visible sign of UK's continuing commitment to forward defence in Germany.
- High level of Anglo/German collaboration on defence equipment programmes, notably the important European Fighter Aircraft project, in which we are partners together with Italy and Spain.

v) Cultural Relations

- Over the past two years have examined ways of developing still further the close links at all levels between the governments and citizens of our countries. Follow-up work in hand on the reports by the two Special Representatives (Dr Gehlhoff and Sir Norman Statham) on ways of developing non-Governmental contacts.
- Close contact between governments mirrored by wide range of informal contacts - best known of which is annual Königswinter Conference.
- Particular emphasis on extending contacts between young people - We have in hand new guidelines which we hope will result over time in increased numbers studying foreign languages at school and beyond, and an increase in the teaching of German as a first foreign language.

vi) Broadcasting

- Shared concern about World Administrative Radio Conference to be held in February 1987 which may threaten external services.

B Notes on subjects that may be raised in questions:

i) East/West and Arms Control

Questions are likely to be aimed at drawing both Britain and Germany on the state of play on arms control and disarmament and probing for differences between European and American policies. Press line: Both governments fully support President Reagan's approach to these issues. Hope that it will be possible to arrange a Summit this year, which will bring concrete results. Importance of Alliance consultation, which has worked well.

ii) South Africa (see separate brief)

iii) Libya/Terrorism

- Appalled by recent terrorist attacks. Reaffirmed commitment to firm measures to deal with terrorism. Agreed to maintain and strengthen existing cooperation both bilaterally and within Twelve and Summit 7.

Karachi hijacking and attack in Istanbul

- Too soon to allocate responsibility. But attacks in Karachi and Istanbul sadly demonstrate all too clearly need to maintain firm international stance against terrorism.

iv) Bilateral Defence Relations

Questions are likely to be designed to probe possible plans to reduce the size of British Forces Germany and problems over training areas and low flying by RAF units stationed in the FRG. Press line:

- British Forces Germany, which we shall visit tomorrow, demonstrates British commitment to German security. Forward defence of Germany is the forward defence of the UK. Our two governments agreed earlier this year that officials should look together at problems over training areas. This is now being done. But important to maintain training standards. Practices of British Forces here broadly the same as those in UK. In response to German Government wishes to ease burden on German population, caused by low flying, RAF and other NATO air forces have agreed to certain voluntary restrictions on their training. This should reduce the amount of disturbance caused by RAF aircraft.

v) Visa regime (if raised)

- Immigration problems of both countries discussed.
- UK decision based on Sources of pressure. Not discriminatory.

The following are attached:

Annex A: Programme

Annex B: Personality Notes

Annex C: Background and basic statistics on the German political/ economic scene and Anglo-German relations.

Foreign and Commonwealth Office

12 September 1986

KOHL, DR HELMUT

Federal Chancellor and Chairman of the CDU.

Born 1930 in Ludwigshafen. Studied law and history at Frankfurt and Heidelberg. Joined the CDU at 17 and became a member of its Land Executive in Rhineland Palatinate at 25. Member of the Land Parliament 1959, and Chairman of the CDU Parliamentary Group there from 1963. Member of the CDU Federal Executive since 1966. Chairman of the CDU in Rhineland-Palatinate, 1966-73. Minister President of Rhineland Palatinate 1969-76. Chairman of the CDU since 1973. Was Chancellor candidate of the CDU/CSU in the 1976 Federal election. Thereafter, elected Chairman of the CDU/CSU Parliamentary Party in the Bundestag, a post which he held until October 1982 when he was elected Federal Chancellor.

Politics have been Kohl's whole life. He first achieved national prominence as Minister President of Rhineland Palatinate, where he was active in modernising the Land Administration, expanding higher education and promoting industrialisation. He played a large part in the early 1970s in planning a new policy for the Federal CDU, but failed to stand up for certain aspects of this at the 1971 Party Conference. This contributed to his defeat by Barzel in the elections that year for the party chairmanship. But after careful ground work in the party, cultivating the younger generation in the centre, Kohl was the only candidate for the chairmanship at the special Party Conference in June 1973, after Barzel's resignation. Since then, he has never been challenged for the job.

After a period of intense political manoeuvring, he was nominated as Chancellor candidate of the CDU/CSU for the 1976 Federal elections. But the grudging support from Strauss and the CSU undermined his authority. Nonetheless, he ran a skilful and energetic campaign, and came within 200,000 votes of unseating Schmidt and the SPD/FDP Coalition. Subsequently he moved to Bonn to lead the CDU/CSU Parliamentary Party in the Bundestag. But for the 1980 Federal elections he lost the CDU candidacy to Albrecht, and it was Strauss who eventually secured the CDU/CSU nomination. Kohl fell in loyally behind Strauss and ran an energetic and effective campaign.

With Strauss's defeat, Kohl re-emerged as the natural leader of the CDU/CSU Parliamentary Party. But there were many in the party with reservations about his leadership, and he might have been overtaken for renomination as Chancellor candidate had the SPD/FDP government lasted its full term. Its premature collapse in September 1982, however, found him still in charge of the Parliamentary Party; and he was duly elected Chancellor on 1 October after the CDU/CSU and FDP had successfully moved a constructive vote of no confidence against Schmidt in the Bundestag.

When it took office, Kohl's government had a clear majority in the Bundestag. But Kohl was conscious of having become Chancellor without a mandate from the electorate and announced his intention to arrange for early Federal elections in March 1983. Many thought his tactics would rebound against him: either because the method he used for dissolving the Bundestag – a deliberately lost vote of confidence – would not be approved by the Federal President or the Constitutional Court: or because, if the election did take place, the FDP might be excluded from the Bundestag and Kohl thus lose his majority. But Kohl's calculations were correct. The CDU/CSU polled their second best result ever, the FDP got back into the Bundestag, and Kohl's government was thus secure. He had little difficulty in dealing with extreme demands by Strauss in the post election Coalition negotiations. Despite pressure from the CSU, the Coalition which he formed corresponded in policies and Ministerial appointments with what Kohl, not Strauss, wanted.

In opposition, Kohl was always under-estimated as a politician. His speeches were tedious and he was criticised, even within his own party, for his narrow outlook and lack of understanding of economic issues. But he has a steady determination and an outstanding political sense, which he used to the full in getting himself re-elected as Chancellor and in resisting the subsequent efforts of the powerful Strauss to increase his influence in the Government. Kohl is not an intellectual Chancellor like Schmidt: he likes to deal in the broad outline of policy and leaves detail to his Ministers. Nor is he the enthusiastic decision maker that Schmidt was. His tendency to procrastination, together with the looseness with which he holds the reins of Government, led to confusion and contradiction in the early months of his administration. After a series of gaffes had seriously damaged the image of his Government, he moved belatedly to strengthen his grip through a major shake-up in the Federal Chancellery whose coordinating role was much improved. Murmuring about Kohl's style of leadership continues, and there is once again speculation about his possible removal as Chancellor by his own party now that Public Prosecutors are investigating the allegations by the Green MP Schily (qv) that Kohl gave false testimony to parliamentary committees inquiring into the party donations affair. But if Kohl can overcome these adversities, as he has overcome gibes about his lack of intellectual pretensions and organisational ability, he can still lead his party to victory in the 1987 elections.

Kohl is proud of his simple origins. His father was a minor official. His mother held the family together. He himself worked as a stone mason to get through school. He sees himself as one of that first generation of Germans who came into politics young immediately after the war with the belief in democracy and the rule of law. He is a big, genial man, with a relaxed and reassuring manner, who showed in 1976, and again in 1983, that he could attract voters by means of straightforward propositions stated clearly, firmly and often. He is a great optimist, a man who visibly enjoys himself, who exudes confidence. He stresses old-fashioned virtues – hard work, self-reliance, thrift, family values – in populist speeches.

Kohl had until recently taken little interest in foreign affairs. He has a strong commitment to the Atlantic Alliance, to the Franco-German relationship, and to the European ideal. But his contacts with other countries have otherwise been limited. He speaks some French but no other foreign language. He has become increasingly aware of the importance of the UK.

His wife (Hannelore) studied in Paris and is a qualified interpreter, speaking fluent French and English. She is a determined woman who has certainly been a spur to Kohl's ambition. They have two sons, both of whom have studied in Britain.

GENSCHER, HANS DIETRICH, HON GCMG

Federal Foreign Minister and Vice-Chancellor since May 1974.

Born 1927 in Reideburg, Saxony (now GDR). Son of a farm cooperative official. War service with the Luftwaffe. POW. Later studied law in Halle and Leipzig. Left the GDR for the Federal Republic in 1952 and joined the FDP. Became Business Manager of the FDP Parliamentary Party in 1959 and then in addition, from 1962-64, Federal Business Manager of the FDP. Elected to the Bundestag in 1965. Became a Vice-Chairman of the Party in 1968, Minister of the Interior 1969-74. When Scheel became Federal President in 1974, Genscher succeeded him as Chairman of the FDP, Vice-Chancellor to Schmidt, and Foreign Minister.

The FDP's excellent showing in the 1980 Federal election increased Genscher's standing both as Foreign Minister and Party Chairman. But it became increasingly clear that Genscher no longer believed that the SPD/FDP Coalition had a future; and he began to look for the best way to end it. When the moment came in September 1982, however, Genscher was outmanoeuvred by Schmidt, and he and his party took the full force of public criticism for the break-up of the Government. Genscher was also attacked by the FDP left-wing for the way in which he had forced through the switch without consulting his party. At the FDP Party Conference in November 1982, a determined, but unsuccessful, effort was made to unseat him as Party Chairman, and a large proportion of the FDP left then quit the party. By realigning it well to the right, Genscher managed to ensure that the FDP secured re-election to the Bundestag in March 1983.

But discontent with him in the Party re-emerged when he tried to corral the FDP into accepting an amnesty for politicians and businessmen in the so-called Flick scandal. Faced with a further challenge to his leadership at the Party Conference in 1984 he only succeeded in defusing the situation by announcing that he would stand down as Party Chairman in 1985, which he subsequently did to make way for Bangemann (qv).

Genscher's problems with his own Party have inevitably affected his authority as Foreign Minister, and there is now speculation about his replacement (eg by Bangemann) after the 1987 elections. He has also lost ground since 1982 to the Chancellor's Adviser on Foreign Affairs, Teltschik (qv). But he remains an active and effective Foreign Minister, and can be expected to use all the tactical cunning at his disposal to hang on to the job.

An immensely hard worker, with the capacity to absorb detailed information quickly. In private he is an easy-going man, informal yet with a certain reserve. He divorced his first wife and married his then secretary in 1969. For both it was their second marriage. Since then, he draws a clear line between business and family life, partly in the interests of his daughter, (by his first wife), to whom he is deeply attached. He reads voraciously anything that lies to hand. His tastes in music are equally wide-ranging from classical to pop. In the 50s he suffered from a nearly fatal bout of tuberculosis which kept him three years in a clinic. In November 1977 he was admitted to hospital with pneumonia, and secondary blood circulation instability. He did not return to work until mid-January 1978. Although he seemed to recover well at the time, the enormous strain of his working habits has taken its toll and he often looks less than healthy.

WÖRNER, DR MANFRED

Federal Minister of Defence (CDU) since October 1982.

Born in Stuttgart in 1934. Studied law at Heidelberg, Paris and Munich. At Munich he wrote a doctorate on "The Stationing of Foreign Troops in Friendly States". He belonged to the "White Generation" of those too young for war service but too old to be conscripted when the Bundeswehr was formed. He joined the Luftwaffe as a reserve officer and became a Starfighter pilot. He kept up his flying until 1981, logging over 1200 flying hours as a jet pilot, and reached the rank of Lieutenant Colonel in the Reserve.

From 1962-64 he was a civil servant in the Baden-Württemberg Land Government. Member of the Bundestag since 1965, concentrating since the early 1970s on defence matters. Nominated as shadow defence minister for the 1972 election campaign and remained CDU spokesman on defence until 1980. From 1976-80 he was Chairman of the Bundestag Defence Committee. After the Federal election in 1980 he became Vice Chairman of the CDU/CSU Parliamentary Party where his responsibilities included foreign affairs, defence policy and inner-German relations. He was appointed Minister of Defence when the present government was formed in October 1982.

He made a good start at Defence where he proved popular and effective with a firm grasp of the technical issues. But after his decision in December 1983 to retire prematurely, the German Deputy Saceur, General Kiessling, on the basis of inadequate evidence provided by the military security authorities led to a major public scandal and to Wörner's own offer of resignation. The Chancellor surprisingly refused to accept this. But Wörner's reputation suffered considerably as a result of the affair, as did his standing with the Bundeswehr. He has since recovered some of this lost ground, eg in successfully pushing through his White Paper on the future of the Bundeswehr in 1985, but must still be vulnerable.

Married for a second time in 1982. His new wife was a journalist working in Berlin. His interests are sport, flying, walking and skiing. He speaks fluent English. An honest man, but not a subtle one.

RIESENHUBER, DR HEINZ

Federal Minister for Research and Technology (CDU) since October 1982.

Born 1935 in Frankfurt. After obtaining a Doctorate in chemistry at Frankfurt university, he worked as a scientist and manager in various subsidiaries of Metallgesellschaft AG. Joined the CDU in 1961. Active in CDU politics in the Frankfurt area, he has been a member of the Präsidium of the Hesse CDU since 1968.

Elected to the Bundestag in 1976, he quickly won a reputation as a well-informed and able expert on energy and environmental issues, being described as having a computer brain. Appointed a Federal Minister when the CDU returned to power in 1982, he quickly made his mark, reorienting policies in line with his party's philosophy, expanding the Ministry's budget and broadening the base of its activities. Energetic and ambitious, but with considerable charm. A forceful speaker and an eager publicist for himself and technology. Altogether a politician with a future. He regards himself first and foremost (and with justification) as a technocrat, priding himself on his detailed knowledge both of his own Ministry's portfolio of activities and of technical, industrial and political developments in science and technology in general. Whilst remaining polite, he has little time for interlocutors who do not appear to take science and technology issues or his position as a Cabinet Minister seriously. He tends to travel abroad only when convinced there is good reason to do so, preferring to confine his activities to Germany.

Catholic. Married with four children. His wife is a judge. Speaks good English. Visited UK briefly in December 1982 to open the German Cultural Centre in London.

WALLMANN, DR WALTHER

Appointed to newly created post as Federal Minister for the Environment, Nature Conservation and Reactor Safety in June 1986. A Deputy Chairman of the Federal CDU.

Born 1932 in Uelzen, son of a schoolmaster. Studied law at Marburg University. Practised law in Kassel, Rotenburg and Giessen. Joined CDU in 1960. 1966-72 Member of the Hessen Landtag, becoming deputy party leader. Represented Marburg in the Bundestag from 1972-77 and first came to public notice as Chairman of the "Guillaume Committee" investigating the activities of the notorious spy Günther Guillaume. By end of 1976 was Parliamentary Manager of the CDU/CSU group in the Bundestag. Persuaded to campaign in the 1977 municipal elections in Hessen. An unexpected majority in Frankfurt itself left him as Lord Mayor. Suffered a setback in 1983 Land elections, but retained the CDU majority in Frankfurt in the 1985 communal elections against the trend in the rest of Hesse. Elected a Deputy Chairman of the Federal CDU in 1985. Promoted to his present position when Kohl created new Ministry for the Environment (partly in response to Chernobyl) on 6 June 1986.

Displayed toughness in dealing with politically motivated demonstrations in Frankfurt, but otherwise his style is one of charm and civility. He was credited with much of the improvement in urban aspects of Frankfurt. Tipped for ministerial office for some time. But lacks recent experience in Bonn and may take time to adjust to his new responsibilites. Is unlikely to get much help from Zimmermann (Interior) or Kiechle (Agriculture), the CSU Ministers who lost responsibilities to the new Environment Ministry.

Married, with one son. Protestant. Close to Chancellor Kohl and identified with right-wing of CDU. Especially interested in legal and security questions as well as in foreign and European community policy. Affable, articulate and approachable. Friendly towards the UK and paid a very successful visit on Category I terms in July 1985. Widely read and fond of classical music (plays the piano). Both he and his wife speak English.

SCHLECHT, DR OTTO

Official State Secretary in the Federal Ministry of the Economy.

Born 1925 in Biberach (Swabia). War service 1943-45; American POW. From 1947-52 studied economics at Freiburg University. Joined the Federal Ministry of the Economy in 1953 and rose rapidly.

In 1967 Professor Schiller made him Head of the Department dealing with economic policy. Following the General Election in 1972 and the resignation of Dr Mommsen he was promoted in 1973 to his present position where he is responsible for general domestic economic policy and European Community policy.

Schlecht is a consistent champion of the social market economy. A non party figure who has served Ministers of different parties with equal success, impressing each in turn with his ability and experience. Has come more into the public eye as a spokesman for the Government's economic policies.

A tall, bulky human man, who retains a strong Swabian accent and simple tastes. His bonhomie and sometimes coarse humour do not mask his ability and common sense. Friendly and well disposed towards Britain. A firm defender of German interests, though he has not always received credit in Bonn for his efforts in the Council in Brussels.

Married, no children. Understands English quite well, although prefers to speak through an interpreter. His wife speaks English quite well. Both are keen, not very good, golfers.

ANNEX C

BACKGROUND AND BASIC STATISTICS

Anglo-German Relations

1. 1985 saw some uneven passages in Anglo-German relations mainly because of differences over EC issues. This year the relationship has been notably harmonious. Visits to Britain by the three most senior political leaders in Germany (the Federal President, the Chancellor and the President of the Bundestag) illustrate the intimacy of the partnership.

2. In the important fields of East-West and transatlantic relations, security, arms control and European Community affairs our consultations with the Germans have been especially close and fruitful. More generally, in contrast with the risks we saw last summer of Britain's becoming "marginalised" within Europe, our commitment in the eyes of all our major partners to the development of the Community in practical and constructive ways is not now in question. President von Weizsaecker made it clear during his State Visit that Germany was in no doubt of this.

Political and Economic Scene in the FRG

3. The Federal elections, due on 25 January 1987, are already a dominant factor. Kohl's CDU/CSU/FDP coalition continues to have difficulty in reaping political credit from its economic successes. But, despite unimpressive performances in Land elections and Kohl's inconsequential leadership, the present best estimate is that the coalition will be returned again, though with a reduced majority. Kohl's fortunes received a much needed fillip from the elections in Lower Saxony in June when the CDU retained power (albeit by 1% and only with FDP support). His strategy from now on will be to hold the ship on course, to concentrate on selling its successes and to try to avoid damaging disputes within the coalition. Strauss' CSU are presently the most awkward partner: they are taking a tough line on asylum-seekers and have launched fresh attacks against the FDP and against Genscher personally; they are unlikely to calm down until after the Land elections in Bavaria on 12 October.

4. The coalition's confidence rests on its economic record and the weakness of the opposition. Germany's recent performance over growth, inflation (now negative), and fiscal and monetary discipline remains the envy of Europe. Though unemployment (at 8.4%) is high by German

standards, the rate of job creation has held in check unfavourable demographic trends, and the trend in unemployment is now downwards. Growth, at 2.5-3%, though less than previously expected, remains respectable.

5. The moderate SPD Chancellor-candidate Rau (Minister-President of North Rhine Westphalia) is popular and likeable. But inexperience at the Federal level has already led to errors of judgement, and his credibility will be severely tested in the Federal election campaign. Internal divisions have prevented the SPD from forging the economic and security policies needed to offer a credible alternative government. The FDP, which now seems sure of retaining representation in the Federal Parliament, will not want to switch coalition partners again so soon after abandoning Schmidt for Kohl in 1982. The Greens have lost momentum, and despite the experiment of a Red/Green coalition in Hesse, Rau is firmly opposed to repeating this at Federal level.

6. Nevertheless, there are enough potential pitfalls around for Kohl to seek to avoid difficult decisions before January 1987. He is likely to continue pandering to special interest groups (eg farmers), and making showy gestures when crises threaten (cf his proposals for a

special international conference on nuclear safety and creation of a new Federal Environment Ministry post-Chernobyl). Key issues in the campaign will be economic policy, particularly maintaining growth and lowering unemployment; the problem of Third World asylum seekers; and, in foreign policy, balancing Germany's interest in security within a strong and stable NATO Alliance against progress in East/West and inner German relations. On all of these issues, except perhaps unemployment, Kohl should feel confident of appearing more impressive than his opponents.

The draft Federal German budget was presented on 9 September. Finance Minister Stoltenberg emphasised the Government's commitment to continued budgetary consolidation and further tax cuts.

GERMANY: BASIC STATISTICS

			FRG	UK
Population (millions)		1985	61.0	56.5
Labour Forces (millions)		1985	27.8	27.6
Unemployed (% OECD standarised rate)		1984	8.5	12.8
		1985	8.6	13.0
	Q1	1986	8.4	13.1
Gross Domestic Product ($ bn)		1985	611.8	438.4
GDP per capita (dollars)		1985	10030	7759
Annual Rate of Growth of GDP (%)		1984	2.6	1.8
		1985	2.3	3.3
Annual Rate of Growth of Industrial Production (%)		1984	3.4	1.3
		1985	5.4	4.7
Inflation (%)		1984	2.4	5.0
		1985	2.2	6.1
	12 months to		5/86	-0.2	2.8
Annual Increase in Manufacturing Unit Labour Costs (%)		1984	0.6	3.8
		1985	-0.3	6.1
Balance of Payments on Current Account ($ bn)		1984	6.8	1.9
		1985	13.8	5.3
	Q1	1986	6.9	0.2
Trade Balance ($ bn)		1984	22.0	-5.9
		1985	28.8	-2.3
	Q1	1986	11.5	-2.6
Defence Spending (% of GDP)		1983	3.4	5.5
Total Armed Forces (thousands)		1985	478.0	327.1
Trade		1984	7458.0	
UK Exports to FRG (£ mn)		1985	8947.1	
	1st 6 months		1986	4169.0	
UK Imports from FRG (£ mn)		1984	11090.0	
		1985	12601.4	
	1st 6 months		1986	6805	

Economic Advisers
27 August 1986

CC: MS

GRS 1150

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PROSPECTS FOR THE UK/FRG SUMMIT, 16 SEPTEMBER

SUMMARY

1. THE COALITION IS IN GOOD HEART BUT KOHL WILL BE LOOKING TO SCORE PR POINTS AND AVOID PITFALLS IN THE RUN-UP TO NEXT JANUARY'S ELECTION. THE SUMMIT AGENDA INCLUDES THE MAIN CURRENT GERMAN PREOCCUPATIONS: NUCLEAR POWER, ASYLUM SEEKERS, SOUTH AFRICA, EAST-WEST. ON MOST SUBJECTS WE SEE EYE TO EYE, BUT THERE ARE POSSIBILITIES OF DIVERGENT VIEWS ON SOME EAST-WEST AND BILATERAL ISSUES.

DETAIL

2. AS THINGS STAND TODAY, THE PRIME MINISTER SHOULD FIND KOHL IN FAIRLY BUOYANT MOOD. AS I NOTED IN MY TELNO 714, THE ECONOMY IS WORKING FOR THE GOVERNMENT AT PRESENT. THE BUNDESTAG RECONVENED THIS WEEK (IN A CONVERTED WATERWORKS WHILE THE NORMAL CHAMBER IS BEING RECONSTRUCTED) FOR A 4-DAY DEBATE ON THE DRAFT 1987 BUDGET (MY TELNO 763). STOLTENBERG'S PRESENTATION WAS MAGISTERIAL, THE GOVERNMENT MADE MOST OF THE RUNNING IN THE DEBATE AND THE OPPOSITION'S ATTACK DID NOT LOOK LIKE THAT OF A PARTY EXPECTING TO RETURN TO POWER IN JANUARY. HELMUT SCHMIDT'S FAREWELL SPEECH WAS A BIG EVENT IN ITSELF, BUT HE SAID MORE ABOUT HIS OWN PAST THAN HIS PARTY'S FUTURE. THE SPD'S CHANCELLOR-CANDIDATE RAU (WHO AS A MEMBER OF THE BUNDESRAT IS ENTITLED TO SPEAK IN THE BUNDESTAG) HAS AGAIN RESISTED THE CDU'S CHALLENGE TO COME DOWN FROM DUESSELDORF AND EXPLAIN HIS PARTY'S POLICIES: HIS HEART SEEMS TO BE MORE IN THE HUGE CELEBRATIONS PLANNED FOR THE 40TH ANNIVERSARY OF THE CREATION (BY THE BRITISH OCCUPATION AUTHORITIES) OF THE LAND OF NORTH RHINE WESTPHALIA: LATER THIS MONTH. IN OPINION POLLS, THE COALITION HAVE A CLEAR LEAD OVER THE SPD AND GREENS COMBINED, NOT THAT THE SPD ARE WILLING TO COMBINE WITH THE GREENS. THE COUNTRY AS A WHOLE GENERALLY EXPECTS THE CDU/CSU/FDP COALITION TO SECURE A RENEWED MANDATE IN JANUARY 1987.

3. BUT WITH THE ELECTION CAMPAIGN DEFINITELY UNDER WAY, THE OPPOSITION WILL BE LOOKING TO EXPLOIT ANY FURTHER MISTAKES OR SIGNS OF COALITION DISUNITY. ELECTORAL CONSIDERATIONS WILL BE AT THE BACK OF EVERY GERMAN MINISTER'S MIND DURING EVERY ITEM ON THE SUMMIT AGENDA. IN WOERNER'S CASE, AND TO A MUCH LESSER EXTENT GENSCHER'S, THERE IS ALSO A PERSONAL UNCERTAINTY WHETHER THEY WILL RETAIN THEIR JOBS EVEN IF THEIR PARTIES DO WELL.

POWER GENERATION AND THE ENVIRONMENT

4. MY TELNO 750 SHOWS THAT THIS IS STILL A POLITICAL HOT POTATO HERE. EVEN THOUGH A POLICY OF ELIMINATING NUCLEAR POWER MAY NOT PROVE SO MUCH OF A VOTE-WINNER AS THE SPD AND GREENS CURRENTLY BELIEVE, A STRING OF SLANTED LEAKS OF SCIENTIFIC STUDIES IS KEEPING THE ISSUE VERY MUCH ALIVE, AND THE COALITION ARE DIVIDED ON IT. KOHL, MOST OF THE CDU AND OF COURSE THE CSU EXPRESS CONFIDENCE IN THE CONTINUED USE OF NUCLEAR POWER, EVEN POST-CHERNOBYL. THE FDP HAVE FOUND A CAREFUL FORMULA ABOUT NUCLEAR POWER BEING A TRANSITIONAL PHASE, TO LAST ONLY AS LONG AS ENERGY REQUIREMENTS CANNOT BE MET AT AN ACCEPTABLE PRICE FROM ALTERNATIVE SOURCES: THE MORE SCIENTIFIC STUDIES, SAYS GENSCHER, THE BETTER. KOHL WILL BE KEENLY INTERESTED WITH OUR OWN THINKING ON THE RIGHT MIX BETWEEN NUCLEAR AND OTHER FOSSIL FUELS AND ON HOW TO HANDLE THE ISSUE IN PUBLIC. THE PRESS HERE HAS NOTED THE RECENT TUC DEBATE AND THE FACT THAT A DECISION ON SIZEWELL MAY BE REQUIRED SOON. THE PRIME MINISTER MAY ALSO BE QUESTIONED ABOUT THE IMPLICATIONS OF THE LATEST DECISION ON MEASURES TO REDUCE THE EMISSION OF SULPHUR FROM FOSSIL-FUELLED POWER STATIONS IN THE UK, IN PARTICULAR WHETHER THIS IS A STEP TOWARDS JOINING THE 30% CLUB.

ASYLUM SEEKERS

5. THE GERMANS ARE GRATEFUL FOR OUR PROMPT AND HELPFUL RESPONSE IN OUR PRESIDENCY CAPACITY. THEY ARE CONTINUING THEIR OWN HIGHLY SENSITIVE CONTACTS WITH THE GDR: THEY BELIEVE THAT THE USUAL COMBINATION OF PRESSURE AND INDUCEMENTS WILL CAUSE THE GDR TO BE MORE HELPFUL, BUT THEY THINK IT WILL TAKE TIME. THEY MAY ASK ABOUT OUR OWN INTRODUCTION OF A VISA REGIME FOR CERTAIN ASIAN AND AFRICAN COUNTRIES, WHICH SOME OBSERVERS HERE SEE AS PART OF THE SAME GENERAL PICTURE.

SOUTH AFRICA

6. THIS IS ANOTHER DIFFICULT ISSUE FOR THE COALITION. KOHL AND GENSCHER'S OWN ANTIPATHY TO SANCTIONS IS CLEAR, BUT THEY WILL NOT WISH TO BE ISOLATED INTERNATIONALLY, WHATEVER STRAUSS AND THE CSU MAY SAY. IT LOOKS TODAY AS IF GENSCHER MAY HAVE BEEN GIVEN SUFFICIENT DISCRETION AT THE FAC ON 15-16 SEPTEMBER TO MAKE EC AGREEMENT POSSIBLE, IN WHICH CASE A LENGTHY DISCUSSION OF SOUTH AFRICA AT THE SUMMIT MAY NOT BE NEEDED.

LIBYA AND TERRORISM

7. GIVEN WALTERS' UNEXPECTEDLY SOFT APPROACH ON HIS EUROPEAN TOUR, AND US DISINCLINATION AT PRESENT TO LINK LIBYA WITH THE KARACHI HI-JACK, THIS DOG IS NOT AT PRESENT BARKING. BUT IF FURTHER UNMISTAKEABLY LIBYAN-BACKED TERRORIST INCIDENTS OCCUR, THE GERMANS WILL HAVE DIFFICULTY RECONCILING THEIR STRONG VIEWS ON TERRORISM WITH THEIR RELUCTANCE TO BE SEEN SUPPORTING FURTHER US MILITARY ACTION AND THEIR SUSPICION THAT ON ECONOMIC MEASURES THE FRG IS ALREADY PRACTISING MORE THAN THE US PREACHES. ON TERRORISM GENERALLY, YOU WILL BE AWARE OF KOHL'S ENDORSEMENT OF THE FRENCH REQUEST FOR AN EARLY MEETING OF TREVI MINISTERS.

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EAST-WEST AND ARMS CONTROL

8. FOR THE GERMANS, SUNSHINE IN THIS FIELD IS AN ELECTORAL IMPERATIVE. THEY WILL WANT THE SUMMIT TO REINFORCE THE IMPRESSION THAT NEITHER THE DANILOV CASE NOR ANYTHING ELSE IS GOING TO PREVENT A SECOND US-SOVIET SUMMIT (KOHL TOOK PERSONAL CREDIT FOR BRINGING ABOUT THE FIRST) AND RESULTS OR AT LEAST PROGRESS IN AT LEAST SOME OF THE VARIOUS NEGOTIATIONS. OVER THE NEXT FEW MONTHS, THIS MAY LEAD THEM TO BE MORE ACTIVE IN PUBLIC ON CTB THAN WE WOULD LIKE, THOUGH KOHL AND GENSCHER ARE UNLIKELY TO PRESS ON THIS AT THE SUMMIT: WOERNER STILL LESS SO. THEY HAVE A STRONG DESIRE TO SEE AN OUTCOME TO CDE AT STOCKHOLM WHICH CAN BE PRESENTED AS SUCCESSFUL. THEY WILL ALSO WISH TO KEEP UP THE MOMENTUM ON CW AND, PUBLICLY AT LEAST, ON MBFR.

EC QUESTIONS

9. THESE SEEM UNLIKELY TO PROVOKE CONTENTIOUS DISCUSSION AT THE SUMMIT. THE GERMANS ARE AWARE OF OUR PRIORITIES FOR THE BRITISH PRESIDENCY AND BROADLY SPEAKING AGREE WITH THEM.

BILATERAL ISSUES

10. KOHL WILL BE LOOKING FOR THE MAXIMUM PR EFFECT FROM HIS VISIT TO BFG, AND WE MUST BEWARE THAT ON SOME POINTS HIS AIM WILL NOT BE IDENTICAL TO OUR OWN. IN PARTICULAR, ACCOMPANIED AS HE WILL BE BY LOCAL MPS AND OFFICIALS WITH STRONG VIEWS ON ENVIRONMENTAL QUESTIONS, HE MAY FEEL OBLIGED TO PRESS FOR MORE CONCESSIONS ON TRAINING PRACTICES, PARTICULARLY AT SOLTAU, THAN WE HAVE SO FAR BEEN PREPARED TO GRANT.

11. ALTHOUGH SOME GERMAN OFFICIALS DEALING WITH AIRBUS HAVE SAID THAT OUR POSITION ON LAUNCH AID FOR THE A330 AND 340 IS WELL UNDERSTOOD, KOHL (WHO HAS JUST MET CHIRAC IN PARIS) AND GENSCHER (WHO MENTIONED THIS TO YOU AT FARNBOROUGH LAST WEEK) COULD SEEK SOME INDICATION OF UK SUPPORT IN PRINCIPLE FOR THE NEW PROJECTS, EVEN IF THE DETAILS REMAIN TO BE SETTLED.

BULLARD

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Foreign and Commonwealth Office

London SW1A 2AH

12 September 1986

Dear Charles,

Anglo-German Summit:

UK Presidency of the European Community

The Steering Brief for the Anglo-German Summit contains (page 44) a suggested line on EC issues for use at the joint press conference. The Prime Minister may also be asked about the UK Presidency of the Community. I enclose a short note on which the Prime Minister might draw if necessary.

I am copying this letter to Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
NO 10 Downing St

UK PRESIDENCY OF THE EUROPEAN COMMUNITY

What has been done so far

(i) Agreement on a new 1986 budget following the European Court of Justice's decision.

(ii) Agreement last week on a draft budget for 1987 which respects the Council's rules on control of agricultural and non-agricultural spending.

(iii) Eight internal market measures adopted at the July Internal Market Council including one which will free up trade in the vital area of telecommunications.

(iv) Agreement on access for New Zealand butter to the Community in 1987 and 1988.

(v) Interim settlement with the United States on agricultural trade consequences of Spanish and Portuguese membership of the Community.

(vi) Agreement on export of Community semi-finished steel products to the US until 1989.

(vii) Agreement on a new and more liberal Multi-fibre arrangement governing trade in textiles (negotiations with some of the bilateral suppliers still to be concluded).

S11AOK

Objectives in rest of the Presidency

(i) Getting on with completion of internal market and giving a further impetus to work on that a major priority. Hope to see real progress on liberalisation of capital movements; and increasing emphasis on ways to deal with problems of small and medium enterprises which are the key to job creation.
Mr Kenneth Clarke has put forward ideas which would help enterprises and employment not through subsidisation but improved training, lessening regulatory burdens, thereby helping companies to employ more people.

(ii) Continued adaptation of the CAP with particular emphasis on reform of beef and milk sectors on basis of Commission proposals and on alternative land use including cereals set-aside.

(iii) Adoption of a new framework programme for research and development concentrating on market-oriented R and D linked to needs of industry.

(iv) Agreement on successful launch of new GATT round - now being discussed in Ministerial meeting in Punta del Este; continued successful management of EC/US trade relations (have to work for definitive solution to enlargement problem); continuing effort also to get Japan to open up its market.

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(1) CCPC MS

Foreign and Commonwealth Office

London SW1A 2AH

15 September 1986

Prime Minister
Some supplementary briefing on CDE.
CDP 15/9.

Dear Charles,

Prime Minister's Visit to Germany: CDE

Section C of the Steering Brief prepared for the Prime Minister's visit to Germany dealt with the Stockholm Conference on Disarmament in Europe (CDE). You may wish however to have the following update on the situation which takes account of developments over the weekend and in the course of today.

The Conference is entering its final week. The agreed date for its closure is 19 September (but see below). A number of subsidiary issues have been resolved. But in two key areas, namely (i) the levels at which military activities should be notified and at which observers should be invited to them and (ii) the arrangements for inspection visits, agreement has yet to be reached. The negotiating atmosphere is thus tense. The general feeling among the Western European Delegations is that a satisfactory package is obtainable albeit one that in military terms falls short of the Alliance's original objectives. There is however a fear that pressures in Washington from officials in the Department of Defense, coupled with the difficulties surrounding the Daniloff case, may cause the Americans to withhold consensus. The line which we and the Germans take is likely therefore to be of critical importance.

As regards the threshhold levels for notification and observation, the Soviet Union is currently advocating a figure of 16,000 men for both, but hinting that it might be prepared to countenance a lower figure for notification provided that the figure at which observation became mandatory is kept higher. Within the Alliance there is general agreement that disjunction of the two threshholds would in the last resort be acceptable, provided that the figure in respect of notification is low enough to ensure that exercises at the divisional level or above throughout the CDE area (ie right up to the Urals in the

/Soviet Union)

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Soviet Union) fall to be notified. This means, a figure of around 10-12,000. An outcome in Stockholm which provided for notification at 12,000 and compulsory observation at, say, 16,000 would thus probably be acceptable. But this will only be achieved if we and the Germans stand firm and refuse to countenance higher figures.

As regards inspection, the Russians have (rather surprisingly) agreed that a limited number of inspection visits can take place involving inspection both on the ground and from the air. The focus of discussion is now on the practical arrangements for such visits and notably the question of whether the aircraft used for air inspections should, as the West has proposed, be provided by neutral countries; or whether, as the Russians are insisting, they should be provided by the state being inspected. Our own and the Germans' view is that provided that satisfactory assurances are given concerning the inspectors' ability to issue directions, the use of the receiving state's aircraft would be acceptable (the French indeed positively prefer it). But it is not clear whether the Americans will go along with this: there is pressure from officials in the Defence Department - although not from the joint Chiefs of Staff themselves - for insisting on neutral aircraft despite the Soviet Union's known antipathy to the idea of foreign military aircraft flying over its territory. Both Sir Geoffrey Howe and Herr Genscher have sent messages to Mr Shultz urging him not to allow this issue to become the one break point of the Conference.

In general cooperation between the British and German delegations in Stockholm is close and provides a focal point around which other Western European Delegations have tended to rally. But as the final end games approaches steady nerves will be required. It is possible that some small extension of the 19 September may be needed to allow the completion of final drafts. If so, the device of "stopping the clock" for a couple of days could be applied.

I am sending a copy of this letter to John Howe (MOD), and to Christopher Mallaby, Cabinet Office.

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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CC No10.

Foreign and Commonwealth Office

London SW1A 2AH

CM

M J Stark Esq
Cabinet Office
70 Whitehall
LONDON

12 September 1986

Dear Michael,

ANGLO GERMAN SUMMIT : BRIEFING

1. As foreshadowed in the extended Steering Brief submitted today through the Cabinet Office, I now attach a self-contained brief on South Africa for the Prime Minister's use at the Anglo/German Summit in Bonn on 16 September. I should be grateful if you would convey this to the Prime Minister to enable her to consider it over the weekend before her briefing meeting for the Summit.

2. This will, of course, require substantial amendment in the light of the Foreign Affairs Council in Brussels 15/16 September.

Yours sincerely,

Robert Barnett

R W Barnett
Western European Department

Charles
FCO tell me Re written answers will be submitted to the FCO Private Office tonight.
Richard Mottram.
12/9

MR INGHAM
MR POWELL for info
PRIME MINISTER

GERMAN VISIT - MEDIA INTERVIEWS

You have agreed to give an interview to Mr Bernt Conrad, the Diplomatic Correspondent of "Die Welt" of Hamburg, a national daily with a circulation of over 200,000.

Your programme allows only 30 minutes for the interview after the formal sessions at the Chancellery. It will take place at the Ambassador's residence in Bonn and will be recorded by the COI.

Mr Conrad has interviewed you once before in October 1984.

Because time is so short in Bonn, Mr Conrad submitted a series of questions for written answer in advance of the interview (attached at Annex A). The FCO are producing answers for submission.

During the interview he will develop certain of the areas covered in the written questions. He would like to start on South Africa and sanctions; go on to East/West relations in a world context but with particular reference to arms control and prospects for the USA/USSR summit; touch on the UK Presidency and Community affairs before concluding with one or two "personal" questions.

At the end of your visit to RAF Guttersloh on Wednesday, you are to give short interviews for radio and television to the British Forces Broadcasting Service. A room has been set aside and again the COI will be present to record.

Mr John Walker will conduct the radio interview and he has been told that he has five minutes. He will ask questions

on your visit; Britain in NATO and if you have a message for our servicemen and women in Germany.

Mr Jim Luxton for television will cover similar ground but also would like to ask you about "cutbacks" in the local * allowance paid to the British Forces in Germany and the effect the DM/Sterling exchange rate has upon them. Mr Luxton's list of questions is at Annex C and he understands that in five minutes he cannot cover them all.

* I have asked MOD for briefing in case it has not been included elsewhere.

Michael Horne.

MICHAEL HORNE
12 September 1986

DIE WELT, Bernt Conrad

Questions for Prime Minister Thatcher

1. After the latest massacres in Karachi and Istanbul people can see again, that international terrorism is one of the greatest dangers of our time. You have your own experiences. Do you see any realistic possibility to stop this madness? Is there enough international ccoperation, especially among the european partners?

2. You had some trouble with your partners in the Commonwealth about the usefulness of economic sanctions against South Africa. I think you are right: Sanctions will not help politically. But after the disappointing visit of Sir Geoffrey Howe in southern Africa at least some limited sanctions seem to bee unavoidable for the European Community. Do you accept that? And how do you see the future development in South Africa?

3. Do you see a chance for a combined action of Europe, America and Japan in the field of sanctions against South Africa?

4. That leads to the general relations between Europe and the United Staates. There are growing problems especially in the minds of the younger generation here and ~~xhxxxdx~~ at the other side of the Atlantic. A new isolationsmin America and a new ~~xxxxxxxxx~~ neutralism in Europe are not impossible. What can the Europeans do to prevent a split between America and Europe?

psychology, but even more the fact of growing economical competition can divide Europe and America. Competition is nessecary. But how can you avoide negative consequences for the alliance?

6. The friendship between Germany and France is a cornerstone of the European Community. But do you think the partnership between Britain and Germany

is strong enough to check that in the interest of a proper balance within the Community?

ECD I

7. Two years ago in our first interview you asked me, what Bundeskanzler Kohl meant with his desire for a European Union. Now you are the president of the European Council, and I want to ask you: Is the European Union or in other words: a closely united Europe a realistic aim for you? And furthermore: What are your concrete goals during the British presidency?

SOV

8. You have been the first leading western politician who met with Secretary General Gorbatschow. Your first impression was rather positive. How do you judge today the policy and the position of Mr. Gorbatschow?

9. Do you think there will be an second summit between President Reagan and Gorbatschow? And what will be the outcome?

UND.

10. In Germany we are now facing a phenomenon which is wellknown to you in Britain: the growing stream of refugees from other parts of the world. One of the reasons is, that our constitution is very liberal in that respect. Do you think, a democratic state has to bear the burden of hundreds of thousands of refugees or do you see any limitation? And how can to stop such a stream ?

E

11. Some years ago the protection of environment seemed to bee no real problem for Britain. But now you are doing a lot for that protection. Do you see an necessity for more European cooperation in this respect?

Energy

12. Do you think that the peaceful use of nuclear energy has to be limited or even stopped after the experiences of Tschernobyl? Or is the nuclear enegry indispensable for a modern

industrial society?

13. In Britain you and your party had to face several set-backs in the latest by-elections. And there was some trouble in your own government. Do you still see realistic chance/s to win the next election? What will be your most important argument for your constituency?

14. After all your political eyperiences: Are you still the so called "Iron Lady"? Do you like that name any more?

LINE OF QUESTIONING FOR BFBS RADIO INTERVIEW

1. Your reaction to what you have seen during your tour in BFG and how impressed you have been by the standard of professionalism within the British Armed Forces in Europe.

2. The importance of Britain's role within NATO.

3. How successfully Britain is carrying out its NATO commitment.

4. Anything you would particularly like to say to British servicemen and women in BFG.

---

5. The seriousness of the Russian threat.

6. How rising costs of weaponary and equipment will determine our future defence policy.

7. Views on past Conservative leaders.

SEP 11 '86 11:21

FOR THE ATTENTION OF MR MIKE HORNE - PRESS OFFICE
DOWNING STREET

PRIME MINISTER.- suggested questions for TV interview

1. Prime Minister, you have had quite a whirlwind tour today, seeing and hearing about various aspects of BFG, what have been your impressions of your visit today?

2. You had the chance to talk to some of the soldiers and airmen on the ground, what worries or problems did they express to you?

3. Recent cutbacks in LOA and the falling exchange rate between the pound and the mark has made the average serviceman worse off financially and caused a certain amount of resentment among the troops that they are being hard done by. Are you happy that the BFG serviceman is getting a fair deal for his part in helping to maintain and defend NATO here in Germany?

4. What, if anything, are you doing to improve their lot?

5. You have just had a meeting with the two Cs in C, did they have any big worries about lack of manpower, resources or morale which were making their jobs as leaders increasingly difficult?

6. Just how important do you feel BFG's role in NATO is?

7. Do you foresee any major changes to BFG in the future, for example, there has been talk lately of cutting back drastically on the number of British troops here?

8. You have spent the day with your German opposite number, Chancellor Kohl, does he have any reservations about the British Forces here in Germany, for example complaints from his voters about the disruption to their lives ~~by~~ such things as exercises, low flying and so on cause?

CSP
Content with this?
Martin

CABINET OFFICE
70 Whitehall London SW1A 2AS Telephone 01-233 7796

QS/05414

12 September 1986

Mr Sawyer
Prime Minister's Office
10 Downing Street

Dear Sawyer

PRIME MINISTER'S ANGLO-GERMAN SUMMIT BRIEFING MEETING
MONDAY 15 SEPTEMBER AT 11.15 AM

As requested we are confirming that the following will be attending the briefing meeting :

The Hon William Waldegrave MP		
Mr R Braithwaite	-	FCO
Mr J Bullard	-	British Embassy, Bonn
Sir Clive Whitmore	-	Ministry of Defence
Dr M Holgate	-	Department of the Environment
Mr A Macdonald	-	Department of Trade and Industry
Mr J Holroyd	-	Cabinet Office
Mr C L G Mallaby	-	Cabinet Office

Yours sincerely
Thoss Shearer

T M H SHEARER

Copied to: Mr M Stark, Cabinet Office

PRIME MINISTER

ANGLO-GERMAN SUMMIT

The Anglo-German Summit takes place in Bonn on Tuesday afternoon and follows the usual format. You have an hour's talk with the Chancellor alone, then 45 minutes with Foreign Ministers present. Thereafter there is a press conference followed by a plenary.

The briefs are attached. You will find a telegram from Julian Bullard in the envelope, setting out the situation in the FRG. There is a briefing meeting on Monday morning. You will have spoken to Chancellor Kohl about South Africa on Sunday night.

There is a pretty full agenda for the Summit. You will probably start with the usual review of internal developments and Kohl will tell you how perfectly marvellous everything in Germany is. You will want to give him a picture of our economic prospects, might mention our decision to introduce visas, and express sympathy with his problems on asylum seekers. This might also be the moment to discuss nuclear power, which is a bigger political issue in the FRG than here with the SPD committed to phasing it out. You might also say a word about our recent decision to reduce suplhorous emissions at power stations.

You will probably want to go on to South Africa, depending on what is agreed when you speak to Kohl on Sunday and subsequently at the Foreign Affairs Council on Monday/Tuesday. You will not like the FCO brief on this and will want to discuss it at Monday's briefing meeting.

There are quite a number of points to raise on East/West relations and arms control. Kohl is very keen to see a US/Soviet summit before his elections. He will be going to Washington in October. We agree broadly on the importance of a summit and the need for some concrete arms control measures at it. We also agree on the need to lobby hard against the

so-called Glenn amendment, which would restrict the scope for European companies to win SDI contracts. But there are some signs of wobble in the German position on a Comprehensive Test Ban. And they may be too willing to fudge verification issues on military exercises in order to get a positive outcome to the CDE. They have, however, given strong and helpful support to our proposals on challenge inspection on chemical weapons.

EC

There are several EC issues which need to be aired. We want (1) to be sure of German support for avoiding any discussion of an increase in the 1.4% VAT ceiling this year or next. We also want to enlist their support for savings in the CAP by (2) reducing intervention and curbing cereals surpluses by set-aside (though they will not agree to any painful measures before their elections). We want them to back our employment (3) initiative, where they suspect us of having designs on Community funds. Particularly important is the need to (4) galvanize them to a much tougher EC approach to Japan. They have traditionally been weak-kneed on this. The Germans will (5) probably raise their problems on Turkey. In theory there is supposed to be free movement of labour for Turks from next December. The Germans want to cancel that. Others think the Turks won't accept cancellation, and suggest postponement for 10 years. It is a big and very contentious political issue at home for Kohl. You might finally touch on Commodity (6) Agreements and urge the Germans to support our free member approach and tough line in the negotiations on rubber and cocoa.

There are few specific points to be raised on the Middle East, though you might compare assessments of Walters' recent round of visits and likely American intentions towards Libya.

(7) You might pat him on the back for his role in launching the IAEA Special Conference on international cooperation in nuclear safety, which will be held on 24-26 September.

There are a number of points in bilateral relations which require a mention. You are looking forward to the joint visit to British Forces Germany. You hope the Germans will be in a position to sign the MOU on the European Fighter Aircraft in October. Problems over military training areas are being discussed by a special group and we cannot anticipate its outcome. (The Germans want us to stop training in the summer holidays.) We sympathise with his problems on draft dodgers in Berlin, but can't agree any solution which puts at risk Berlin's demilitarized status. We have not yet reached a decision on launch aid for the Airbus A330/340, but recognise that airbus must develop its product range if it is to have a future. We are grateful for the German assurance not to supply SUT torpedoes to Argentina. We hope they will again abstain on the Falklands resolution at the UN. We must coordinate tactics for the World Administrative Radio Conference next year, otherwise both the BBC World Service and Deutsche Welle will be at risk.

C.D.P.

CHARLES POWELL

13 September 1986

VC4AJB

CCPC

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-930 7022

MO 25/3/4L

11 September 1986

Dear Charles.

VISIT TO BRITISH FORCES GERMANY: 17TH SEPTEMBER 1986

I attach a copy of the latest version of the programme for the Prime Minister's forthcoming visit with Chancellor Kohl to British Forces Germany which takes account of Chancellor Kohl's earlier departure time.

Time has been set aside in the programme for a short briefing but, in advance of this, the Prime Minister might find it helpful to have the attached short notes on the units that she will be visiting and on the Commanders in Chief and Commander 1 (BR) Corps, together with a map showing the location of the units concerned. Full programmes will be available on arrival.

I am sending a copy of this letter to Robert Culshaw (Foreign and Commonwealth Office)

Yours sincerely,

Jeremy Wright

(J S WRIGHT)

Charles Powell Esq
10 Downing Street

UNIT BRIEFS FOR PRIME MINISTER'S VISIT TO FALLINGBOSTEL/HOHNE

HEADQUARTERS 7TH ARMOURED BRIGADE

7th Armoured Brigade ("The Desert Rats") was formed in Egypt in December 1939 and was part of the 7th Armoured Division. The area where the Divisional Headquarters was formed abounded with wild life, the most revered animal being the Jerboa, known to the soldiers as the Desert Rat. Major General O'More Creagh wished to impress on his Division its link and familiarity with the desert and so decided to incorporate the Jerboa into the Divisional sign, thus creating the most famous formation sign of the 2nd World War. The Brigade fought continuously through the first two years of the Desert Campaign most notably at Sidi Rezegh where Brigade Headquarters found itself in the front line. (A picture by Terence Cuneo depicting this action hangs in the Brigade Officers' Mess). When the 7th Armoured Brigade left the Division for Burma at the end of 1941 they kept the Divisional sign but changed the colour to green. Burma saw the Brigade involved in the withdrawal from Rangoon to Imphal, eventually moving to Bombay before embarking for Iraq in September 1942. Then followed a period of training until May 1943 when under command of the 10th Armoured Division the Brigade moved to Syria and back to Egypt. In April 1944 the Brigade moved to Italy fighting at Pescara, and in the Po Valley campaign before moving North into Austria. The end of the war saw the Brigade fighting in North Germany - eventually ending up in Soltau - where it has remained ever since. In 1982 the long association with the local town was marked by granting the Freedom of Soltau to the Brigade Headquarters. 7th Armoured Brigade's wartime role is to deploy initially as the covering force in 1 Armoured Division's tactical area of operational responsibility (the northern half of

1(BR)Corps' area). Subsequently it becomes 1 Armoured Division's reserve Brigade for counter-attack tasks.

THE ROYAL HUSSARS (PRINCE OF WALES'S OWN)

The 10th Royal Hussars (Prince of Wales's Own) was raised by Brigadier Humphrey Gore at the time of the First Jacobite Rebellion in 1715. The 11th Hussars (Prince Albert's Own) was also raised in 1715, by King George I, to protect the House of Hannover against the Stuarts. The Regiment proudly continues the customs and traditions of its founder Regiments, and to this day still wears crimson livery trousers, an honour given to them by Prince Albert in 1840.
The Royal Hussars have been at Fallingbostel since April 1981 as an Armoured Regiment. In 1984 they were the first regiment in the British Army to receive the new Challenger tank, thus repeating history: they were the first regiment to convert from the Mounted to the Armoured role in 1928 and the first regiment to convert from Centurion to Chieftain tanks in 1967. They are one of the two armoured regiments in 7th Armoured Brigade and deploy with the Brigade in wartime.

1st BATTALION THE STAFFORDSHIRE REGIMENT (THE PRINCE OF WALES'S)

The Staffordshire Regiment (The Prince of Wales's) is one of the oldest infantry regiments in the British Army and can trace its origins back to 1705 when Colonel Luke Lillingstone raised a regiment of foot, later The 38th Regiment, at "The King's Head", a public house in Lichfield, Staffordshire, which still stands today. The present title was adopted on 31 January 1959 when the South and North Staffordshire Regiments were amalgamated. In its long history the

Regiment has served with distinction throughout the world. It raised 36 battalions in the 1914-18 War, and 17 battalions in the 1939-45 War including a battalion of glider-borne troops for the Sicily and Arnhem operations and another with the Chindits in Burma. It is to commemorate the glider-borne role that all ranks of the Battalion wear a glider badge on their left shoulder. Since its amalgamation in 1959, the 1st Battalion of the present Regiment has served in Germany, Kenya, The Gulf, Belize, Gibraltar and UK, including five tours of duty in Northern Ireland. Additionally it has carried out major exercises in Jamaica, Canada, Australia, France, Denmark, Kenya, Germany and Portugal. The Battalion is proud of its strong County affiliations. Almost 90% of the soldiers come from or around Staffordshire and close ties with the country towns are maintained. It is a mechanised infantry battalion equipped with FV 432 armoured personnel carriers and deploys as part of 7th Armoured Brigade in wartime.

PANZERBRIGADE 2

Panzerbrigade 2, initially formed as Combat Group A 1 on the 1st of July 1956 in Hannover, was re-organised and re-designated in August 1959 to become an armoured infantry Brigade and in April 1981 an armoured Brigade, in the framework of the restructuring of the Federal Army. The first commander of the new brigade was brigadegeneral de Maziere, who later became Chief of Staff of the Federal Armed Forces. Brigade Headquarters, stationed in Hannover since its formation, moved to its present location in Heinrich-der-Lowe-Kaserne in Brunswick in 1959. Since its last re-organisation and redesignation in 1981, it consists of Panzerbataillons 21, 23 and 24 as well as of

Panzergredadierbataillon 22 and Panzerartilleriebataillon 25. In addition it has 5 independent companies under its command. The armoured battalions are equipped with battle tank Leopard 2, the armoured infantry battalion with the APC Marder and the armoured self-propelled artillery battalion with the Armoured Self-propelled Howitzer M 109 G. Panzerbrigade 2 is commanded by Oberst Ruckbrodt. It celebrated its 30th anniversary on 1 July 1986. Thanks to its suitable training and modern equipment, Panzerbrigade 2 has so far been able to prove its combat readiness and combat effectiveness within NATO during a large number of national exercises and international competitions.

PANZERBATAILLON 24

Panzerbataillon 24 was formed in July 1960 in Dedelstorf, in the north of rural district Gifhorn. Two years later, in September 1962, the battalion moved to its present home in Roselies-Kaserne, Brauschweig-Rautheim. The Traditional Association "Rautheimer Panzermanner" was formed at the same time. Highlights of the battalion's training between 1963 and 1985 were the training periods in Castle Martin, Great Britain and Shilo, Canada, its participation in various NATO divisional and corps field exercises and also in the competition for the Canadian Army Trophy (CAT 85). The battalion maintains friendly relations with the Traditional Association of former Panzer-regiment 6 as well as with 2nd Royal Tank Regiment.

BIOGRAPHICAL NOTES

GENERAL SIR MARTIN FARNDALE KCB

General Sir Martin Farndale KCB was born in Alberta, Canada in 1929, of British parents. He was educated at Yore Bridge School, Yorkshire and at the Royal Military Academy, Sandhurst. He was commissioned into the Royal Artillery in 1948 and served in the Suez Canal Zone and in BAOR with 1st Regiment Royal Horse Artillery. He served as GSO 3 RA HQ 7th Armoured Division at Verden from 1954 to 1957 and then as Adjutant 22 Light Anti-Aircraft Regiment in South Wales. He attended the Army Staff College Camberley in 1959.

After two years service as Brigade Major Royal Artillery with 17th Gurkha Division in the Malayan Emergencies, he worked in the Military Operations Branch of the Ministry of Defence dealing with Far East operations in Borneo. Following this he commanded the Chestnut Troop, Royal Horse Artillery in Hildesheim and in South Arabia.

He was on the Directing Staff of the Staff College, Camberley, from 1966-69 and in command of 1st Regiment, Royal Horse Artillery in Colchester and Detmold from 1969-71. During this time 1 RHA became the first Artillery Regiment to serve in Northern Ireland during the present emergency. He was then Secretary of the Defence Policy Staff in the Ministry of Defence from 1971-73.

He commanded 7th Armoured Brigade in Germany from December 1973 until taking up the appointment of Director Public Relations (Army) in January 1976. He relinquished this appointment in January 1978 and became Director of Military Operations in March 1978 where he was heavily involved in the planning of the Rhodesia operations of 1979/80. He commanded 2nd Armoured Division from March 1980 to December 1982 and 1st British Corps from March 1983 to May 1985. He assumed command of Northern Army Group and the British Army of the Rhine in July 1985.

General Farndale became Colonel Commandant of the Army Air Corps in February 1980 and was awarded his "Wings" the same month. He was made a Companion of the Order of the Bath in June 1980 and he received his Knighthood in the Queen's Birthday Honours in June 1983. He became Colonel Commandant Royal Artillery in August 1982 and in that capacity he is Honorary Colonel 1st Regiment Royal Horse Artillery. He became Honorary Colonel of The 3rd Battalion The Yorkshire Volunteers in November 1983. He is President of The 2nd Division Dinner Club.

He and his wife, Anne, have one son, Richard, who was born in 1963. General Farndale's main hobby is Military History and he is a keen gardener.

BIOGRAPHICAL NOTES

AIR MARSHAL SIR DAVID PARRY-EVANS KCB CBE RAF

Air Marshal Sir David Parry-Evans KCB CBE was born in July 1935, only son of the late Group Captain John Parry-Evans of the RAF Medical Branch. He was educated at Berkhamsted School and joined the Royal Air Force in 1956.

On completion of pilot training, the Air Marshal was posted to No 205 Squadron in Singapore flying Shackletons. This was followed in 1961 by a three-year tour on the Air Sea Warfare Development Unit at Royal Air Force Ballykelly. Then came three years with two navies - an exchange tour with the United States Navy on the staff of Commander Fleet Air Whidbey, near Seattle, and in 1967 the Royal Navy Staff College course at Greenwich.

In 1968, Air Marshal Parry-Evans returned to the maritime patrol world as a Flight Commander on No 206 Squadron, Royal Air Force Kinloss. 1970 saw the start of two tours at Headquarters Strike Command, the first as a Squadron Leader in the Plans and Policy branch and the second on promotion as Personal Staff Officer to the late Marshal of the Royal Air Force Sir Andrew Humphrey, then Air Officer Commanding-in-Chief Strike Command.

Air Marshal Parry-Evans then commanded No 214 Squadron (Victor tankers) for twelve months from July 1974 until July 1975 before being promoted to take command of Royal Air Force Marham. Two years later, he started a series of appointments at the Ministry of Defence - Deputy Director Air Plans 2, member of a Central Staffs Study Group, Director of Air Staff Briefing and finally, Director of Defence Policy (A), an appointment he held until April 1981 when he was posted to Bracknell as Air Officer Commanding and Commandant RAF Staff College. He was appointed Air Officer Commanding No 1 Group, at RAF Bawtry, in December 1982. The Air Marshal became Air Officer Commanding No 38 Group at Upavon in September 1983 but re-assumed the appointment as Air Officer Commanding No 1 Group in November 1983 upon the merger of Nos 1 and 38 Groups. He was appointed Commander-in-Chief Royal Air Force Germany and Commander Second Allied Tactical Air Force on 1 July 1985.

Air Marshal Parry-Evans was awarded the CBE in 1978 and the KCB in 1985. He and his wife, Ann, have two sons both working in the City. His abiding hobby is rugby football. He was Chairman of the Royal Air Force Rugby Union from 1978 to 1983 and is now a Vice-President.

BIOGRAPHICAL NOTES
LIEUTENANT GENERAL SIR BRIAN KENNY KCB
COMMANDER 1ST BRITISH CORPS

Lieutenant General Sir Brian Kenny KCB was born in 1934 and was educated at Canford School and the Royal Military Academy, Sandhurst.

He was commissioned in 1954 into the 4th Hussars in Germany; the regiment was amalgamated with the 8th Hussars in 1958 to form the Queen's Royal Irish Hussars.

He qualified as a light aircraft pilot in 1961 and served for three years as a reconnaissance pilot in Aden, Malaya and Borneo.

In 1965 he attended the Army Staff College at Camberley, following which he was Military Assistant to the Vice Chief of the General Staff at the Ministry of Defence. From 1970 to 1973 he instructed at Camberley, after which he commanded his regiment for two-and-a-half years. Most of this period was spent in Germany, but it also included a six-month emergency tour with the United Nations in Cyprus.

He then spent two years as the Colonel (General Staff) with the 4th Armoured Division in Germany, and in 1978 was promoted to Brigadier to command Task Force Delta - since re-titled 12th Armoured Brigade - and to be Deputy Commander of the 2nd Armoured Division.

After a one-year course at the Royal College of Defence Studies, he took over command of the 1st Armoured Division in January 1982 with the rank of Major-General.

He is married with two sons; the elder is a Second Lieutenant with the Royal Army Medical Corps and is training to be a doctor. (His wife's name is Diana).

On 6 May 1985 he assumed Command of 1st British Corps in the rank of Lieutenant General.

RAF GUTERSLOH

1. RAF Gutersloh is the location of:

   -- No 3 Squadron. Harrier GF3. (To be replaced by GR5s in 89.)

   -- No 4 Squadron. Harrier GF3. (To be replaced by GR5s in 90.)

   -- No 230 Squadron. Puma helicopters.

   -- No 18 Squadron. Chinook helicopters.

   -- HQ No 33 Wing RAF Regiment.

   -- No 63 Squadron RAF Regiment. Rapier

   -- Harrier Aircraft Engineering, Development and Investigation Team

   -- Joint Helicopter Support Unit (Germany)

2. Gutersloh is the only operational RAF airfield east of Rhine. It has a major air trooping task handling 45,000 passengers annually which includes movements by both charter and RAF transport aircraft. During TTW, Gutersloh is the busiest of the reinforcement reception airfields in the FRG receiving some 40,000 personnel in 3 days.

Harrier Operations

3. The Harrier force is a 2nd Allied Tactical Air Force (ATAF) asset for use in close support of NORTHAG. The force deploys off base from RAF Gutersloh into field sites in 1 BR Corps area. When deployed the force comprises 6 Flying sites (8 aircraft each), 3 Logistics wings and a Forward Wing Operations Centre. All sites are mobile and are capable of moving every 24 hours. Designated roles are Fighter Bomber, Attack and Tactical reconnaissance. Weapons include BL 755 Cluster Bomb, Aden Cannon and Paveway laser Guided Bombs.

RESTRICTED

BAOR COMBAT ARM ORBAT AND LOCATIONS AS AT 1 MAY 1986 – 31 APRIL 1987

O.R. 6195

FEDERAL REPUBLIC OF GERMANY

SCALE 1:2,000,000 OR 31·56 MILES TO ONE INCH

MILES 20 0 20 40 60 MILES

International Boundaries

De Facto Boundaries

1 ARMD DIV	Verden
9/12 L (QDG–Apr 87)	Wolfenbuttel
1 RHA	Hohne
4 Fd Regt	Osnabruck
40 Fd Regt	Hohne
21 Engr Regt	Nienburg
45 Fd Sp Sqn	Nienburg
1 Regt AAC	Hildesheim
7 ARMD BDE	**Soltau**
RH	Fallingbostel
2 RTR	Fallingbostel
1 STAFFORDS	Fallingbostel
12 ARMD BDE	**Osnabruck**
4 RTR	Osnabruck
1 GREEN HOWARDS (1 RGJ–Jan 87)	Osnabruck
1 R IRISH	Osnabruck
22 ARMD BDE	**Hohne**
QOH	Hohne
1 BTR	Hildesheim
1 WG (1 SG – Mar-88)	Hohne
3 RGJ (2 R ANGLIAN–Mar–87)	Celle

BERLIN INF BDE
B Sqn 14/20H
38 Berlin Fd Sqn
1 GLOSTERS
1 RHF
1 D and D
7 Flt AAC

ARTY BDE	Dortmund
5 Hy Regt	Dortmund
12 AD Regt	Dortmund
22 AD Regt	Dortmund
32 Hy Regt	Dortmund
39 Hy Regt	Sennelager
50 Msl Regt	Menden
CORPS TPS	
23 Engr Regt	Osnabruck
25 Engr Regt	Osnabruck
28 Amph Engr Regt	Hameln
32 Armd Engr Regt	Munsterlager
65 Corps Sp Sqn	Hameln
664 Sqn AAC	Minden
HQ (BR) RCZ	**Dusseldorf**
10 Fd Sqn	Gutersloh
14 Topo Sqn	Ratingen
40 Army Engr Sp Gp	Willich
12 Flt AAC	Wildenrath

4 ARMD DIV	Herford
13/18H (16/5L–Nov 86)	Herford
3 RHA	Paderborn
49 Fd Regt	Lippstadt
47 Fd Regt	Gutersloh
35 Engr Regt	Hameln
44 Fd Sp Sqn	Hameln
4 Regt AAC	Detmold
11 ARMD BDE	**Minden**
3 RTR (5 INNIS DG–Nov 86)	Paderborn
3 R ANGLIAN	Minden
2 RGJ (2 QUEENS–Aug 86)	Minden
20 ARMD BDE	**Detmold**
RHG/D (15/19H–Nov 86)	Detmold
4/7 DG	Detmold
1 RRW	Lemgo

3 ARMD DIV	Soest
2 Fd Regt	Munster
19 Fd Regt	Dortmund
26 Engr Regt	Iserlohn
2 Fd Sp Sqn	Iserlohn
3 Regt AAC	Soest
4 ARMD BDE	**Munster**
17/21 L	Munster
QRIH (14/20H–Mar 88)	Munster
1 GREN GDS	Munster
6 AIRMOB BDE	**Soest**
2 L I	Hemer
1 GORDONS	Hemer
(3 RTR–Mar 88)	Munster)
(100 Hldrs – Mar 88	
33 ARMD BDE	**Paderborn**
SCOTS DG (RHG/D – Nov 86)	Sennelager
1 QLR	Paderborn
1 RS	Werl

THIS MAP IS PRODUCED BY MO3 FOR INTERNAL USE WITHIN MOD (A)

RESTRICTED

General Staff Map Section, Ministry of Defence, United Kingdom, 1964

CONFIDENTIAL

CCPC (2)
CEMS

Prime Minister
An elaboration of what you might say to the Germans on Airbus & on Space.
CDP 14/9.

PM/86/054

PRIME MINISTER

Anglo-German Summit: Airbus and Space Projects

1. Chancellor Kohl is likely to raise Airbus and Hotol at your meeting with him. Genscher, at his meeting with me last week, put me on warning of this and stressed the importance which the Germans attach to the new Airbus projects. The briefing which you have for the Summit is however rather thin.

2. British Aerospace have not yet submitted a formal application for launch aid for the A330 and A340 but are expected to do so soon. Without launch aid (although I am sure that it need not be as much as the 90% which BAe say they want) BAe will have to withdraw from the new projects. The French are negotiating with Aerospatiale to reduce their demands. The Germans, on the other hand, have decided in principle to provide 90% launch aid. I have no doubt that the French and Germans will go ahead, with or without us. They regard it as imperative for industrial and technological reasons, and because they are determined that Boeing should not become the monopoly supplier of large civil aircraft to the world's airlines (an interest shared by the airlines, including our own).

3. Geoffrey Pattie is now considering the draft British National Space Plan. I understand that it will contain options and

/recommendations

recommendations on the whole range of existing and potential British space activities. It will propose substantial increases in expenditure, both for "conventional" space activities, and for the revolutionary British space plane HOTOL. The latter is beyond our financial resources, and Geofffrey will argue that it needs to be collaboratively financed as a European Space Agency project. HOTOL has aroused much interest in Germany and elsewhere. It would have obvious technological and indeed political attractions. But the proposed Space Plan will cost a lot more than Airbus launch aid (which is in any case a loan repayable if the aircraft are commercially successful).

4. Genscher remarked to me at Farnborough that the arguments are about Europe's technological future. More important for us, they are about the technological future of the United Kingdom. If BAe do not participate in the A330/340, we will in effect be leaving the field of large civil airliners to the French and Germans (and Boeing). British Aerospace's reputation as a sound collaborative partner will be severely damaged (you will remember that we did ourselves no good in 1970 when the British Aircraft Corporation had to draw back from joining Airbus at the beginning, and we went instead into the ill-fated Lockheed Tristar project). I share Geoffrey Pattie's belief that we should also expand our space effort to the greatest extent possible. The trouble is that the funds are limited, and Airbus is the bird in the hand.

5. These are difficult issues, and we shall need to consider them in depth in Cabinet committee. Meanwhile at next week's

/Summit

Summit I am sure that we should make it clear to the Germans that our minds remain open; that, given the financial prudence that is necessary for us all in this area, we favour collaborative projects in civil aviation and space provided they make technological, financial and commercial sense; and that HMG will be actively considering its position over the next few weeks.

(GEOFFREY HOWE)

Foreign & Commonwealth Office

11 September 1986

CDP

9/9

GERMANY / BFG.

BRIEFING

(a) Agree the following distribution?

(1) PM ✓
(2) CDP ✓
(3) BI ✓
(4) PC —
(5) Duty Clerk ✓
(6) Press Office ✓
(7) Spare. —

Yes - but keep for me to process as activity.
CDP

(b) Content for this to arrive by Friday 12/9? Martin.

CONFIDENTIAL

cc PC
MS

Foreign and Commonwealth Office

London SW1A 2AH

5 September 1986

CDP 8/9

Dear Charles,

ANGLO-GERMAN SUMMIT IN BONN ON 16 SEPTEMBER: THE AGENDA

In the course of Sir Patrick Wright's talks in Bonn today State Secretary Meyer-Landrut, his German opposite number, said that Chancellor Kohl would like East-West relations and arms control to be the first subject discussed when Foreign Ministers join Heads of Government. On that basis the revised agenda would be as follows:

- Review of political and economic developments in both countries
- South Africa

[Foreign Ministers join meeting]

- East-West relations and arms control
- EC issues
- Middle East/Libya
- IAEA
- Bilateral subjects.

I am copying this letter to the Private Secretaries to the Secretary of State for Defence, Mr Waldegrave and Mr Pattie (the other Ministers participating in the Summit) and to Sir Robert Armstrong.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

Briefing Meeting for
Anglo-German Summit &
PM's visit to BFG

Cabinet Office are
setting this up.
MGA 29/8

15 Sept. 11.15 - 12.15

Lynda Chalker (via Foreign Sec.)
+ one official

Defence Sec.
+ one official + CDS

Mr. Waldegrave
+ one official

Mr. Rifkind
+ one official.

MR. POWELL

BRIEFING MEETING FOR VISIT TO NORWAY AND GERMANY

We will probably have to have a joint briefing meeting for both Norway and Germany as the diary is becoming so overcrowded. I will try and fix it for 1800 hours on Wednesday 10 September.

Who would you like me to invite?

CR

Caroline Ryder

26 August 1986

file

JA 2 AD J
cc PC

10 DOWNING STREET

From the Private Secretary

29 August 1986

Dear Colin,

ANGLO-GERMAN SUMMIT: PARTICIPATION AND AGENDA

You wrote on 27 August to Mark Addison about Ministerial participation in the Anglo-German Summit, as well as the agenda for it.

The Prime Minister agrees that Mr. Waldegrave and Mr. Pattie should take part in the Summit. There seems no pressing need for the proposed official level discussion of the internal market to take place in the context of the Summit and separate arrangements might be made for this.

The list of issues to be covered in the talks between the Prime Minister and Chancellor Kohl is extensive and may be too ambitious (bearing in mind that the Chancellor normally likes to start with an account of internal developments in the United Kingdom and the FRG). I doubt that bilateral issues need take up much time. But I suspect that South Africa and other regional issues including Libya and the Middle East will feature prominently and these might be promoted up the list to ensure that there is adequate time for them. A revised list might look as follows:

- review of political and economic developments in both countries (including nuclear power and immigration matters).

- South Africa

- Middle East (including Libya)

- East/West relations and arms control

- EC Questions (as in agenda enclosed with your letter)

- bilateral points (if necessary).

I am copying this letter to John Howe (Ministry of Defence), Robin Young (Department of the Environment), Geoff Dart (Department of Energy), Timothy Walker (Department of

Trade and Industry), Alex Allan (HM Treasury), Stephen Boys Smith (Home Office), Tim Abraham (Department of Trade and Industry), Barbara Jones (Department of the Environment) and to Michael Stark (Cabinet Office).

yours ever

(CHARLES POWELL)

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

Caroline

@P.

11.15 - 12.15 or
17.30 - 18.30 on
Tuesday 15th. Morning
would be better.

Can you set up a briefing CK. 28/8

. meeting for FRG visit

on 15.9.86. for approx

45 mins. Linda Chalker

will be attending in place

of FCS who will be abroad.

Can you phone Russell in

G. Howe's Private Office to confirm

Thanks.

Margo

MRS. RYDER

BRIEFING MEETING FOR VISIT TO NORWAY AND GERMANY

The Cabinet Office should do the inviting for the briefing meeting for Germany. We shall need the Foreign Secretary, Defence Secretary, Mr. Waldegrave and Mr. Pattie each supported by one official.

As regards the visit to Norway the only real issue is acid rain. It would probably be helpful to have a meeting attended by Mr. Walker and Mr. Waldegrave to discuss this aspect. Could you please see if they could attend such a meeting?

CDP

28 August 1986

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6

PRIME MINISTER

ANGLO-GERMAN SUMMIT: PARTICIPATION AND AGENDA

The Anglo-German Summit is in Bonn on the afternoon of 16 September.

On participation, are you content that Mr. Waldegrave should take part for a discussion on environmental issues and Mr. Pattie on research issues?

As regards the agenda, are you content with the proposed list of topics attached (which covers virtually everything under the sun?)

CDP

Charles Powell
28 August 1986

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ANGLO-GERMAN SUMMIT: HEADS OF GOVERNMENT BILATERAL TALKS
PROPOSED AGENDA

1. EAST-WEST RELATIONS
- Arms Control talks, Geneva
- CSCE
- Conventional arms control (MBFR, Stockholm)
- CTB, CW, SDI
- SDI

2. EC QUESTIONS
- EC/US: Protectionism
- EC/Japan
- EC/Own Resources
- Internal Market

3. ECONOMIC ISSUES
- Commodity prices

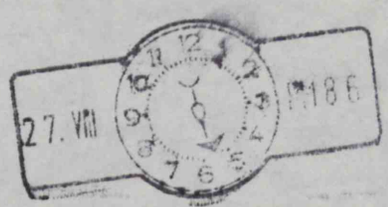
4. OTHER QUESTIONS
- South Africa
- IAEA Special Conference.
- Other regional issues [Libya/terrorism, Falklands]

5. BILATERAL RELATIONS

Anglo-German Security Cooperation
- BFG
- Soltau-Lüneburg Training Area: Environmental problems (to discuss press handling for 17 September)

Cultural Relations
- Report of Special Representatives
- Youth contacts

PM Tours Abroad; Anglo German Summit.
Jan 86



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Foreign and Commonwealth Office

London SW1A 2AH

CDP(OW)

27 August 1986

Dear Mark,

Anglo-German Summit, 16 September: Participation and Agenda

As foreseen in David Reddaway's letter to Tim Flesher of 11 August, the Germans have proposed that a number of additional departmental Ministers participate in the Summit, together with the Prime Minister and Chancellor Kohl and Foreign and Defence Secretaries (Bonn telegram number 708).

In view of Mr Ridley's absence we propose, subject to the Prime Minister's views, that Mr Waldegrave attend as an interlocutor for the new Federal Environment Minister, Dr Wallmann. Mr Pattie is seeking to re-arrange a commitment to appear before the European Parliament's Energy, Science and Technology Committee in Brussels, so that he would be available to attend the Summit as counterpart to Dr Riesenhuber, Federal Minister of Research and Technology.

The Germans have additionally proposed that State Secretary Schlecht from the Federal Economics Ministry have a bilateral on the internal market during the afternoon of the Summit. Schlecht is an official State Secretary, and it would not in our view be necessary to put up a Minister for this. Since all DTI Ministers on the trade side have other commitments (Mr Channon and Mr Clark will be attending the Punta del'Este Gatt Ministerial Meeting) the only available Minister would be Mr Butcher. If the Germans are attached to the proposal, the DTI and we see merit in the alternative of a senior DTI Official, possibly Sir Brian Hayes, taking on the bilateral with Schlecht.

The Germans have also put forward their proposals for an agenda for the Prime Minister's bilateral with Chancellor Kohl (Bonn telegram 707). This is largely as expected, though we shall also wish to add EC/Japan, EC/Own Resources, commodity policies and provision for discussion of other regional issues, which would allow coverage of any topical subjects such as Libya/terrorism and enable the Prime Minister to lobby Kohl on the Falklands, if she wished to. If these additions were agreed, together with the inclusion of SDI under East-West and Arms Control, rather than the EC, the agenda would be as on the attached copy.

/I should

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I should be grateful for your views on the proposed participation and agenda.

I am copying this letter to the Private Secretaries of the Secretaries of State for Energy, Defence, the Environment, Trade and Industry and of the Chancellor of the Exchequer, the Home Secretary, Mr Waldegrave, Mr Pattie, Mr Butcher and Sir Robert Armstrong.

Yours Sincerely,

Colin Budd

(C R Budd)
Private Secretary

M Addison Esq
PS/10 Downing Street

10 DOWNING STREET

Caroline,

Chris Cloke phoned to say that a date must be fixed for Briefing Meeting for Anglo-German Summit. I told him there was a slot at 1800 on Wednesday 10/9 already booked in. He will confirm later next week.

Sue

PS. They are talking of Monday 15/9 but FCS can't attend on that date.

BF 11 CB
Await PUS advice.
MEA 28/8

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ANGLO-GERMAN SUMMIT, 16 SEPTEMBER: MINISTERIAL PARTICIPATION

SUMMARY

1. GERMANS PROPOSE THAT ENVIRONMENT, RESEARCH AND ECONOMICS MINISTERS SHOULD ALSO ATTEND.

DETAIL

ENVIRONMENT MINISTERS

2. DR WALLMANN HAS SAID THAT HE WOULD LIKE TO ATTEND THE SUMMIT. THE ONLY SPECIFIC ISSUE HE WANTS TO DISCUSS IN DETAIL IS THE LARGE COMBUSTION PLANTS DIRECTIVE. BUT HE WILL ALSO BE BRIEFED FOR INFORMATION EXCHANGE PURPOSES ON A RANGE OF TOPICS INCLUDING NATURE CONSERVATION, THE WADDENSEA, HISTORIC MONUMENTS, AND LATEST DEVELOPMENTS IN ENVIRONMENTAL LEGISLATION. (TELTSCHIK, WHEN I SAW HIM YESTERDAY, SAID THAT HE HAD NOT HEARD THAT LARGE COMBUSTION PLANTS WAS A SUBJECT KOHL WISHED TO RAISE (MY TELNO 707) BUT THIS POSSIBILITY CANNOT BE RULED OUT.)

3. I HOPE THAT EITHER MR RIDLEY OR MR WALDEGRAVE CAN ATTEND THE SUMMIT. UNFORTUNATELY WALLMANN IS NOT ABLE TO STAY FOR THE OFFICIAL DINNER AFTER THE TALKS, BUT HE IS LIKELY TO BE REPRESENTED BY STATE SECRETARY DR WAGNER.

RESEARCH AND TECHNOLOGY MINISTERS

4. RIESENHUBER WILL NOT BE AVAILABLE UNTIL 1730 ON 16 SEPTEMBER, BUT HE HAS SAID THAT HE WOULD LIKE TO BE INVOLVED IN THE SUMMIT TO DISCUSS IN PARTICULAR THE EC RESEARCH AND DEVELOPMENT PROGRAMME AND THE FORTHCOMING DECISIONS TO BE TAKEN IN ESA ON COLUMBUS AND HERMES.

5. IF MR PATTIE IS AVAILIBLE, I HOPE THAT HE WILL COME TO BONN. HE NEED NOT FLY WITH THE PRIME MINISTER'S PARTY BUT COULD TRAVEL LATER ON LH057, ETA 1650. HE COULD THEN CONTINUE HIS BILATERAL TALKS AFTER THE PLENARY SESSION ENDS AT 1845.

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/ECONOMICS.

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ECONOMICS MINISTERS

6. BANGEMANN AND MR CHANNON WILL BE AT THE GATT MEETING TOGETHER. STATE SECRETARY SCHLECHT HAS SAID THAT HE WOULD LIKE TO DISCUSS WITH A BRITISH MINISTER INTERNAL MARKET PROBLEMS AND THE RUN-UP TO THE INTERNAL MARKET COUNCIL, BUT HE IS WILLING TO ADAPT THE AGENDA TO TAKE ACCOUNT OF THE AREAS OF RESPONSIBILITY OF HIS BRITISH INTERLOCUTOR. DR SCHLECHT IS AN OFFICIAL RATHER THAN PARLIAMENTARY STATE SECRETARY, BUT HE IS VERY INFLUENCIAL WITHIN THE ECONOMICS MINISTRY. MR BUTCHER OR LORD LUCAS MAY THEREFORE WISH TO CONSIDER ATTENDING THE SUMMIT, BUT SCHLECHT WILL NOT TAKE OFFENCE IF WE DO NOT (NOT) HAVE A DTI MINISTER IN OUR TEAM.

BULLARD

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PLANNING STAFF.
RESEARCH D
PS
PS/LADY YOUNG
PS/MRS CHALKER
PS/PUS
MR TITOMAS
MR GOODALL

MR BRAITHWAITE
MR DAUNT
MR RATFORD

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PS/MR RIDLEY, PS/MR WALDEGRAVE } D/ENVIROMENT
PS/MR YOUNGER MOD.
PS/MR CHANNON, PS/MR BUTLER, PS/MR PATTIE } DTI (VICTORIA ST)

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ANGLO-GERMAN SUMMIT: HEADS OF GOVERNMENT BILATERAL TALKS

1. THE AUSWAERTIGES AMT HAVE FORMALLY PROPOSED THE FOLLOWING AGENDA FOR THE PRIME MINISTER'S BILATERAL TALKS WITH CHANCELLOR KOHL:

Draft FCO cable.

1. TOUR D'HORIZON OF
   A) EAST-WEST RELATIONS
   B) CSCE
   C) ARMS CONTROL TALKS, GENEVA
   D) CONVENTIONAL ARMS CONTROL (MBFR, STOCKHOLM)
   E) CTB, CW

2. EUROPEAN QUESTIONS
   A) INTERNAL MARKET
   B) EUROPE/USA: PROTECTIONISM, SDI

3. OTHER QUESTIONS
   A) SOUTH AFRICA
   B) IAEA SPECIAL CONFERENCE
   C) ANGLO-GERMAN SECURITY COOPERATION
      I) BFC
      II) SOLTAU/LUENEBURG
   D) REPORTS OF SPECIAL REPRESENTATIVES
   E) EMISSIONS FROM LARGE COMBUSTION PLANTS

2. ITEM 3.C(I) HAS BEEN INCLUDED TO ENABLE THE HEADS OF GOVERNMENT TO HAVE A PREPARATORY WORD ABOUT THEIR JOINT VISIT TO BFG THE NEXT DAY AND 3.C(II) SO THAT THEY CAN AGREE A PRESS LINE BEFORE THE PRESS CONFERENCE AT FALLINGBOSTEL THE FOLLOWING DAY.

3. THE AUSWAERTIGES AMT HAVE ASKED US TO LET THEM HAVE DETAILS OF ANY ITEMS WHICH THE PRIME MINISTER WOULD LIKE INCLUDED IN THE AGENDA.

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Planning S/.

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ECD(I)
SAFD
NED
NEWS D
INFO D
PUSD.

RESEARCH D
MR D. THOMAS
MR GODDALL
MR FERGUSSON.
MR DAUNT.
MR RATFORD

MR REEVE.

PS No 10 DST

THIS TELEGRAM WAS NOT ADVANCED

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PART 5 ends:-

CDP to FCO 28/5/86

PART 6 begins:-

Bonn Tel 707 21/8/86

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