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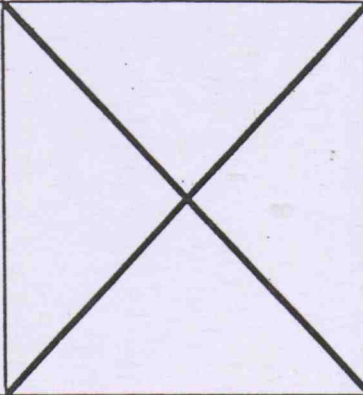
CONFIDENTIAL FILING

Prime Ministers visit to Helsinki to  
attend the EDU Conference

28 to 30 August 1990.

FINLANDAugust 1990.

| Referred to                                                                                                                                                         | Date | Referred to | Date | Referred to | Date | Referred to | Date |
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## VISIT TO FINLAND BY THE PRIME MINISTER, 28-30 AUGUST

## SUMMARY

1. THIS WAS A HIGHLY SUCCESSFUL VISIT AND MUCH APPRECIATED BY THE FINNS. ALTHOUGH HER TALKS AND CONTACT WITH THE PRESS WERE NECESSARILY DOMINATED BY THE GULF CRISIS, THE PRIME MINISTER FOUND TIME TO MEET ORDINARY FINNS, AND TO GO OUTSIDE HELSINKI. AFTER THE WITHDRAWAL OF CHANCELLOR KOHL AND VICE-PRESIDENT QUAYLE FROM THE EDU MEETING, THE PRIME MINISTER WAS BY FAR THE SENIOR CONSERVATIVE LEADER PRESENT, AND MADE A MAJOR SPEECH THERE ON 30 AUGUST ON THE GULF QUESTION AND INTERNATIONAL SECURITY.

## DETAIL

2. THE PRIME MINISTER MADE A BILATERAL VISIT TO FINLAND OF 24 HOURS ON 28-29 AUGUST, BEFORE GOING ON TO ATTEND THE MEETING HERE OF THE EUROPEAN DEMOCRATIC UNION. SHE MET THE CONFEDERATION OF FINNISH INDUSTRIES, HAD TALKS WITH HER HOST PRIME MINISTER HOLKERI AND WITH PRESIDENT KOIVISTO, VISITED THE RESEARCH LABORATORIES OF THE STATE OIL COMPANY, NESTE, AND ARRIVED BACK IN HELSINKI FOR HER PRESS CONFERENCE BY A MISSILE PATROL BOAT OF THE FINNISH NAVY.

## GULF

3. THE PRIME MINISTER'S TALKS WITH PRIME MINISTER HOLKERI AND (ESPECIALLY) PRESIDENT KOIVISTO WERE DOMINATED BY THE GULF CRISIS, ON WHICH THERE WAS A CLOSE IDENTITY OF VIEWS. HOLKERI SAID THAT THE SWEDISH PRIME MINISTER HAD JUST TOLD HIM THAT SWEDEN WOULD BE OFFERING HUMANITARIAN AID TO JORDAN AND TURKEY THROUGH THE UN. FINLAND WOULD FOLLOW SUIT. THE PRIME MINISTER SAID IT WAS IMPORTANT TO SUPPORT TURKEY AND JORDAN. TURKEY HAD DONE WELL TO CUT THE OIL PIPELINE AND NOW NEEDED HELP. MR GORBACHEV HAD BEEN FIRM ON THE ENFORCEMENT OF SANCTIONS, THE CHINESE LESS SO. BUT IT WAS IMPORTANT, BECAUSE OF THE HONG KONG ANGLE, FOR CHINA NOT TO BE ISOLATED. THE PRIME MINISTER STRESSED THE IMPORTANCE OF THE STRICT ENFORCEMENT OF SANCTIONS AND THE ROLE OF THE SANCTIONS COMMITTEE UNDER FINNISH CHAIRMANSHIP. IT WAS DIFFICULT TO SAY HOW LONG IT WOULD



TAKE FOR SANCTIONS TO WORK SEMI-COLON THE IRAQIS WERE ACCUSTOMED TO PRIVATION AFTER EIGHT YEARS OF WAR.

4. AT THE SUBSEQUENT MEETING WITH HIM, PRESIDENT KOIVISTO SAID HE WAS CONFIDENT THAT SANCTIONS WOULD WORK EVEN IF THERE WERE SOME SMALL LEAKS. IT WAS GOOD THAT IRAN HAD NOW OPENED HER BORDER TO REFUGEES. IN HIS OPINION THE DANGER OF WAR HAD LESSENED. THE PRIME MINISTER GAVE THE PRESIDENT HER ANALYSIS OF THE SITUATION. THE WAY AHEAD WAS VERY CLEAR. UN RESOLUTIONS MUST BE IMPLEMENTED, NOT NEGOTIATED. IN THE MEANTIME, STRICT ENFORCEMENT OF SANCTIONS WAS ESSENTIAL. IT WOULD BE ANOTHER FIVE WEEKS BEFORE THE FULL US FORCE WAS IN PLACE. IT WAS IMPORTANT TO REMEMBER THAT SADDAM HUSSEIN WAS LIKELY TO HAVE A NUCLEAR WEAPON WITHIN THE NEXT FIVE YEARS. SATISFACTORY GUARANTEES FOR IRAQI NEIGHBOURS WOULD BE NEEDED AND THERE MIGHT WELL BE A LONG TERM ROLE FOR A UN FORCE.

#### EUROPEAN INTEGRATION

5. THE LEADING INDUSTRIALISTS REPRESENTING THE CONFEDERATION OF FINNISH INDUSTRIES WERE KEEN TO HEAR MRS THATCHER'S VIEWS ABOUT THE FUTURE OF THE EC AND THE ATTITUDE OF THE EC TOWARDS NEUTRAL MEMBERS, AND TO BE REASSURED THAT THEY WILL RETAIN FULL ACCESS TO FINLAND'S LARGEST EXPORT MARKET. THE PRIME MINISTER OBSERVED THAT AS IRELAND WAS ALREADY A MEMBER, NEUTRALITY WAS NO BAR. AN APPLICATION TO JOIN WAS A MATTER FOR FINLAND, BUT IN HER VIEW THERE SHOULD BE CAREFUL THOUGHT: THE EEA WOULD BE QUOTE A GOOD DEAL FOR FINLAND UNQUOTE. MRS THATCHER ALSO MADE THE POINT THAT THE COMMUNITY SHOULD PLAN NOW FOR FUTURE ACCESSIONS, ESPECIALLY BY THE EAST EUROPEAN COUNTRIES WHEN THEY HAVE DEVELOPED MARKET ECONOMIES.

6. HOLKERI SAID HE HOPED IT WOULD BE POSSIBLE FOR THE EFTA COUNTRIES TO REACH AGREEMENT WITH THE COMMUNITY ON A EUROPEAN ECONOMIC AREA THIS YEAR AND TO OPEN THE WAY FOR JOINT ARRANGEMENTS WITH EASTERN EUROPEAN COUNTRIES. ANY DISCUSSION ABOUT FULL MEMBERSHIP FOR EFTA COUNTRIES COULD COME LATER. OWNERSHIP OF FINNISH LAND, PARTICULARLY FORESTS, BY FOREIGNERS WAS LIKELY TO BE DIFFICULT FOR THE FINNISH PARLIAMENT SEMI-COLON THE CENTRE PARTY WERE MAKING AN ISSUE OF THIS.

#### ESTONIA

7. IN A BRIEF DISCUSSION ABOUT THE BALTIC STATES, HOLKERI SAID THAT PRESIDENT RUUTEL OF ESTONIA HAD TOLD HIM ONLY LAST WEEK THAT ESTONIA WOULD QUOTE PAY ANY PRICE FOR INDEPENDENCE UNQUOTE.

8. AT THE PRIME MINISTER'S PRESS CONFERENCE, THE GULF WAS AGAIN THE LEADING TOPIC, AND MRS THATCHER USED THE OPPORTUNITY FOR A FIRM RESTATEMENT OF THE UK POSITION : NO NEGOTIATIONS OR



MEDIATION WERE NECESSARY WITH IRAQ SEMI-COLON SADDAM HUSSEIN HAD SIMPLY TO COMPLY WITH THE RELEVANT SECURITY COUNCIL RESOLUTIONS. SANCTIONS HAD TO BE MADE TO WORK, BUT THE UK DID NOT RULE OUT THE MILITARY OPTION.

## COMMENT

9. APART FROM THE SIGNATURE OF THE CSCE FINAL ACT IN 1975 THIS WAS THE FIRST VISIT BY A BRITISH PRIME MINISTER TO FINLAND SINCE HAROLD MCMILLAN IN 1963 AND MRS THATCHER, FOR WHOM THERE IS ENORMOUS RESPECT HERE, RECEIVED A RAPTUROUS WELCOME BY FINNISH STANDARDS. THE ORGANISATION FOR THE VISIT WAS (DESPITE OUR FEARS) EXCELLENT, WITH PARTICULAR CARE TAKEN OVER HER SECURITY. BUT THIS MUST BE ONE OF THE VERY FEW COUNTRIES WHERE A WALKABOUT COULD BE ALLOWED TO GO AHEAD, DESPITE EVERY DETAIL OF THE ROUTE AND TIMINGS HAVE BEEN PUBLISHED IN THE LEADING DAILY NEWSPAPER THAT MORNING. AS A RESULT MANY MORE ORDINARY PEOPLE WERE ABLE TO SEE AND MEET MRS THATCHER.

10. THE FINNISH ROLE IN THE SECURITY COUNCIL, AND THE SEARCHING DEBATE WHICH IS GOING ON HERE ABOUT ATTITUDES TO THE EC AND THE EEA, MADE THIS VISIT TIMELY. I WILL REPORT FURTHER ON REACTIONS TO WHAT MRS THATCHER HAD TO SAY, BUT IT IS ALREADY CLEAR THAT SHE HAS BEEN ABLE TO STIFFEN THE FINNISH RESOLVE TO KEEP WHAT IS FOR THEM A HIGH PROFILE IN THE SECURITY COUNCIL, AND TO CLEAR AWAY SOME OF THE PERSISTENT MISCONCEPTIONS THEY HAVE ABOUT THE EC. THE CFI WILL HAVE BEEN PARTICULARLY GRATEFUL FOR THE DISCUSSION WITH THE PRIME MINISTER WHICH GAVE MUCH FOOD FOR THOUGHT.

11. FCO PLEASE PASS TO PS/PRIME MINISTER.

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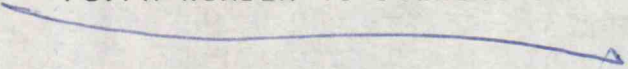
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FILE 30/1/1990

MEETING RECORD



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

30 August 1990

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER  
OF HUNGARY: HELSINKI, 30 AUGUST

The Prime Minister had a brief meeting with the Hungarian Prime Minister in the margins of the EDU Conference in Helsinki today.

Mr. Antall thanked the Prime Minister for the invitation to address the Conservative Party Conference. He would be going on from there to meet President Bush in Washington. He was looking forward to seeing the Prime Minister in Budapest. Meanwhile, there was one particular matter on which he wished to seek her advice. Hungary wanted to build up contacts with the WEU, to ease its gradual withdrawal from the Warsaw Pact. He saw this as a part of a process of Hungary inching into Western Europe. At present it was only a vague concept. The first step might be for Hungary to become part of a looser grouping with the Poles and the Czechs, perhaps establishing a new defence organisation for this purpose, which could in turn establish links with the WEU. He wondered whether the Prime Minister saw any reality in such an idea. Hungary did not wish to become neutral. He noted that the Poles and Czechs were a good deal less enthusiastic than they were about staying in the Warsaw Pact. He would also mention that the Foreign Minister of the Ukraine had recently visited Budapest, and asked the Hungarians to ease the Ukraine's passage into Europe. They were determined to achieve independence and full sovereignty. Meanwhile there was evidence that the Soviet Armed Forces were gradually withdrawing into the purely Russian area of the Soviet Union. Mr. Antall concluded that he would welcome the Prime Minister's advice on how to proceed.

The Prime Minister said that this was a very big question which would require a great deal of thought. Mr. Antall was asking, in essence, how those East European countries who were becoming democracies could give expression to this in defence terms. She would need to take the idea away and think about it carefully rather than give a snap response. She recalled that the last Warsaw Pact meeting in Moscow had been rather a useful one, which had acted as a restraining influence on the Soviet Union and put out a useful communique. If change in the Warsaw Pact came too quickly, that restraining influence would be lost.

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In general, it was important not to do things which would make it more difficult for the Soviet Union to move towards full democracy. But those were just a few spontaneous thoughts. She would take the question away and reflect on it, and she and Mr. Antall could discuss it further in Budapest.

Mr. Antall said that he also wished to raise the subject of the Gulf crisis. Hungary had been very prompt in implementing sanctions, but would be badly hit financially, losing some \$300 million of exports to Iraq. They would welcome some assistance. Hungary had been a significant supplier of defence equipment to Iraq, and his authorities had passed details of this to the British Defence Attache. This should be a great advantage to our pilots. Iraq had threatened Hungary with terrorism, and he would welcome advice on how best to deal with the growing terrorist threat. Hungary was engaged in reforming its security organisations. As a result KGB activity in the country was increasing sharply and they were trying to recruit former members of the Hungarian Security Service to work for them. The Prime Minister said she would see what advice we could give in the area of counter-terrorism and would let Mr. Antall have a reply during her visit to Hungary.

I am copying this letter to Simon Webb (Ministry of Defence), Sonia Phippard (Cabinet Office), 'C' and Patrick Walker (Security Service).

C. D. POWELL

J. S. Wall, Esq., L.V.O.,  
Foreign and Commonwealth Office.



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MEETING RECORD.

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10 DOWNING STREET

LONDON SW1A 2AA

29 August 1990

From the Private Secretary

Dear Stephen,

PRIME MINISTER'S MEETING WITH THE PRESIDENT OF FINLAND:  
HELSINKI: 29 AUGUST

The Prime Minister had a brief talk with the Finnish President at the Presidential Palace in Helsinki this morning. President Koivisto was accompanied by the Finnish Ambassador and by his Secretary General, Jaakko Kalela. HM Ambassador Helsinki was also present.

The conversation dealt entirely with the Middle East situation. President Koivisto observed that no diplomatic solution to the Iraq/Kuwait crisis was in sight. He wondered how the Prime Minister saw the prospects. The Prime Minister said it was a very difficult situation. Saddam Hussain ruled by rigid and ruthless force. He had eliminated most potential opposition within Iraq and was seen by the Arab masses as their champion, because he claimed to be fighting their enemy. It was ironic that for most of the last decade we had worried about Iran getting the upper hand over Iraq. It was now clear that Iraq was the greater longer-term danger. The West's options were limited. Our main objective had to be implementation of the United Nations Security Council Resolution by strict enforcement of sanctions, while defending Saudi Arabia and the smaller Gulf States. It would take time for sanctions to work and to build up the West's military strength in the area. We should not underestimate the ability of the Iraqi people to endure hardship. A lot of people were asking whether we would have to resort to a military option. That was not a question which could be answered now. But one relevant fact was that, within five years, Iraq was quite likely to have a nuclear weapon. You could argue that that gave us a responsibility to deal with the problem now. But for the time being the task was to get the forces into place and keep the rest of the world with us. We must at all costs avoid a Middle Eastern Munich.

President Koivisto observed that King Hussein's position was ambivalent and there was other evidence of sanctions breaking. He agreed that the aim must be to restore the situation to what it was before Iraq's invasion of Kuwait. But he wondered whether Saddam Hussain realised that he was in a box. The Prime



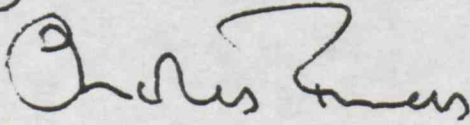
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Minister agreed that there were countries breaching the sanctions and they must be exposed. The simple fact was that the West had to prevail: the free world's reputation and standing were at issue. She thought that Saddam Hussain would try to negotiate some sort of compromise, which would be very damaging. We had to remind people constantly that the only solution was that laid down in the UN Security Council resolutions. We needed to think also about what would happen if Iraq left Kuwait. There would need to be a United Nations force as a surety against future Iraqi invasion: and guarantees for Kuwait and other Gulf States.

President Koivisto said that he shared the Prime Minister's analysis. He wanted her to know that, had the Soviet Union and China failed to support the resolution allowing the use of force to implement sanctions, Finland would have been ready all the same to cast a decisive vote in favour. He thought the Russians and French were both suffering from a bad conscience for having supplied Iraq so abundantly with arms.

The meeting had to break at this point for the President's lunch.

I am copying this letter to Simon Webb (Ministry of Defence) and Sonia Phippard (Cabinet Office).

Yours sincerely,  


CHARLES POWELL

Stephen Wall, Esq.,  
Foreign and Commonwealth Office



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MEETING RETORAJ



10 DOWNING STREET

LONDON SW1A 2AA

*From the Private Secretary*

29 August 1990

Dear Stephen,

**PRIME MINISTER'S MEETING WITH THE PRIME MINISTER  
OF FINLAND: HELSINKI, 29 AUGUST**

The Prime Minister had a talk this morning with the Finnish Prime Minister, at the beginning of her official visit to Finland. Mr. Holkeri was accompanied by the Finnish Ambassador in London: Mr. Jaakko Blomberg, Director General of the Political Department of the Ministry for Foreign Affairs: Ambassador Pasi Rutanen: and Mr. Marcus Laurent, Special Assistant to the Prime Minister. HM Ambassador Helsinki was also present.

Bilateral Relations

Mr. Holkeri confirmed that relations between Britain and Finland were in excellent shape. The Prime Minister said that we greatly welcomed Finnish investment in the United Kingdom. She was rather surprised at the lack of new British investment in Finland. She thought that Finland's very high costs were probably the main reason.

The Environment

There was a brief exchange on the costs of environmental policies and the need for these to be shared equally among all countries. Mr. Holkeri expressed dismay at the attitude of the Soviet Union. They were simply not ready to tackle environmental problems at all. He had been much affected by a visit to the Kola Peninsula, during which he had witnessed the environmental devastation and the authorities' lack of concern. There was to be a meeting in Sweden the following week of Prime Ministers from the Baltic area, which would be attended by Mr. Ryzhkov. That would be an opportunity to tackle the Russians on the subject.

The Gulf Crisis

Mr. Holkeri said that he had met the Swedish Prime Minister, who was on a private visit to Finland, earlier in the day. The Swedish Government had decided to give humanitarian aid to the Middle East area, but would not take part in any multinational force. Finland would follow suit. The purpose would be to help



countries like Jordan and Turkey. Finland would follow suit. The Prime Minister said that Turkey particularly deserved support: its decision to apply sanctions had been absolutely crucial. She hoped that countries like Germany and Japan would provide substantial aid.

The Prime Minister referred to the importance of an effective counter-propaganda campaign against Iraq, stressing in particular the very large numbers of other Arabs and Asians who were flooding out of Iraq. Mr. Holkeri asked about the numbers of Soviet citizens in Iraq. The Prime Minister said there appeared to be some 6-7,000, including about some 200 military citizens. President Gorbachev had taken a very helpful line throughout the present crisis but she had doubts about the part played by the Soviet military.

The Prime Minister congratulated Mr. Holkeri on Finland's role in the United Nations Security Council and as Chairman of the Sanctions Committee. Mr. Holkeri said that the latter was a difficult challenge for Finland, involving quite high risks. The Prime Minister said that the risks from allowing Saddam Hussain to succeed were far greater.

Mr. Holkeri referred to reports that Saddam Hussain had agreed to let foreign women and children leave Iraq. The Prime Minister said that he was only stopping doing something which he should never have started in the first place. Mr. Holkeri asked whether Saddam Hussain was in a corner. The Prime Minister said it was important to understand there was no basis for negotiations with Saddam Hussain. The only issue was compliance with the United Nations Security Council Resolutions. Mr. Holkeri asked how long Iraq could survive sanctions. The Prime Minister said that was impossible to forecast. There was undoubtedly some leakage. There should be no question of regarding food as exempt from the sanctions. Mr. Holkeri said it would be most important that Israel should not intervene in the present situation. The Prime Minister agreed, adding that we must also renew efforts to make progress on the Palestinian problem.

#### European Community

Mr. Holkeri said that negotiations between the European Community and EFTA were very important for Finland. She hoped they would lead to an agreement as soon as possible and ideally before the Finnish elections next year. Finland was not an obstacle to the negotiations: Swiss were more a source of problems. He thought the European Economic Area was a realistic objective. It might be possible to go further later if the EC would accept enlargement. But public opinion in Finland was not yet ready to begin discussion of that.

The Prime Minister said that Finland would be getting a good deal from the EEA, without some of the penalties of the EC membership such as the CAP and a budgetary contribution. She thought it wise to go for this as the first step and then consider the options on EC membership. Mr. Holkeri said that there was some opposition even to Finland being part of the



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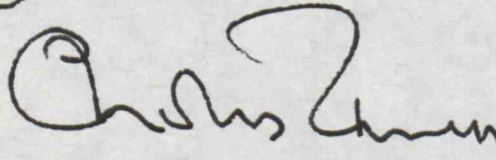
proposed EEA. He thought that the Left Alliance in Parliament would probably vote against it. In the longer term people still had reservations about the sort of measures which would be necessary to enable Finland to join the European Community. For instance there was a great reluctance to allow foreigners to buy land. But overall views were changing.

#### Baltic Republics

The Prime Minister asked whether Latvia, Lithuania and Estonia were viable as independent States. Mr. Holkeri was inclined to doubt whether they were. The Estonian President talked of paying any price for independence. But this overlooked how tightly enmeshed all three Republics were with the Soviet economy. He was personally sceptical whether they could detach themselves.

Mr. Holkeri said that the Russians were changing the basis of Finnish/Soviet trade, getting rid of the existing clearing system and going over to hard currency trading. But they had not yet worked out the consequences and there was still considerable uncertainty. Mr. Holkeri added that the next winter would be a major trial for the Russian people, perhaps the worst winter they had experienced since wartime.

I am copying this letter to John Gieve (H M Treasury), Simon Webb (Ministry of Defence), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

Yours sincerely,  


C. D. POWELL

J. S. Wall, Esq., L.V.O.,  
Foreign and Commonwealth Office





## Economy

80's - fast - growth.

Consumption spree. - 48% inc in  
purchasing power

2 pensions per ind. employee.

Renewable Trust - Environmental Waste

Third Industry - export.

Lead level -

Inter State - investments abroad - U.K.

Export - 50% to 25%.

Bank - 11%.

Costs have risen



Bargeman

- Let's go's

with B.R.

Same Van

- Ammerman -

Plus Gyrene

|| Sherry Interim

- Oil & Gas

80% - energy

50% - mechanics / front-end / shop

11 1/2 - 25%

Payments

for

work

Reconstruction

50%

50% cost

Contract

- Bond values

+ 8 operating



# EEA = EUROPEAN ECONOMIC AREA



## MEETING AT CONFEDERATION OF FINNISH INDUSTRIES

### Points to Make

Opening Statement (Press will be present for first 8-10 minutes and will want a quote or two.)

- Pleased, despite other preoccupations, to be in Finland.
- Good to meet so many distinguished businessmen, many with strong connections with Britain.
- Minds very much on events in Gulf now: instability and dangers to world economy.
- But Gulf cannot be allowed to dominate everything: will be interested to hear your views on changes in traditional trading patterns in Europe, East and West, and on Finland's (and EFTA's) negotiations with the Community for a EEA.
- As a former member of EFTA we wish you well in those negotiations.
- Important that Finland should be closely involved in building our new Europe.





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### Finnish Economy and European Integration

- Understand your Government now completing next year's budget; fully sympathetic with difficulty of dealing with overheated economy and rising inflation; situation in Gulf will not help on inflation.
- Also understand importance for Finnish industry of European integration.
- EFTA already benefits from industrial free trade with Community, but Single Market from 1993 points up importance of Four Freedoms.
- Finland and others will have to decide for themselves whether they are willing to pay the price: must be give and take; balanced agreement.
- Finland must decide for itself whether it wants EEA to be a stepping stone to full membership.
- Neutrality need not be an obstacle; concept is changing; we attach importance to European political cooperation but Ireland manages.
- Is "neutrality" becoming a codeword for "national identity" or "sovereignty"? Meaning of political union - one which accommodates separate traditions, institutions and nationhoods.
- In that sense Finland has nothing to fear; she has fully demonstrated ability to retain integrity and national character.





-3-

Soviet Union, Eastern Europe, Energy

- Unfortunate that greater competition for a smaller Soviet market has hit Finland so hard, but in the interests of us all that perestroika succeeds.
- In the meantime greatly value Finnish expertise in Soviet market and will encourage British firms to take advantage of it, particularly where joint ventures are concerned.
- Some of Eastern European countries in different category they have better industrial foundation on which to build.
- Look forward to more detailed discussion about energy issues and environmental policy this afternoon.





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### Anglo-Finnish Trade

- Visible trade still 2:1 in Finland's favour; understandable to some extent but irritating that British exporters do not try harder here.
- Would like to know why we sell at rate of £280 per capita to Sweden and only £180 per capita to Finland.
- President of CBI coming here next month; hope he will have suggestions to make.
- High air fares cannot help; in favour of freer competition on European routes.



CONFEDERATION OF FINNISH INDUSTRIES

HELSINKI

28.8.1990

THE FINNISH PARTICIPANTS  
The 29th of August 1990

Mr Casimir Ehrnrooth, Chairman and CEO,  
Kymmene Corporation; Chairman of Confederation  
of Finnish Industries

Mr Krister Ahlström, President and CEO,  
Ahlstrom Group; Chairman of Finnish Employers'  
Confederation

Mr Carl G. Björnberg, President, Myllykoski Oy  
Mr Gustav von Hertzen, Chairman of the Board,  
Cultor Oy

Mr Jaakko Ihamuotila, President and CEO,  
Neste Oy

Mr Christoffer Taxell, President and CEO,  
Partek Oy

Mr Pertti Voutilainen, Chairman and CEO,  
Outokumpu Oy

Mr Simo Vuorilehto, Chairman and CEO,  
Nokia Corporation

Mr Thomas Nystén, Chairman of the  
Finnish-British Trade Association

Mr Jonas Borup, Managing Director,  
Oy Lahden Lasitehdas - Lahtis Glasbruk Ab  
Mr Heikki Timonen, Managing Director,  
Machinery Oy

Mr Ilkka Suominen, Minister of Trade and Industry

Mr Timo Relander, Director General,  
Confederation of Finnish Industries

Mr Tapani Kahri, Director General,  
Finnish Employers' Confederation

Mr Johannes Koroma, Deputy Director General,  
Confederation of Finnish Industries +  
Finnish Employers' Confederation

Mr Erik Forsman, Director,  
Confederation of Finnish Industries

Mr Esa Tommila, Director,  
Confederation of Finnish Industries



The Sky Woman  
tried to ask

questions about it

Gull & got squashed!

She is v. persistent and tends  
to get away with it because  
of her pretty face



CONFEDERATION OF FINNISH INDUSTRIES

HELSINKI

28.8.1990

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The 29th of August 1990

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Neste Oy  
Mr Christoffer Taxell, President and CEO,  
Partek Oy  
Mr Pertti Voutilainen, Chairman and CEO,  
Outokumpu Oy  
Mr Simo Vuorilehto, Chairman and CEO,  
Nokia Corporation

Mr Thomas Nystén, Chairman of the  
Finnish-British Trade Association

Mr Jonas Borup, Managing Director,  
Oy Lahden Lasitehdas - Lahtis Glasbruk Ab  
Mr Heikki Timonen, Managing Director,  
Machinery Oy

Mr Ilkka Suominen, Minister of Trade and Industry

Mr Timo Relander, Director General,  
Confederation of Finnish Industries

Mr Tapani Kahri, Director General,  
Finnish Employers' Confederation  
Mr Johannes Koroma, Deputy Director General,  
Confederation of Finnish Industries +  
Finnish Employers' Confederation  
Mr Erik Forsman, Director,  
Confederation of Finnish Industries  
Mr Esa Tommila, Director,  
Confederation of Finnish Industries

FORSMAN VON HERTZEN VOUTILAINEN AHLSTRÖM IHAMUOTILA EHRNROOTH NYSTEN VUORILEHTO BJÖRNBERG RELANDER  
Chairman

TAXELL  
SUOMINEN  
KOROMA

L.C. - LEFPA

W/W - developments - neutral countries

Free + sovereign relations

KAHRI  
BORUP  
TIMONEN



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PRIME MINISTER

VISIT TO FINLAND

You are to visit Helsinki next week, primarily for the EDU meeting but combining it with a one-day official visit to Finland itself. It is, I think, the first time you have been to Finland.

You cannot see a great deal in a day. Your programme is anyway mostly taken up with meetings with the President, with the Prime Minister and with leading industrialists. You will take a brief walk through the market: and after lunch visit Finland's main oil refinery, to discuss environmental matters. You are also giving a press conference.

You have already met President Koivisto. He is a admirable man who started life as a docker and went on to become Governor of the Bank of Finland. But he is rather shy and taciturn and it is not easy to have a stimulating conversation with him. His English is first class, and so is that of Harri Holkeri, the Prime Minister. We had him on a visit here last November (and you met him previously at the IDU Conference in Tokyo). His main claim to distinction is that he is to be the first Conservative Prime Minister of Finland since the war, a considerable achievement given that the Soviet Union virtually blackballed Conservatives in Finland for forty years. His responsibilities are really only domestic affairs, with the President and Foreign Minister handling foreign policy. Although competent and personally liked, he is not thought to be doing a very good job and may be replaced soon (probably by the Minister for Trade and Industry, Ilkka Suominen, who you will meet). The Minister for the Environment, Mr. Barlund, will accompany you to the oil refinery: you will recall sitting next to him on the platform at the recent Ozone Layer conference in London.

The Finns are a pretty rum lot. Ostensibly like the other Scandinavians, they are in fact very different racially, spiritually, and historically. For centuries their rather extraordinary language, which virtually not a soul outside Finland speaks, cut them off from other people. Nowadays, they all speak English, often better than we do. From the 13th

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century to the Treaty of Tilsit they were serfs of the Swedes. And from 1809 until the Bolshevik Revolution they were a principality of Russia, achieving their independence in 1917.

*We could mention this point in the speech*  
They are thus a new nation in all but geography, and have quite a lot in common with the small states on the southern side of the Baltic. On the surface they are rather like the other Nordics: a bit smug and obsessed with the environment, unmarried mothers and aid to the third world. Underneath they are a darker, brooding people, who can drink horrendously and really hate the Russians (with whom they are forced to co-exist). During the Fifties, Sixties and early Seventies their country was a bit of a cold war battlefield, full of spooks and strange antennae, but also a window into the Soviet Union at a time when we did not have many. With the end of the cold war, they are probably pondering quite seriously about their neutrality and their relationship to the rest of Europe, in particular the EC. But they are a cautious and phlegmatic people, and unlikely to do anything unless the Swedes have done it first. Overall I think you will rather like them because they are a lot less stuffy than the Swedes (not difficult) and Norwegians.

I do not think it matters very much what you talk to them about. They will certainly want your view on what is happening in the Gulf (they are currently members of the UN Security Council and have been helpful). You could usefully ask President Koivisto for his assessment of what is happening in the Soviet Union and the Baltic states in particular. There is interest in and some anxiety about relations between the EC and EFTA. And the environment is probably the number one political issue. These matters are all covered in the attached briefing from the Foreign Office, although you are very familiar with the issues anyway.

I should just enjoy it. They will be pleased that you are there: primly shocked by some of your views: and your visit will be a great help to the Conservatives (known in Finnish as Kokoomus).

Tervetuloa Suomeen!

C. D. POWELL

23 August 1990

c:\foreign\visit (kk)



PRIME MINISTER

cc. Mr. Whittingdale

EDU

Just to say that I have spoken to Chancellor Kohl's office to convey your view that he ought if at all possible to attend the EDU meeting in Helsinki, even if only for a few hours. They were sceptical but promised to come back to me.

CDP

mt

C. D. POWELL

23 August 1990





ccp/ dc  
Foreign and Commonwealth Office

London SW1A 2AH

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22 August 1990

Dear Charles,

Prime Minister's Visit to Finland, 28-30 August

This will be the Prime Minister's first visit to Finland. The EDU meeting in Helsinki gives Mrs Thatcher the opportunity to take up Prime Minister Holkeri's invitation which he issued when they met in London last November during Mr Holkeri's official visit. Discussions which Mr Holkeri had at No 10, and Mr Maude's visit to Finland in June 1990 for the Anglo-Finnish Round Table, have underlined the absence of significant irritants in the bilateral relationship; but the Finns remain concerned over the environment.

The Prime Minister's visit comes at a good time. Finland's geographical position and historical experience make it a useful interlocutor on all matters relating to the Soviet Union and the Baltic area. The Finns are members of the United Nations Security Council until the end of this year and chair the Security Council Committee on Sanctions. According to Sir C Tickell they are handling this sensibly. Their thinking on Iraq/Kuwait is very much in line with ours.

The Finns are not proposing any formal agenda for the talks with President Koivisto and Prime Minister Holkeri. But they have told our Embassy that their interests will centre on our perceptions of the Gulf crisis, the future direction of EC/EFTA, Britain's ideas on CSCE and developments in Eastern Europe and the Soviet Union. The environment will also feature, although the Finns' aggressiveness about our performance may be diluted; Prime Minister Holkeri was horrified at the scale of Soviet pollution in the Kola peninsula which he visited recently. Pollution in the Baltic also worries the Finns.

/ I enclose personality notes on the key figures the Prime Minister will meet in Finland. We will be sending separately briefing on any late developments on Iraq/Kuwait of which the Prime Minister needs to be aware. HM Ambassador will send a scene-setting telegram on Thursday 30 August.

/Background

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### Background

Finland was formerly an autonomous part of the Russian empire wrested from the Swedes in 1809 during the Napoleonic Wars. She proclaimed independence in 1917 during the Russian Revolution. In an attempt to preserve their independence, the Finns twice fought against the Soviet Union (in the Winter War of 1939/40 and alongside Nazi Germany in the Continuation War of 1941). In 1948, Finland signed a Treaty of Friendship, Cooperation and Mutual Assistance with the USSR. It would be a mistake to regard the terms of this treaty as an indication in some way of Finnish subservience to the Soviet Union. The Finns regard the term "Finlandisation" and the subservience it implies as offensive and were glad when President Gorbachev clearly endorsed Finland's neutrality during his visit in October 1989. Preservation of her independence and strict neutrality have long been cornerstones of Finnish foreign policy although the Finns are pragmatic in its application. Finland joined the United Nations and the Nordic Council in 1955 and became a full member of EFTA in 1985. In May 1989 Finland became the last of the then eligible European pluralist democracies to join the Council of Europe.

### Finland Internal

In the 1987 general election the combined non-Socialist parties gained a Parliamentary majority for the first time since 1945, although the Social Democrats remained the largest single party. Mr Holkeri, a leading member of the Kokoomus or Conservative Party (but not an MP), formed a coalition of the Conservative, SDP, Swedish Peoples' and Rural Parties. Politics in Finland is still very much governed by consensus, and is therefore more about personalities than policy differences. This government, the first since 1966 to include Conservatives, commands 131 out of 200 seats in the single chamber parliament (Eduskunta). The next general election is due in spring 1991 when environmental issues will feature prominently.

The coalition government took the best part of a year to settle down but now seem well in harness. Prime Minister Holkeri, however, is widely regarded in Finnish political circles as little more than a competent managing director, and there is a growing tendency in his party to regard him as a liability and to blame him for the Conservatives' failure to catch the other two major parties (the SDP and the Centre Party) in the opinion polls. Mr Holkeri may not survive as

/Prime

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Prime Minister beyond the next election. A likely successor could be the current Party Chairman and Minister for Trade and Industry, Ilkka Suominen. Holkeri remains the Conservative Presidential candidate, at least until the party conference in June 1991. The Presidential election is due to be held in 1994.

### The Economy

Apart from extensive forests (70% of Finland's land area) and large reserves of copper ore, Finland has few natural resources. Her economy is traditionally timber-based, but she also exports a variety of semi-manufactures such as steel, ferro alloys, chemicals and petro-chemicals. Finnish design in fashion, householdware and textiles has a high international reputation. The Finns like to point to the OECD's Main Economic Indicators (February 1990) in which they rank second (behind the Swiss), in terms of income per capita, of the world's developed nations. Even though an overvalued Finnish Mark contributed to this rather surprising ranking, incomes and prices are high. (The UK ranks No 18 in the same league table.)

The Finnish economy enjoyed an investment-led boom in 1988. Output growth could not keep pace with the increase in private consumption. The excess demand for goods led to a surge in imports and increased inflation. The government had run a current account deficit throughout the 1980s, but have now acted to cool the economy, keeping interest rates high, cutting the fiscal deficit, and dampening down wage increases, while leaving investment growth strong.

The outlook for the Finnish economy in 1990 is uncertain and depends on the impact of the government's fiscal and monetary policies. Interest rates currently lie around 16%. The Finnish Mark was allowed to float upwards in March 1989. The government imposed a comprehensive two year incomes policy earlier this year. Nonetheless, the consensus style politics still practised in Finland is unsuited to taking hard and unpopular decisions. With only one budget left before the general election, the government will be sorely tempted to play down the problems.

### BILATERAL ISSUES

#### The Environment

The Finns are concerned about air and marine pollution of the Baltic Sea region by the industries of Estonia. They have also in the past been critical of pollution caused by UK

/industry





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industry, notably sulphur dioxide (SO<sup>2</sup>) emissions which cause acid rain over Scandinavia and Finland.

The UK has initiated a substantial programme of action (the second largest in Europe) to ensure that polluting emissions continue to fall significantly as they have in recent years. Under the EC large combustion plant directive, Britain's SO<sup>2</sup> emissions from existing plants will need to be reduced by 20% of 1980 levels by 1993, 40% by 1998, and 60% by 2003. The Directive does not stipulate the means by which the reductions must be achieved. We intend to use a combination of Flue Gas Desulphurisation (FGD) (8 GW) and other means, including switching to low sulphur fuels such as gas.

The mix of measures now proposed will also be more environmentally beneficial since they will also reduce emissions of carbon dioxide, one of the main greenhouse gases. The UK's slightly lower targets under the directive take into account the UK's considerable reduction in emissions prior to the base date (1980) chosen for those targets.

The Prime Minister might wish to emphasise:

- the UK is fully committed to the EC directive on Large Combustion Plants and consequent reductions in SO<sup>2</sup> emissions, the main cause of acid rain.
- SO<sup>2</sup> emissions down substantially (about 24%) since 1980.
- Government has spent over £30 million in the last 10 years on acid rain related research.
- Current expenditure on air pollution research is £7 million per annum.
- Government is equally committed to protection of the marine environment, and are strong supporters of the North Sea Conference process.
- On climate change, the UK is prepared to set itself the very demanding target of reducing carbon dioxide emissions by up to 30% of presently projected levels of emissions by the year 2005, (ie by 2005 our emissions would be cut to 1990 levels). A wider international effort is necessary.
- Given the nature of our industrial base and power generation arrangements, ours is nonetheless a tough objective. The UK target is based on a thorough study. We believe it is achievable. It is not clear whether other countries with more ambitious targets have undertaken the same sort of studies.

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- On the ozone layer, we welcome the adjustment of the provisions of the Montreal Protocol, and the tougher control measures to phase out CFCs and halons by the year 2000. We believe even earlier phase out dates are both desirable and possible. We shall encourage the EC Commission to achieve this within the Community.

The Prime Minister may wish to commend the work of Mr Ristimäki, Finnish Chairman of the Montreal Protocol Bureau during the London meeting and the efforts of the Finnish delegation to promote a successful conclusion to the meeting.

The Finns may raise the question of the Arctic environment. In 1989, a welcome Finnish initiative on the protection of the Arctic environment resulted in a meeting at Rovaniemi in Arctic Finland the aim of which was the adoption of a wide-ranging convention on Arctic protection. All the circumpolar countries (Finland, USSR, USA, Canada, Sweden, Norway, Denmark and Iceland) were represented. A further meeting in the Rovaniemi process was held at Yellowknife, Canada, in April 1990 to which the UK, FRG, Poland and the Inuit Circumpolar Conference were invited for the first time as observers. The UK, together with FRG, France and the Netherlands, have extensive arctic research interests and are keen to be involved in this initiative. All except the Netherlands have now been invited as observers to a second preparatory meeting in Sweden in early 1991. We want the Netherlands to take part.

Anglo-Finnish Trade

Finland and the UK enjoy close trading relations. Trade in both directions has steadily increased over the past three years. UK imports from Finland (£1.9bn in 1989) have for some time outstripped our exports to Finland (£926m in 1989), due mainly to the large quantities of paper and paper related products which Finland supplies (45.1% of UK imports from Finland in 1989). Since 1988, UK exports to Finland have risen steadily while imports from Finland fell. We buy paper and wood products. We sell computers, chemicals and transport equipment.

The UK market share has stayed at 6%-7% over the last few years. We lie 5th in the Finnish imports table, behind West Germany, Sweden, the USSR and Japan. As Fenno-Soviet trade has decreased, Germany, Sweden and more recently Japan have all increased their market shares.

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The Prime Minister will wish to know that the President of the CBI, Sir Brian Corby, is visiting Finland 12-14 September with a small group of British businessmen for talks on prospects for EC/EFTA co-operation and Anglo-Finnish trade.

UK/Finland Air Services

A bilateral Air Services Agreement of 1965 allows the national airlines of the UK and Finland alone to serve the London-Helsinki route. The Finns did not reject out of hand proposals put forward by the Department of Transport in December 1988 to liberalise air services but no progress was made. There have been no moves since. The Prime Minister might like to confirm to the Finns that we are keen to see the liberalisation of air services between the UK and Finland.

New Embassy Building

The Embassy staff are currently moving into a new Embassy building. It houses all the Embassy offices and some amenity facilities. It was designed in outline by FCO's architects and developed in detail by major Finnish architectural and engineering consultancy firms. Although approved by the City Council of the day, demolition of the late 19th Century house which occupied the site has since given rise to occasional local criticism.

INTERNATIONAL ISSUES

USSR

The Finns take a close interest in developments in the Soviet Union, and particularly in the Baltic Republics. There are strong links with Estonia, whose citizens visit Finland in their thousands. The Prime Minister might discuss the most recent internal developments in the Soviet Union, and the implications for its relations with the West. The Finns are likely to be particularly concerned over economic prospects, given the importance to them of trade with the Soviet Union. Recent Soviet proposals to run down the bilateral clearing agreement are likely to lead to a further loss in the Finnish market share, compounded by Soviet hard currency problems. The Finns also take a keen interest in environmental issues in the Baltic region, and have made a number of proposals aimed at helping to clean up Soviet industry in the region.

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The Prime Minister might draw on the following points:

Soviet Internal

- Gorbachev now has urgent agenda: to grip economic reform; to build political consensus; to establish a new relationship with the republics; to strengthen the machinery of government (filling the vacuum left by the party); and to regain public confidence.

- Decisive element is economy. Recession worsening; inflation increasing. Rouble effectively valueless. System of central planning in disarray, but still long way from viable market. Further decline inevitable before genuine reform in place and working. Real hardship in Soviet Union cannot be excluded. Encouraging, however, that Gorbachev and Yeltsin have agreed to work together.

- Probability of increased difficulties with nationalities/Republics. Further interethnic problems likely in Transcaucasus and Central Asia. Impossible to predict shape of USSR even 2-3 years ahead.

Baltic States

- Welcome increased willingness of disputing parties to negotiate. Hope experienced and imaginative negotiators will be chosen by all parties. But under no illusions about negotiations - will be protracted and probably acrimonious.

- Finnish views of situation in Baltics? Latest developments in Estonia? Significance of Soviet reactions to latest Estonian declaration on sovereignty?

Implications for West

- Continues to be in our interest to do what we can to contribute to success of Soviet reform. Welcome EC and Houston decisions to look hard at how West can best help. General agreement that expertise, not cash, what is needed: must think carefully about what kind of expertise we should be providing and to whom.

- In all our interests that Soviet reform process - political and economic - should succeed. Stable, prosperous, democratic Soviet Union would be best possible guarantee both of peace and stability in Europe and of no return to old, expansionist global policy. Soviet response to Iraqi invasion of Kuwait a clear demonstration of how much things have changed.

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### Hijackings from USSR

In the past few months five Aeroflot airliners have been hijacked from the USSR; three to Sweden and two to Finland. Finland decided on 24 July to allow the extradition to the USSR of the first of the two Russian hijackers held in Helsinki. (Sweden had earlier agreed to the extradition of a Russian hijacker.)

The Prime Minister may wish to say that the British Government condemns hijacking in all circumstances and welcomes the Finnish decision.

### Eastern Europe

In Eastern Europe the Finns' main concerns are their close relations with Hungary (based on ethnic/linguistic ties) and environmental damage to the Baltic (focus for their assistance). It is not clear how far the Finns are involved in the embryonic "northern" grouping (Nordics, Poland, Czechoslovakia) intended to counterbalance the "Pentagonale" group for regional cooperation in South-Central Europe (Italy, Austria, Yugoslavia, Hungary, Czechoslovakia).

The Gulf crisis has badly hit the weak East European economies: through loss of markets, higher oil prices and loss of Iraqi oil supplies intended to recoup part of Iraq's substantial debt to the region (around \$2 billion, much of it to Bulgaria). The temptation to evade sanctions must be strong. The Prime Minister might emphasise to the Finns the need for all countries to help stiffen East European resolve.

### Nordic Security

The Prime Minister might comment that the CFE Treaty will bring about greater stability and security for all countries in Europe. We have had the neutral countries' interests in mind in the course of the negotiations.

Finland supports the establishment of a Nordic Nuclear Weapon-Free Zone and is part of the Nordic Working Group examining proposals for such a zone. If asked for our view of an NNWFZ, the Prime Minister could say we do not believe an NNWFZ would enhance security in the region. The zone could still be targeted by weapons based outside and mobile systems could easily be moved back at a time of tension.

/Germany

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Germany

The economic crisis in the GDR since GEMU led Prime Minister de Maizière to call for October unification and elections. The SPD blocked efforts to bring the elections forward, expecting their electoral prospects to improve as the costs of unification become clearer. All-German elections are thus now fixed for 2 December. Unification, however, is likely to take place on 14 October or late September/early October. The 2+4 process is on schedule to reach agreement at the Moscow Ministerial on 12 September. The timetable for both 2+4 and 1+3 issues is tight but manageable. The Prime Minister might like to say:

- Aim remains to complete external and internal aspects of German unification in the same timeframe. Soviet acceptance of a united Germany in NATO - the best, most stabilising outcome - means that we should be able to achieve this.

- We are working closely with the Germans about the implications of the new timetable for unification: tight, but manageable.

CSCE

Officials are preparing for the November CSCE Summit in Paris. An agenda for the Summit has been agreed. A list of elements for a final document (drawing in the main from ideas of the 12 and 16) will form the focus for detailed drafting work in the Committee's autumn session.

Our objectives for the Summit are broadly shared by the Finns: it should further common goals of democracy (free elections, rule of law), prosperity (giving further impetus to market-oriented economic principles), stability (conciliation machinery, linkage with CFE signature), and environmental protection.

On the wider issue of CSCE's future, we envisage a new rhythm of political consultations among the 35 at ministerial and official level. CSCE's activities should be serviced by a small Secretariat; we also favour a mechanism to monitor elections, a Centre for the Prevention of Conflict, and a Parliamentary body, based on the Council of Europe's Parliamentary Assembly.

The Finns would like a future Secretariat to be in Helsinki. But there are other candidates. We could accept Helsinki, but cannot offer full support at this stage. If

/there

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there is no consensus on this point at the Summit, we envisage Helsinki serving as the interim site of a CSCE Secretariat, pending a final decision at the Helsinki Follow-up Meeting in 1992 (on the 75th anniversary of Finnish independence).

GATT

The Prime Minister might emphasise the importance of a successful outcome to the GATT Uruguay Round. Finland works in a group with the other Nordic countries. They generally take a helpful position, close to the EC. However, they are more protectionist on agriculture and have strict import barriers, which permit heavy agricultural support, mainly through high prices paid by consumers. This policy in part reflects concern to prevent depopulation of rural areas in the North. The Prime Minister might argue that, while we recognise Finland's concerns about social consequences of agricultural reform, trade distorting policies must be reformed if the Round is to succeed. If Finland has non-economic objectives for supporting farmers, she should do so by non-trade distorting means. We will be arguing for a liberal Community position in the final critical stages of the Round.

EC/EFTA

The Prime Minister may also wish to underline the importance we attach to early progress in EC/EFTA negotiations, an objective wholeheartedly shared by the Finns, who do not consider EC membership to be a serious option for the present. The Confederation of Finnish Industry and the Finnish-British Trade Association are more in favour of eventual full membership than are the Prime Minister or President. All are concerned about the implications of some vague form of political union and look to Britain to keep Community feet firmly on the ground. They view the European Economic Area as a logical development in European integration, but if the agreement is not ready for Finnish Parliamentary approval before the current session ends in Spring 1991, a difficult five-sixths majority will be needed if its ratification is not to be delayed until after the next Finnish elections due in 1995.

MIDDLE EAST

Arab/Israel/Occupied Territories

Discussions on the Gulf crisis could widen to include the Arab/Israel question. There are no prospects for early progress in the peace process. Iraq's attack on Kuwait has

/diverted

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diverted attention from the Palestinian question, and the PLO's failure to condemn Iraqi aggression has diminished their credibility. The pressure is for the moment off Israel. The focus of attention in Israel has switched to the chances of confrontation with Iraq, which could be heightened by any break-down in Jordan. Soviet emigration is an issue of particular concern to the Finns, following their decision on 3 July to allow weekly direct flights of Soviet Jews to Israel on condition that the immigrants should not go to settlements in the Occupied Territories.

Points the Prime Minister might make:

- It has become even more difficult to persuade the Israelis to enter a dialogue with the Palestinians. But failure to solve the Palestinian problem is a prime cause of radicalisation in the region (and helps to explain popular Arab support for Saddam Hussein).
- Need to monitor settlement of Soviet Jews in Occupied Territories, particularly East Jerusalem.

*Yours ever,*

*Anthony D. Gass*

*for* (S L Gass)  
Private Secretary

C D Powell Esq  
10 Downing Street

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MR (GEORGE) PEEL SMITH CMG

HM Ambassador Helsinki since November 1989

Born: 12 July 1936

Educated: King Edward VII Grammar School, Sheffield  
(1947-53)

Entered Foreign Service through the 1953 Open Executive  
Competition

Career

|                |                                                                      |
|----------------|----------------------------------------------------------------------|
| 1953-56        | Foreign Office (Archives)                                            |
| 1954-56        | National Service (Royal Air Force)                                   |
| 1958           | Rangoon (Archivist, later Commercial<br>Attaché)                     |
| 1961           | Berne (Commercial Assistant)                                         |
| 1964           | Berne (Second Secretary, Commercial) on<br>promotion                 |
| 1965           | DSAO (E and O Department)                                            |
| 1966           | Successful in Limited Competition for<br>Branch A                    |
| 1966           | CRO (Western Economic Department - Second,<br>later First Secretary) |
| 1969           | BMG Berlin (First Secretary)                                         |
| 1973           | FCO (Assistant Head of EID(I))                                       |
| 1974           | FCO (Assistant Head of North American<br>Department)                 |
| 1977           | Helsinki (Counsellor, Commercial) - on<br>promotion                  |
| 1980           | Zurich (HM C/G and Commercial Counsellor)                            |
| 1985           | FCO (Head of Trade Relations and Export<br>Department)               |
| 1988           | Annual RCDS Course                                                   |
| 1989 (Feb-May) | Moscow (Temporary Duty)                                              |

Married: 1956 - Elvi (Vappu) Hamalainen

Children: One daughter (1957)  
One son (1969)



KOIVISTO, MAUNO HENRIK



President of Finland.

Born 1923. A largely self-educated man. Worked as a carpenter and then as a docker. A Social Democrat.

Minister of Finance 1966-67. Governor of Finland of the International Monetary Fund 1970-79. Governor of the Bank of Finland, 1967-82 (with leave of absence while holding Ministerial office).

Prime Minister (Centre-Left coalition) 1968-70. Minister of Finance in the Paasio minority government of 1972. Prime Minister 1979-82.

Often criticised for indecisiveness. Refusal to resign in April 1981, in the face of rumoured Presidential wishes was hailed as a watershed in Finnish political history and increased his popularity even more. Has a solid reputation for honesty.

Elected President in January 1982 and re-elected in January 1988. Aims to increase the power of Parliament at the expense of that of the Presidency.

Reputed not to enjoy the ceremonial aspects of the Presidency. Personally rather shy.

Koivisto has paid several official visits to the Soviet Union and to Finland's Nordic neighbours plus a State Visit to France, the FRG and Holland, and an official visit to the United States. Paid an official visit to the United Kingdom, as a guest of HMG, in November 1984 with his wife.

Speaks good English. His wife, Tellervo, a former Social Democratic MP and a former member of the Helsinki City Council, is a popular First Lady. One daughter. Her husband has been implicated in shady business deals.





HOLKERI, HARRI HERMANNI

Prime Minister. Chairman of Kokoomus (National Coalition or Conservative) Party.

Born 1937, the son of a policeman. Party Chairman 1971-79. Helsinki City Councillor since 1969 and Chairman since 1981. MP 1970-78. On Board of Bank of Finland 1978-87.

Steered the party through a difficult time and left the Chairmanship in June 1979 with his stock running very high. A liberal, Bow-group type of Conservative. Conservatives' Presidential candidate in January 1982, running second to Koivisto. Disappointed to run third in January 1988 Presidential election.

Appointed Prime Minister following the March 1986 general election, as head of Finland's first "blue-red" (Kokoomus-SDP) coalition. Alienated some of the more traditional elements of his own party.

Has not shone as Prime Minister. Appeared weak over labour questions and has not given the impression of knowing where he wants to lead the country.

Smooth and charming but lacking in both gravitas and sense of humour.

Married with two children. He and his quiet wife both speak excellent English.





BÄRLAND, KAJ-OLE JOHANNES

Minister of the Environment since 1987.

Born 1945. Worked successively as an editor in the State Broadcasting Company, 1967-71, as Information Secretary of the largest union, SAK, 1971-72, and in the Ministry of Justice, 1972-79, while pursuing his studies in economics at Helsinki University. MP since 1979.

A Swedish-speaking Social Democrat. Leader of the Swedish-speaking trade union movement, and active in the Nordic Council. Formerly an unbending leftist, who wrote a book opposing Finland's Trade agreement with the EC in the early 1970s.

The increasing importance of his portfolio has raised his political profile. He hosted the Vienna Convention/Montreal Protocol Meetings in Helsinki on the ozone layer in 1989. He attended the London Ozone Conference in 1990.

Married with two children. A keen tennis player.



**RUTANEN, PASI**

Foreign Affairs Advisers to Prime Minister Holkeri since June 1989. (Will accompany Mrs Thatcher during the programme.)

Born 1936. A career diplomat. Former Assistant Head of Development Cooperation wing of Ministry of Foreign Affairs. Previously Minister Counsellor in Washington.





**MÄKELÄINEN, EVA-CHRISTINA**

Chief of Protocol, Ministry of Foreign Affairs since January 1990.

Born 1935. Former Finnish Ambassador to Denmark.

Bright, lively and efficient.





EHRNROOTH, GÖRAN ALBERT CASIMIR

President of the Confederation of Finnish Industry (CFI) since 1987. Chairman and Chief Executive of Kymmene Oy.

Born 1931. Studied at New York University 1948-49 as a lawyer. Master-minded the sale of Strömberg to ASEA (Sweden) and the Kymmene decision to establish a papermill in Scotland. Now one of the most influential figures in Finland and a member of one of the most powerful families in Finnish business life. He is a traditional Conservative and a good friend of Prime Minister Holkeri.

Married, for the second time, with four children in all. Enjoys fishing.

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IHAMUOTILA, JAAKKO VEIKKO ARTTURI

Chairman and Chief Executive of Neste (the State Oil Company) since January 1980.

Born 1939. Graduate engineer. Became assistant director in charge of long-ranging planning and development in state-controlled engineering firm Valmet 1970, Planning Director 1972 and Managing Director from 1973-79. Member of the American Nuclear Society.

Considerable charm, though somewhat elusive. A heavyweight figure on the industrial scene.

A delightful wife and three children. Good English.



**KLENBERG, JAN GOTTFRID**

Admiral. Commander-in-Chief of Finnish Defence Forces.

Born 1931. Fellows Programme Harvard University 1966-67. Permanent Secretary of Parliamentary Defence Committee, 1974-76. Promoted to Rear Admiral as Adjutant General in June 1978 - a first for the Navy in that post, emphasising the Defence Forces concept. Promoted to Vice-Admiral in December 1981 as C-in-C of the Navy. In 1983 became first naval officer to be appointed Chief of GHQ.

His reputation in the Defence Forces is very high. Has published a number of books. An expert on management science and business studies. Visited the UK in May 1983. He and his wife both speak excellent English.





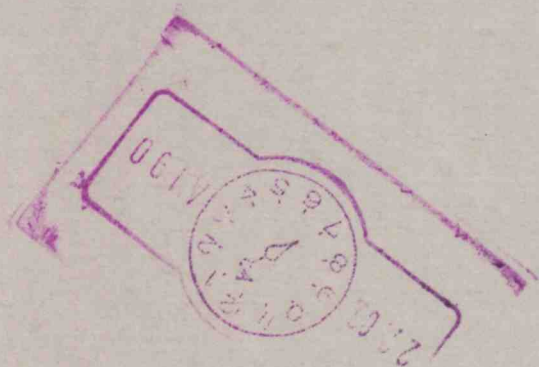
RELANDER, TIMO EERO OSKAR

Managing Director, Confederation of Finnish Industries,  
since 1983.

Born 1941. Studied political science at Helsinki University  
before joining the Ministry of Finance, where he rose to  
Head of Department before leaving for the CFI in 1980.

Married with three children. Paid COI sponsored visit to UK  
in 1986. Enjoys sport, especially skiing and fishing.





FILE KK  
SIR PERCY CRADOCK  
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EUROPEAN DEMOCRATIC UNION

The Prime Minister is attending a meeting of the European Democratic Union - a group of European Conservative parties - in Helsinki at the end of the month. She is to take part in a debate on the theme of "The New European Security Order". A paper has been prepared for the Conference which I attach: it is not a masterpiece.

I want to leave the Prime Minister a draft for her own remarks before I go away. I attach my first shot and would be very grateful for any improvements you could let me have in the course of tomorrow.

C. D. POWELL

13 August 1990

c:\foreign\edu (kk)



PERSONAL

FILE DSG

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PRIME MINISTER

EDU CONFERENCE, HELSINKI

You are due to attend the morning session of the EDU Conference in Helsinki on 30 August. The agenda item that morning is 'The New European Security Order'. I attach the main papers for discussion, which have apparently been written under the supervision of Geoffrey Pattie and Keith Simpson. I am not convinced they address the real problems.

You will need to speak, indeed I would hope you would lead off. The Party will need some sort of text from which to brief the press afterwards.

I have drafted the attached speaking note. There is time in the diary to finalise a text in the day or two before you depart for Helsinki (evening of 28 August).

Charles Powell

13 August 1990

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PERSONAL



# Japan in a Global Economy

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## A European Perspective

CM

*A Conference at the  
Stockholm School of Economics  
5 - 6 September 1991*

Japan has today emerged as a major economic power. Its development has far-reaching consequences for the country itself as well as for the rest of the world. The Japanese economic success is also held out as an example for Western countries. Some of the fundamental questions addressed at this Conference are: to what extent Japanese institutional arrangements conform to Western models, and to what extent Japanese economic and business patterns are emulated in the West.

The Conference is divided into three major sections: a **policy-oriented** section will cover broad issues of interest to the general public, and two academic sessions will deal with issues in **economics** and **business**. Leading politicians, policy-makers, representatives of business and academics will be participating. In addition to leading names in Japan, the European Community, Sweden and other Scandinavian countries, there will also be participants from the United States, the Soviet Union and newly industrialized economies.

Among the fields covered in the Conference will be; firm organization, employment and training, industry and finance, and the international interaction between firms. For further information on the Conference, contact Ms Anna Wikström tel. 08-736 92 62 (from late August), or Dr Thomas Andersson, Conference Coordinator, tel. 08-736 92 59 (from early August).



STOCKHOLM SCHOOL  
OF ECONOMICS



August 9, 1990  
Staffan Burenstam Linder

The Stockholm School of Economics - The Institute of Japanese Studies - The conference "Japan in a Global Economy: A European Perspective".

The Stockholm School of Economics is a private University - the only in Sweden and one of the few in Europe. The School was founded in 1909 by leading business people and it has always enjoyed close relationships with Swedish business life. It has an important network of alumni.

The School has an endowment of almost £100 m. Under a civil law contract the Govt contributes an annual grant covering ten per cent of the budget. In return the School has undertaken not to charge tuition in its major bachelor and master program.

Since some years active work has progressed on the setting up of an Institute of Japanese Studies at the School. In Europe there are few, if any, high powered such institutes standing comparison with what the major U.S. universities have.

Trade and investment relations between Japan and East Asia, on the one hand, and Europe on the other are underdeveloped compared to the contacts between the U.S. and East Asia. This is a weakness which should be corrected both to take advantage of the new opportunities and to master the new challenges. An Institute should serve this purpose. The activities of the Institute will be European and not just Swedish. The ambition is to help to improve knowledge in Europe about Japan and an understanding in Japan about Europe.

An endowment of some £5 m. has been raised in Sweden for this project (of which the Swedish Government has contributed £1 m.). A fund raising committee in Japan has promised to raise over a five year period another £5 m.

A conference "Japan in a Global Economy: A European Perspective" to be held September 4-6 1991 at the Stockholm School of Economics will address what is perhaps the major strategy question in a new world no longer dominated by the post-War East-West struggle.

The conference will, it is hoped, mark the beginning of the activities of the Institute of Japanese Studies at the Stockholm School of Economics.



MEETING WITH VALENTIN FALIN  
19th June 1990

After information of the EDU Steering Committee I visited Valentin Falin on the latter's request during my visit to Moscow on 19th of June. Mr. Falin had reserved the whole morning for that talk.

Mr. Falin analysed the situation in the world, and emphasised the need for co-operation among the positive forces in the world, i.e. the European Democrat Union on the one side, and his - allegedly totally changing - communist party. He indicated that after the party convention on 2nd of July, the Soviet Communist Party will no longer be what it was. Democratic centralism, the remainders of Stalinism, all the orthodoxy, almost all the Marxist philosophy will have gone. The party will be a modern democratic socially minded party. The old party structures will also be changed. It will be henceforth a democratic structure, the Secretary General will be simply called First Secretary or Secretary, there will be a party presidium like in other democratic parties in the world, no polit-bureau and so on and so forth. As regards the developments in the Soviet Union, Mr. Falin recognized difficulties, but said that a good structure will develop over the years to come.

Mr. Falin stressed that time has now come to establish more confidence between East and West. The Soviet Union will be a solid partner, the word will be kept. Ideologies lose importance. We should treat each other like normal and sane people - and Falin quoted on several occasions the Bible and Jesus Christ ..... On the other hand he stressed, that in case that the rights of the Soviet Union would be neglected, General Gromov would immediately take power. He would make "order" and that would create total chaos. He then stressed that the Soviet Union was for the unification of Germany. He only asked in this context, why nuclear weapons should be stationed in Germany and stressed their main concern: the German territory should not be the source of a new conflict or a new war.

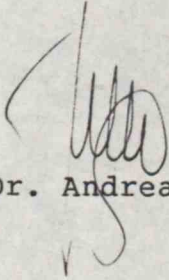
I replied along the lines of our EDU policy papers.

As regards the relationship of the Soviet Communist Party and EDU, I indicated that the situation had changed. The paper, which we had drafted last year was overtaken by events and that the Steering Committee has sent me here to listen.



Mr. Falin said that he would propose a working group for contacts with the EDU, to meet after the party convention on 2nd of July in Vienna. The subject would be the discussion of the European peace order and the European architecture, and he would suggest to come after the Party Leaders' Conference in September to Vienna, in order to discuss these questions with a respective delegation.

I indicated that I would inform my masters and that he would hear from me after the Helsinki conference.



Dr. Andreas Khol



Antall

Some danger still exists

Agnar

Drugs, rise in fundamentalism in the  
Maghreb. Illegal immigration possibly to Spain

Schluttes

UN working as intended (at least)

Chirac

Control on arms sales!

# Grey Scale #13



**A** 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19

