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TO IMMEDIATE FCO

TELEGRAM NUMBER 79 OF 23 JANUARY

INFO PRIORITY PARIS

INFO ROUTINE UKDEL NATO, MOSCOW, WASHINGTON

*Prime Minister**Worth reading in full.**ms*

YOUR TELEGRAM NO.39 TO PARIS: ATTITUDES TO AFGHANISTAN

1. GENSCHER IS REPORTING TO THE FEDERAL CABINET TODAY ON HIS VISIT TO WASHINGTON. I WILL REPORT AS SOON AS POSSIBLE ON THE OUTCOME AND ON ANY CONSEQUENT CHANGES IN THE GERMAN ATTITUDE. THERE IS ALREADY A MARKED DIFFERENCE OF TONE ON THE LINE THE FOREIGN MINISTRY IS PEDDLING FOR PUBLIC CONSUMPTION - THAT ALL IS SWEETNESS AND LIGHT - AND ON THE MOOD IN THE AMERICAN EMBASSY HERE, WHICH APPROACHES ANGER. MEANWHILE THE STATE OF GERMAN THINKING REMAINS BROADLY AS DESCRIBED IN MY TELEGRAM NO.71.
2. GERMAN PERCEPTIONS OF THE NATURE AND SERIOUSNESS OF THE AFGHANISTAN CRISIS HAVE DEVELOPED SIGNIFICANTLY SINCE THE NEWS OF THE SOVIET INVASION FIRST BROKE. THE CRUCIAL GERMAN INTEREST IN MAINTAINING A STABLE RELATIONSHIP WITH THE SOVIET UNION (AND WITH THE GDR): THE TIMING OF THE INVASION OVER CHRISTMAS: THE ABSENCE OF SCHMIDT ON HOLIDAY IN MAJORCA: - SEEM AT FIRST TO HAVE LED THEM TO HOPE THAT THE CRISIS COULD BE CONTAINED AND NEED NOT NECESSARILY HAVE MORE THAN A GLANCING IMPACT ON EAST/WEST RELATIONS IN EUROPE, AND THAT MONEY FOR TURKEY AND PAKISTAN WOULD BE A SUFFICIENT GERMAN RESPONSE. HENCE THE CAUTIOUS TONE OF CHANCELLOR SCHMIDT'S NEW YEAR MESSAGE (THE FINAL VERSION OF WHICH WAS RECORDED ON 28 DECEMBER), / HIS DECISION NOT TO CUT SHORT HIS HOLIDAY, TO PROCEED TO MADRID AND TO LOOK IN ON GISCARD ON HIS WAY BACK. ONCE THE CHANCELLOR GOT BACK TO BONN HOWEVER THE FULL SERIOUSNESS OF THE SOVIET MOVE AND THE STRENGTH OF WESTERN AND THIRD WORLD REACTIONS TO IT HAD SUNK IN. SINCE THEN THE FEDERAL GOVERNMENT HAVE BEEN ACUTELY TORN BETWEEN THEIR RECOGNITION ON THE ONE HAND OF THE PARAMOUNT NEED TO BACK THE UNITED STATES AND PARTICIPATE IN A CO-ORDINATED AND EFFECTIVE WESTERN RESPONSE TO SOVIET AGGRESSION AND, ON THE /OTHER

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OTHER HAND, THEIR EXTREME RELUCTANCE TO PUT FRG/SOVIET RELATIONS DIRECTLY AT RISK WITH ALL THE CONSEQUENCES WHICH THAT MIGHT HAVE FOR PROGRESS IN INNER-GERMAN RELATIONS AND STABILITY IN BERLIN. MOREOVER 14 PER CENT OF WEST GERMAN SUPPLIES OF NATURAL GAS COMES FROM THE SOVIET UNION, 38 PER CENT OF THE ENRICHED URANIUM USED IN THE FRG IS PROCESSED UNDER CONTRACT IN THE USSR. THE WEST GERMANS UNDOUBTEDLY SHARE MANY ELEMENTS OF THE FRENCH ASSESSMENT OF THE SITUATION (PARIS TELNO. 104) AND WILL CERTAINLY HAVE BEEN KEEPING IN VERY CLOSE TOUCH WITH THE FRENCH, BUT THE LINE THEY HAVE BEEN STEERING SO FAR STEMS PRINCIPALLY FROM AN ASSESSMENT OF THEIR OWN (CONFLICTING) INTERESTS AND ONLY SECONDARILY FROM A DESIRE TO KEEP IN STEP WITH THE FRENCH, THOUGH THAT REMAINS A DESIRABLE OBJECT OF POLICY TOO. THE ACHIEVEMENTS OF THE SCHMIDT/GENSCHER BRAND OF OSTPOLITIK - WHICH INCLUDE STABILITY IN AND AROUND BERLIN, A DEVELOPING DIALOGUE WITH THE COUNTRIES OF EASTERN EUROPE AND THE FRAMEWORK FOR A MORE STABLE AND MUTUALLY PROFITABLE RELATIONSHIP WITH THE SOVIET UNION - ARE OF FUNDAMENTAL IMPORTANCE TO ANY GERMAN GOVERNMENT AS WELL AS BEING MAJOR PLANKS IN THE COALITION'S ELECTION PLATFORM. THEY HAVE MADE A CRUCIAL CONTRIBUTION TO SCHMIDT'S PRESENT STRONG POSITION IN HIS OWN PARTY, WHICH WARMLY APPLAUDED HIS SPEECH IN THE BUNDESTAG ON 17 JANUARY. THE CONSEQUENCES OF JEOPARDISING THESE ACHIEVEMENTS COULD BE VERY SERIOUS ELECTORALLY AND FOR THE UNITY OF THE SPD.

3. AT THE SAME TIME, THE SHOCK WHICH AFGHANISTAN HAS ADMINISTERED TO THE ASSUMPTIONS ON WHICH THE FEDERAL GOVERNMENT'S OSTPOLITIK HAS BEEN BASED HAS CAUSED A CERTAIN DIFFERENCE OF PERCEPTION BETWEEN GENSCHER AND SCHMIDT (WHICH THEY BOTH HAVE AN OVERRIDING INTEREST IN RECONCILING) AND HAS GIVEN THE OPPOSITION ITS FIRST REAL OPPORTUNITY SINCE STRAUSS BECAME CHANCELLOR-CANDIDATE TO QUESTION THE CORRECTNESS OF THAT POLICY AND THE SOUNDNESS OF THE CHANCELLOR'S JUDGEMENT. BUT SO FAR STRAUSS HAS BEEN CURIOUSLY MUTED IN EXPLOITING THIS OPPORTUNITY AND IS TAKING THE LINE THAT THE SITUATION CALLS FOR A BIPARTISAN RESPONSE, BUT ONE WHICH WILL REFLECT HIS OWN AVOWEDLY MORE HARD-HEADED APPROACH TO EAST/WEST RELATIONS. MEANWHILE THE OPPOSITION HAS COME OUT FIRMLY IN FAVOUR OF BOYCOTTING THE MOSCOW OLYMPICS, /AND IS

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AND IS CONTINUING TO CRITICISE THE GOVERNMENT FOR GIVING INSUFFICIENT BACKING TO THE UNITED STATES AND FOR GENERAL INDECISIVENESS. SCHMIDT AND SENIOR MEMBERS OF THE GOVERNMENT ARE DUE TO MEET STRAUSS AND HIS COLLEAGUES ON 24 JANUARY TO BRIEF THE OPPOSITION ON AFGHANISTAN AND TO GIVE THE GOVERNMENT'S REPLY TO STRAUSS'S (HEAVILY QUALIFIED) PROPOSAL ON BIPARTISANSHIP. ALTHOUGH THE OPPOSITION IS LIKELY, FOR ELECTORAL REASONS, TO MAINTAIN PRESSURE ON THE GOVERNMENT FOR A TOUGHER REACTION VIS-A-VIS THE SOVIET UNION, THEY TOO ARE ALIVE TO THE DANGERS FOR THE FRG OF LOSING THE (FOLLOWING WORD UNDERLINED) ACQUIS OF OST-POLITIK AND REVERTING TO A COLD WAR SITUATION. THEY ARE THEREFORE COUGHT (ALBEIT TO A LESSER EXTENT) IN THE SAME DILEMMA AS THE FEDERAL GOVERNMENT. THE PRECISE ISSUE OF THE OLYMPICS HAS GIVEN THEM A FOCUS ON WHICH TO DRAMATISE THEIR DIFFERENCES WITH THE GOVERNMENT.

4. IT IS IMPOSSIBLE TO PREDICT HOW FAR THE FEDERAL GOVERNMENT'S ATTITUDE WILL HARDEN IF THE CRISIS IS PROTRACTED. IT WILL DEPEND ON HOW THE TWO SUPER POWERS PLAY THEIR RESPECTIVE HANDS. IN PRINCIPLE, HOWEVER, THE LONGER THE CRISIS LASTS AND THE SHARPER THE EXCHANGES BETWEEN THE US AND THE SOVIET UNION BECOME, THE MORE DIFFICULT IT WILL BE FOR THE FEDERAL GOVERNMENT TO BLUR THE CHOICE BETWEEN ITS RELATIONSHIP WITH THE US AND ITS RELATIONSHIP WITH THE SOVIET UNION. IN THE LAST ANALYSIS IT IS BOUND TO ATTACH OVERRIDING IMPORTANCE TO THE FORMER. I WOULD THEREFORE EXPECT TO SEE IT MOVE PAINFULLY AND STEP BY STEP TOWARDS A POSITION OF HARDER CONFRONTATION WITH THE SOVIET UNION.

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