

THE PRIME MINISTER'S LUNCHEON

FOR

THE FEDERAL GERMAN CHANCELLOR AND HIS DELEGATION

FRIDAY 11 MAY 1979

Mr. Chancellor, I have greatly valued the informal consultations which we have had during these two days.

As I told you yesterday, I am delighted that this Government's first major event in the field of foreign affairs should be your visit to us here in London.

I entirely agree with you that it is not at all surprising that we all took it for granted that your visit would go ahead whatever the outcome of our elections last week.

These informal meetings, every six months, have become a natural part of the fabric of the relationship between our countries: and I think they are an essential part of the working relationship between our two Governments.

/ I have valued

I have valued in particular this opportunity to hear your views on a number of economic issues. The Federal Republic is our second largest trading partner.

A twelfth of our exports go to you.

In turn we offer you a tariff-free market worth £4½ billion last year for your manufactured goods and your agricultural products.

As two countries with a high dependence on exports for our prosperity, we share a common need for the maintenance of an open world trading system. I think that we also share a common belief in the role of private industry and investment.

We understand, in what look like being difficult times ahead for the world economy, the need to maintain a reasonable pace of growth in world trade - not only between Britain, Germany and the highly industrialised countries, but throughout our ever more inter-dependent world.

/Britain shares

Britain shares with the Federal Republic the same major concerns in foreign policy, in NATO, in the European Community, in relations with the East.

We share, too, the categorical imperative of the relationship with our major ally, the United States.

Perhaps the contribution that your country and mine have each made to the history of the American people can give us insights into that great country which, shared between us, help us both to understand it even better.

The news this week is of the impending signature of the second Strategic Arms Limitation Agreement between the United States and the Soviet Union.

We are discussing the possibility of further arms control agreements, especially in the European theatre.

/But stability

But stability and peace will not be preserved if, in face of the increasing Soviet military threat in Europe, and Soviet adventurism and opportunism elsewhere, we allow ourselves to show weakness and lack of resolution. The strength of the North Atlantic Alliance is as fundamental to negotiation as it is to deterrence.

Britain, with the United States, contributes to the NATO triad of strategic nuclear, tactical nuclear, and conventional forces within the integrated military structure.

We are, in fact, the only European ally of the Federal Republic to do so.

We intend, to the best of our ability, to maintain and improve our contribution to all three elements.

We shall fulfil the Alliance commitment to increase defence spending by 3 per cent in real terms.

We, like you, have far reaching commitments under the revised Brussels Treaty.

/We shall

We shall discharge them.

We look forward to collaborating further with you in the field of defence industry, particularly in areas of high technology.

This makes financial as well as military sense.

I spoke quite fully last night about our approach to the European Community, and I need say little more.

Important national interests are involved, for you and for us.

But I can assure you that on the British side any differences will always be set within the framework of a common perception of the goals before us, the goal of a stronger, better Europe.

Lastly, in my words at dinner, I mentioned our commitment to Berlin.

This is a matter of such high importance that I should like to repeat what I said:

/ "The United

"The United Kingdom is one of the three protecting powers in Berlin.

As Her Majesty The Queen reminded the people of Berlin only last year, our commitment to the freedom and security of Berlin is absolute".

For my own part I have derived enormous pleasure as well as benefit from our talks yesterday and today.

I feel that we share a common approach to the important issues confronting us.

I am confident that together we shall confront and surmount the challenges that lie ahead both within Europe and in the world.