

CONFIDENTIAL

Ref. A03607

MR. ALEXANDER

Prime Minister

I would have favoured one more round with
Mr. Hiss before informing Mr. Walker. Agree?
I really think Mr. Walker should know
on a wholly confidential basis

Anglo-German Consultations: Dr. Dieter Hiss

ms. - 28 x 1

You had a copy of Mr. Franklin's report of his talks early this month with Dr. Hiss about reform of the CAP and budget restructuring. I do not know whether any specific reference was made to these contacts during the Prime Minister's recent talks with Chancellor Schmidt, but the thinking of the German Government on the CAP is obviously encouraging and needs to be followed up.

2. When they met, Mr. Franklin and Dr. Hiss arranged a further meeting in London on 9th-10th December. Dr. Hiss was anxious to pursue detailed discussions about the CAP arrangements for individual commodities. Mr. Franklin suggested that they should decide their agenda after the Prime Minister's talks in Bonn. While I think we should continue to draw the Germans on other aspects of budget restructuring e.g. their ideas for restricting both net contributions and net benefits, it is clear that the main emphasis is to be on the CAP.

3. This raises the question of whether the Minister of Agriculture should be aware of this contact, which is already known to the Foreign Secretary and the Chancellor of the Exchequer. Mr. Franklin is naturally concerned that there could be difficulty if knowledge of these discussions were to get back to Mr. Walker through the Germans. On the substance, he does of course have access to the papers which MAFF have prepared for interdepartmental discussion, and can draw on his own knowledge and experience; but if he is to have detailed briefing, the MAFF would need to be brought in. On the other hand, the Prime Minister and the Chancellor agreed that these should be private contacts, and the Germans clearly do not want them to get to the ears of the FDP in general and Herr Ertl in particular.

4. I should be glad to know whether the Prime Minister is content that Mr. Franklin should proceed on the present basis - at least for the time being - or whether she would wish to have a word with Mr. Walker.

RA

(Robert Armstrong)