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Mr. Meetings with Chanc. Schmidt in Germany.

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JF1776

Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

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John Coles Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister

At present the Foreign and Defence Secretaries
and the Chancellor will accompany you.

Do you wish Mr. Tansley to come as
well? Yes

A. S. C. 25.
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Dear John,

ANGLO-GERMAN SUMMIT

My Secretary of State had not hitherto suggested that he should be included in the party for the Summit on the assumption that he would have recently had a detailed exchange of views with his opposite number, Count Lambsdorff, at an Industry Ministers' meeting in Brussels.

2 Since the US/EC Steel problem was in the event settled without such a meeting, no exchange has yet taken place.

But it now seems all the more desirable, first to repair bridges with the Germans, which were a little damaged by their difficult behaviour on the US case, and secondly to prepare a concerted position on state aids, before the EC Ministerial meeting on 18 November in Denmark. According to Davignon, the Germans are not offering significant capacity reductions in exchange for fairly massive state aid, and are vacillating somewhat in the expectation of a difficult election next March.

My Secretary of State referred in the Commons Statement today to the consultations he intended to have with colleagues before 18 November. He will be talking to Chevenement the following week, and it would be appropriate that he did the same with Lambsdorff.

3 The FCO are content that we should approach you about the possibility of including our Secretary of State in the Summit and have confirmed that Lambsdorff is due to attend.



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4 I am sending a copy of this letter to Margaret O'Mara (Treasury), Chris Greenwood (FCO), Richard Mottram (Defence), Muir Russell (Scottish Office), Carys Evans (Welsh Office), John Rhodes (Trade) and to Richard Hatfield (Cabinet Office).

Yours ever,

Caroline Varley

CAROLINE VARLEY
Private Secretary