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Foreign and Commonwealth Office

London SW1A 2AH

15 October, 1982

*Notes extracted.*

*New John,*

*A.J.C. 19/10.*

Chancellor Kohl's Visit

Since the Foreign and Commonwealth Secretary sent his minute of 14 October to the Prime Minister about her meeting on 19 October with Chancellor Kohl, we have received the enclosed telegram number 870 from Bonn setting out the Ambassador's views. The Ambassador brings out two points which are worth underlining: the need to give Chancellor Kohl a warm reception and the importance to the Germans of the Genscher/Colombo proposals.

We can expect a further report from Bonn on Chancellor Kohl's thinking after the Ambassador has paid his first call on the Chancellor on Monday morning, 18 October.

I enclose short notes on three points:

- (i) Turkey's Association Agreement with the EC (see paragraph 11 of Sir J Taylor's telegram);
- (ii) EC/US steel;
- (iii) CSCE

You will have received copies of Bonn telegram numbers 868, 871 and 872 summarising Chancellor Kohl's Government Statement in the Bundestag on 13 October. I sent you an almost complete text of the speech yesterday evening; we hope to receive the full text from Bonn before Dr Kohl's visit.

*Yours*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
Private Secretary  
10 Downing Street

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## EC/US STEEL

The Germans are isolated in blocking a settlement; their producers are virtually exempt from US duties. But Dutch and Luxembourgers, who are in exactly the same position, have indicated willingness to agree to export restraint.

Terms negotiated by Davignon cause some difficulty even for the UK. But out-weighed by advantages of a negotiated settlement - an important and much needed contribution to reducing tension in EC/US relations; also the only way of minimising disruption of trade with US and consequential threat to stability of internal EC steel market.

Apart from FRG everyone in Community in no doubt that the deal on offer is the only solution. Together with rest of EC we are pressing the Germans hard not to take on themselves responsibility for causing its collapse.

Decision urgently required. Final deadline imposed by US legal procedures 21 October. Presidency expected to call special meeting of Foreign Affairs Council (to be attended by Trade/Industry Ministers) on 19 October. Germans insisting decision can only be taken by Cabinet on 20 October. Kohl's visit an opportunity to reinforce pressure on FRG to come into line.

probably  
now on 20  
October if  
at all.



EC / TURKEY

Dr Kohl may express his concern about Turkey's Association Agreement with the EC. A 1970 additional Protocol to the Agreement provides for full freedom of movement of workers between Turkey and the Community by 1986.

This is a matter of great sensitivity for the Germans, given that there are already 1.5 million Turks in the FRG (over 90% of all Turks in the Community). Dr Kohl is even more firmly committed than his predecessor to ensure that no more come. We must expect him to ask his partners to renege on the Community commitment.

Coreper told the Commission in May to produce proposals but - despite German pressure - they have still not done so. Until they do, we need not take up a firm position; we shall have to balance the arguments for helping the Germans against the effects on our relations with Turkey.

If the Federal Chancellor does raise this question, the Prime Minister may wish to take the line that we understand the German Government's difficulties with Turkish workers and sympathise. When the Commission produces its proposals, which are now overdue, we shall look at them very carefully.



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CSCE

Western tactics for the reconvened CSCE Conference in Madrid are another subject of potential Transatlantic discord. No decision has yet been taken. The Ten want to resume negotiation of a substantial and balanced concluding document. The Germans have special interests at stake in CSCE because of Ostpolitik and relations with East Germany. But the Americans seem likely to refuse to resume negotiation at all, or to propose very tough or wrecking amendments, or to go for a short procedural document agreeing a further Review Conference in due course.

There is no need for the Prime Minister to raise this subject. If Dr Kohl does, she could say that we agree with the Germans on the desirability of a successful outcome, but that a key requirement is for the Allies to adopt a unified position before the conference reconvenes on 9 November.

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FM BONN 151700Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 879 OF 15 OCTOBER

INFO ROUTINE UKMIS NEW YORK UKDEL NATO PARIS MOSCOW WASHINGTON

UKREP BRUSSELS BMG BERLIN EAST BERLIN

INFO SAVING ATHENS BRUSSELS DUBLIN COPENHAGEN THE HAGUE LUXEMBOURG

ROME CICC(G) CONSULATES-GENERAL IN THE FRG.

GENSCHER AND THE FDP

1. BEFORE YOU SEE GENSCHER AT HESSELET THIS WEEKEND, AND AGAIN IN LONDON ON TUESDAY, YOU SHOULD KNOW THAT SPECULATION HERE ABOUT HIS POLITICAL FUTURE REMAINS INTENSE. IT MUST BE PUTTING HIM UNDER CONSIDERABLE STRAIN.
2. GENSCHER HAS TAKEN THE FULL FORCE OF PUBLIC CRITICISM OF THE BREAK-UP OF THE SPD/FDP COALITION ON 17 SEPTEMBER. OPINION POLLS NOW SHOW HIM TO BE THE LEAST POPULAR TOP POLITICIAN IN THE FRG. HE HAS ALSO COME UNDER INCREASING ATTACK FROM WITHIN HIS OWN PARTY. MOST FDP MEMBERS SEEM TO ACCEPT THAT A CHANGE OF COALITION PARTNER WAS INEVITABLE, BUT GENSCHER HAS BEEN STRONGLY CRITICISED FOR THE MANNER IN WHICH HE FORCED THROUGH THE SWITCH WITHOUT CONSULTING THE PARTY AS A WHOLE. THIS, AND THE COLLAPSE IN THE FDP VOTE SINCE THE SWITCH, HAVE LED TO DEMANDS FOR HIS RESIGNATION AS PARTY CHAIRMAN. ABOUT A DOZEN MEMBERS OF THE 54-STRONG FDP PARLIAMENTARY PARTY HAVE CALLED ON HIM NOT TO STAND IN THE LEADERSHIP ELECTION AT THE PARTY CONFERENCE ON 5-7 NOVEMBER. SO TOO HAVE 5 (OUT OF 11) FDP LAND PARTIES. BUT UNLESS MORE REGIONAL PARTIES COME OUT AGAINST HIM, WHICH AT PRESENT SEEMS UNLIKELY, HE SHOULD STILL BE ABLE TO COUNT ON MAJORITY SUPPORT AT THE PARTY CONFERENCE.
3. EARLIER THIS WEEK, GENSCHER SAID THAT HE WOULD DEFINITELY SEEK RE-ELECTION AT THE CONFERENCE, AND CHALLENGED HIS OPPONENTS TO FIELD A CANDIDATE AGAINST HIM. THERE HAS BEEN SPECULATION THAT THE FDP PRAESIDIUM, MEETING THIS EVENING, MAY YET TRY TO TALK HIM INTO STANDING DOWN IN FAVOUR OF SOMEONE MORE LIKELY TO BE ABLE TO HEAL THE DEEP DIVISIONS IN THE PARTY. BUT ALTHOUGH THE LEFT OF THE FDP HOPE THAT GENSCHER WILL DO SO, OUR OTHER CONTACTS IN THE PARTY, INCLUDING GENSCHER'S PRIVATE SECRETARY, ARE ALL CONVINCED THAT HE WILL NOT NOW BE MOVED FROM HIS DECISION TO STAND. CERTAINLY, NO CREDIBLE ALTERNATIVE CONDIDATE HAS EMERGED. THE FDP FLOOR LEADER, MISCHNICK, WHO IS HIS ONLY REAL POTENTIAL RIVAL, HAS SAID THAT HE WOULD SEEK ELECTION ONLY IF GENSCHER RESIGNED. HE HAS SO FAR SHOWN NO SIGN OF TRYING TO PERSUADE GENSCHER TO DO SO.

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4. SPECULATION ABOUT GENSCHER'S POSITION IS BOUND TO CONTINUE UNTIL THE PARTY CONFERENCE. THE FDP, HOWEVER, NOW SEEM TO HAVE NO CONSTRUCTIVE ALTERNATIVE BUT TO BURY THEIR DIFFERENCES AND CLOSE RANKS BEHIND HIM AT THE PARTY CONFERENCE. IF THEY FAIL TO DO SO, IT WILL VIRTUALLY PUT PAID TO THEIR CHANCES OF CLEARING THE 5 PERCENT HURDLE IN THE FEDERAL ELECTION EXPECTED NEXT MARCH.

FCO PLEASE PASS SAVING TO ALL ADDRESSEES EXCEPT CICC(G) AND CONSULATES-GENERAL IN THE FRG.

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FM BONN 141220+Z OCT 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 870 OF 14 OCTOBER

INFO IMMEDIATE BMG BERLIN (FOR AMBASSADOR)

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VIENNA BERNE TOKYO

KOHL'S AND GENSCHER'S VISIT TO LONDON ON 19 OCTOBER: A POSSIBLE  
OPPORTUNITY FOR INFLUENCE.

1. THIS VISIT BY THE LEADERS OF THE NEW GERMAN COALITION GOVERNMENT  
WILL BE TAKING PLACE 2 DAYS BEFORE THEIR SUMMIT MEETING WITH THE  
FRENCH IN BONN AND 9 DAYS BEFORE THE ANGLO-GERMAN SUMMIT ON 28-29  
OCTOBER. CHANCELLOR KOHL HAS ALREADY PAID A SIMILAR QUICK VISIT  
TO PRESIDENT MITTERRAND.

2. DR KOHL'S STAFF HAVE TOLD US THAT HIS MAIN AIMS IN LONDON WILL  
BE TO LAY THE BASIS FOR AN EFFECTIVE PERSONAL DIALOGUE WITH THE  
PRIME MINISTER AND, AT THIS EARLY OPPORTUNITY, TO PRESENT HIMSELF  
AS THE NEW HEAD OF THE FEDERAL GERMAN GOVERNMENT. I SUGGEST THAT  
THE PRIME MINISTER AND YOU SHOULD HAVE AS YOUR MAIN OBJECTIVES ON  
THIS OCCASION

- (A) TO BRING HOME TO KOHL AND GENSCHER THAT THE UK WIELDS  
INFLUENCE IN THE WORLD, AND THAT MANY BRITISH POLICIES  
ACCORD WITH GERMAN INTERESTS (SEE PARA 7 BELOW).
- (B) TO MAKE KOHL UNDERSTAND IN GENERAL TERMS THE IMPORTANCE TO  
TO US OF THE EC BUDGET, CREATING THE RIGHT ATMOSPHERE FOR  
TOUGHER AND MORE DETAILED DISCUSSION AT THE SUMMIT (PARAS 8 AND  
9).

#### THE GERMANS' PREOCCUPATIONS

3. KOHL AND GENSCHER HAVE CONFIRMED THEIR INTENTION TO HOLD FEDERAL  
ELECTIONS ON 6 MARCH 1983 (THOUGH IT STILL CANNOT BE COMPLETELY  
EXCLUDED THAT CONSTITUTIONAL OR POLITICAL CONSIDERATIONS MAY FORCE  
A CHANGE OF MIND). ALTHOUGH THE PATTERN OF PUBLIC SUPPORT COULD  
CHANGE IN THE COMING MONTHS, RECENT REGIONAL ELECTIONS AND NATION-  
WIDE OPINION POLLS STRONGLY SUGGEST THAT GENSCHER'S S FDP WOULD  
FAIL, IF FEDERAL ELECTIONS WERE HELD NOW, TO SURMOUNT THE 5 PER CENT  
HURDLE AND THUS REMAIN IN THE BUNDESTAG. CURRENT INDICATIONS ARE  
THAT THE CDU/CSU WOULD BE THE LARGEST PARTY IN A NEWLY ELECTED  
BUNDESTAG BUT WOULD NOT HAVE AN OVERALL MAJORITY. THERE MIGHT BE  
A HUNG PARLIAMENT, WITH THE WAYWARD GREENS HOLDING THE BALANCE.  
IF SCHMIDT WERE NO LONGER AT ITS HEAD, THE SPD MIGHT EVEN TRY  
TO FORM A COALITION WITH THE GREENS. IF THEY SUCCEEDED, THEY MIGHT  
BE ABLE TO CUT SHORT THE CDU/CSU'S LONG-WAITED NEW PERIOD OF  
POWER, CREATING A GOVERNMENT WHICH MIGHT WELL BE AGAINST INF  
STATIONING AND OTHER PLANKS OF NATO POLICY.

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4. THE PRESENT GOVERNMENT THEREFORE BADLY NEEDS SUCCESSES, TO PROVE ITSELF AND TO IMPROVE ITS ELECTORAL PROSPECTS. IT IS LIKELY TO DEVOTE ITS MAIN EFFORTS TO THE ECONOMY, IN THE HOPE OF BRINGING ABOUT AT LEAST AN APPEARANCE OF SOME RECOVERY BEFORE THE SPRING. BUT FOREIGN POLICY WILL ALSO PLAY A SIGNIFICANT PART IN ITS PREPARATIONS FOR THE ELECTION. KOHL'S VISIT TO LONDON IS PART OF A DELIBERATE ATTEMPT TO WIN INTERNATIONAL STATURE AND OVERCOME HIS INEXPERIENCE OF FOREIGN AFFAIRS. GENSCHER IS FIGHTING FOR HIS POLITICAL LIFE. VISIBLE EFFORT WILL BE DEVOTED NOT ONLY TO CONTACTS WITH WESTERN LEADERS BUT ALSO TO DIALOGUE WITH THE EAST, WHICH CAN WIN VOTES HERE. BUT THERE IS LITTLE PROSPECT OF ACHIEVING NOTABLE SUCCESSES IN THESE TWO FIELDS. THIS IS WHY IT IS LIKELY THAT THEY WILL MAKE A MAJOR EFFORT, AFTER THE GERMAN PRESIDENCY BEGINS ON 1 JANUARY, TO SECURE APPROVAL FOR THE GENSCHER/COLOMBO INITIATIVE. KOHL HAS ALSO TALKED A LOT ABOUT THE STAGNATION OF PROGRESS TOWARDS EUROPEAN INTEGRATION AND HIS WISH TO GIVE A NEW IMPETUS. BUT NO POLICIES FOR THIS, APART FROM THE GENSCHER/COLOMBO PLAN, SEEM YET TO EXIST.

HMG'S INTERESTS

5. BRITAIN'S POLICY TOWARDS THE NEW COALITION MUST BE DIRECTED PRIMARILY AT AN ATTEMPT TO MAKE COMMON CAUSE WITH BONN ON THE CRUCIAL SUBJECT OF THE EC BUDGET. THE NEW COALITION MAY BE NO LESS KEEN THAN SCHMIDT'S TO AVOID CLASHES WITH FRANCE, AND THERE CANNOT BE TOO MUCH HOPE THAT WE SHALL SECURE ACTIVE COOPERATION. YET THE ACUTE NATIONAL BUDGETARY DIFFICULTIES FACING THE NEW GOVERNMENT HERE OFFER A RAY OF HOPE. THE BEST WAY OF GETTING THE NEW GOVERNMENT'S SUPPORT OVER FUNDS FOR 1983 AND THE ENSUING YEARS IS TO CONVINCE KOHL, STOLTENBERG AND GENSCHER OF THE UK'S GENUINE INTEREST IN THE DEVELOPMENT OF EUROPE, AND OF THE ANGLO-GERMAN IDENTITY OF INTEREST IN GETTING A FAIR AND RATIONAL BUDGET STRUCTURE.

BRITISH TACTICS ON 19 OCTOBER

6. TO MAKE HEADWAY WE NEED TO MAKE COMMON CAUSE WITH THE GERMANS ON AS MANY INTERNATIONAL SUBJECTS AS POSSIBLE. KOHL'S INTERNATIONAL EXPERIENCE WILL MAKE HIM GLAD OF REASSURANCE. ON 19 OCTOBER A VERY WARM AND FLATTERING WELCOME WITH MAXIMUM PUBLICITY AND VERY POSITIVE BRIEFING OF THE PRESS COULD PAY USEFUL DIVIDENDS.

7. I HAVE SUGGESTED IN PARA. 2 ABOVE WHAT OUR OBJECTIVES AT THIS MEETING SHOULD BE. UNDER OBJECTIVE (A), I HAVE IN MIND THAT THE PRIME MINISTER HAS MORE INFLUENCE WITH PRESIDENT REAGAN THAN ANY OTHER WESTERN LEADER. I WOULD ALSO STRESS YOUR EFFORTS TO ACHIEVE TRANSATLANTIC ACCOMMODATION ABOUT EAST/WEST ISSUES. SUCCESS IN THIS IS VERY MUCH IN THE GOVERNMENT'S INTERESTS, AND BRITAIN'S LEADING ROLE CAN WIN POINTS IN BONN. SO CAN OUR CONTINUING CONTRIBUTION TO WESTERN DEFENCE: THE FACT THAT WE ARE LIKELY COMFORTABLY TO EXCEED 3 PER CENT REAL GROWTH IN DEFENCE SPENDING 1982/83, EVEN OMITTING FALKLANDS COSTS, WILL IMPRESS THE GERMANS, WHO HAVE LITTLE PROSPECT OF APPROACHING THE NATO TARGET THIS YEAR. WE COULD ALSO MENTION INF, POLAND, CSCE, NAMIBIA AND OTHER



SUBJECTS WHERE THE UK AND FRG COOPERATE AND AGREE. I THINK KOHL WOULD BE INTERESTED TO HEAR BRITISH VIEWS ABOUT THE GROWING

SUBJECTS WHERE THE UK AND FRG COOPERATE AND AGREE. I THINK KOHL WOULD BE INTERESTED TO HEAR BRITISH VIEWS ABOUT THE GROWING INTERNATIONAL FINANCIAL AND TRADE PROBLEMS, INCLUDING THE PROBLEMS OF PROTECTIONISM. I ALSO SUGGEST THAT WE SHOULD BE AS FORTHCOMING AS WE CAN ABOUT THE GENSCHER/COLOMBO PLAN. OTHERS, INCLUDING THE FRENCH (AND NOW THE DANES), ARE PLAYING ALONG WITH THIS. WE SHOULD DO SO TOO, AND WITH GOOD GRACE, FOR THE SAKE OF OUR INTEREST IN COOPERATING WITH GERMANY ON MORE IMPORTANT EUROPEAN MATTERS.

8. ON THE LATTER, I SUGGEST THAT AT THIS INITIAL MEETING MINISTERS SHOULD EXPLAIN OUR TOTAL COMMITMENT TO THE EC AND OUR POSITIVE ATTITUDE TO ITS FUTURE, AND SHOULD PUT DOWN A MARKER ON THE BUDGET PROBLEM IN CLEAR BUT NON-CONFRONTATIONAL TERMS. THE LINE COULD BE THAT THE COMMUNITY'S FINANCIAL ARRANGEMENTS MUST BE SEEN TO BE FAIR, AND THAT EUROPE CANNOT PROSPER AND DEVELOP WITH ONLY THE UK AND FRG PAYING THE BILLS.

9. THIS APPROACH SHOULD PAVE THE WAY FOR SERIOUS DISCUSSION OF THE BUDGET AT THE ANGLO-GERMAN SUMMIT. MINISTERS COULD THEN SET OUT FULLY THE INEQUITY FOR THE UK AND FRG OF THE PRESENT SITUATION AND THE NEED, FOR THE SAKE OF PROGRESS IN EUROPE (END OF PARA. 4 ABOVE), TO SETTLE THE DEBILITATING BUDGET PROBLEM ONCE AND FOR ALL. I WOULD HOPE THAT AT THAT POINT WE COULD BRING HOME TO KOHL THAT PROGRESS ON INTEGRATION REQUIRES MORE THAN THE GENSCHER/COLOMBO PROPOSALS: THAT IT REQUIRES A DISTRIBUTION OF RESOURCES WHICH PERMITS THE DEVELOPMENT OF POLICIES IN AREAS OTHER THAN THE CAP, A FAIR AND DEFENSIBLE SYSTEM OF BURDEN SHARING, PROGRESS ON TRADE PROBLEMS, INCLUDING TRADE IN SERVICES, AND SOLIDARITY IN THE APPROACH TO US/EC AND JAPAN/EC PROBLEMS.

OTHER POSSIBLE SUBJECTS

10. AS A CONSERVATIVE HEAD OF GOVERNMENT NEW IN OFFICE, KOHL MIGHT BE INTERESTED IN THE PRIME MINISTER'S VIEWS ON PROBLEMS OF GOVERNMENT IN GENERAL.

11. KOHL MAY RAISE HIS GREAT CONCERN ABOUT TURKEY'S ASSOCIATION AGREEMENT WITH THE EC. UNDER THIS, TURKS WILL HAVE FREEDOM OF MOVEMENT INTO AND WITHIN THE EC FROM 1986. THERE ARE ALREADY OVER 1.5 MILLION TURKS IN THE FRG (OVER 90 PER CENT OF ALL TURKS IN THE COMMUNITY), AND KOHL IS EVEN MORE FIRMLY COMMITTED THAN HIS PREDECESSOR TO ENSURING THAT NO MORE COME. IF HE DOES RAISE THIS, I SUGGEST THAT MINISTERS SHOULD BE SYMPATHETIC BUT NON-COMMITTAL. LATER, UK SUPPORT FOR GERMANY'S PREDICAMENT COULD BE USEFUL CURRENCY IN AN ATTEMPT TO PIN DOWN GERMAN SUPPORT ON THE BUDGET. FCO PLEASE PASS TO SAVING ADDRESSEES.

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INFO PRIORITY UKDEL NATO MADRID  
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LUXEMBOURG PARIS ROME ANKARA LISBON OSLO OTTAWA REYKJAVIK

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MEETING WITH CHANCELLOR KOHL

1. I HAD 35 MINUTES WITH KOHL THIS MORNING. HIS MANNER WAS RELAXED AND CONFIDENT AND HE WAS CHARACTERISTICALLY MORE IMPRESSIVE IN THIS SMALL MEETING THAN HE OFTEN IS IN PUBLIC.
2. KOHL ASKED ME TO REPORT THAT HE HAD ORIGINALLY WANTED TO SUGGEST THAT TOMORROW'S INITIAL VISIT TO LONDON SHOULD HAVE TAKEN PLACE LAST WEEK. BUT THE THREE-DAY DEBATE ON HIS GOVERNMENT STATEMENT HAD PREVENTED THIS. HIS VISIT TO LONDON WOULD NEVERTHELESS BE HIS SECOND OVERSEAS TRIP AS FEDERAL CHANCELLOR, THE RECENT VISIT TO BRUSSELS HAVING BEEN UNDERTAKEN IN HIS PARTY CAPACITY. (KOHL'S OFFICE HAVE TOLD US THAT HIS VISIT TO WASHINGTON WILL BE ON 15 NOVEMBER).
3. I SUGGESTED THAT THE MAIN TOPICS DURING KOHL'S TALK WITH THE PRIME MINISTER TOMORROW WOULD BE EAST/WEST RELATIONS, TRANSATLANTIC RELATIONS, THE COMMUNITY AND INTERNATIONAL ECONOMIC QUESTIONS. THE US/EUROPEAN DISPUTE ABOUT STEEL MIGHT ALSO BE RAISED. ON THE LAST, I REFERRED TO YOUR MEETING WITH GENSCHER AT HESSELET (YOUR TELEGRAM NUMBER 453), AND STRESSED THE NECESSITY OF REACHING A SETTLEMENT THIS WEEK AND THE BRITISH HOPE THAT THE FEDERAL CABINET COULD REACH A POSITIVE DECISION AT ITS MEETING ON 20 OCTOBER, DESPITE THE DIFFICULTIES. KOHL, WHO KNEW THAT THE MATTER WAS URGENT AND IMPORTANT, TOOK NOTE AND SAID TO ONE OF HIS STAFF THAT HE MUST DISCUSS THE SUBJECT WITH LAMBSDCRFF.
4. ON THE OTHER SUBJECTS I HAD MENTIONED FOR TOMORROW'S LONDON MEETING, KOHL SAID THERE WOULD BE NO ANGLO-GERMAN DIFFERENCES ON EAST/WEST OR TRANSATLANTIC RELATIONS. THE NEW GOVERNMENT WOULD BE A RELIABLE PARTNER IN SECURITY POLICY. THE ONLY SUBJECT WHERE HE THOUGHT DIFFERENCES MIGHT ARISE BETWEEN US WAS THE COMMUNITY. THIS SHOULD BE TOUCHED ON IN TOMORROW'S TALKS IN LONDON AND DISCUSSED MORE DEEPLY AT THE SUMMIT ON 28-29 OCTOBER AND SUBSEQUENTLY.
5. KOHL SAID THAT HE WOULD STRESS TO THE PRIME MINISTER TOMORROW THE IMPORTANCE OF THE GENSCHER/COLOMBO PLAN. I SAID THAT HE WOULD FIND BRITISH MINISTERS ATTENTIVE. I ARGUED, HOWEVER, THAT EUROPE ALSO NEEDED PROGRESS IN THE ECONOMIC AREA. THE CAP WAS SWALLOWING UP TOO GREAT A PROPORTION OF THE AVAILABLE RESOURCES, AND CHANGE WOULD BE NEEDED IN THE BUDGETARY ARRANGEMENTS BEFORE LONG. KOHL AGREED THAT THE INTENTION TO DEVELOP OTHER POLICIES AS WELL AS THE CAP HAD NEVER BEEN FOLLOWED THROUGH. I STRESSED THE IMPORTANCE OF THE EUROPEAN PUBLIC SEEING THE COMMUNITY AS A POSITIVE FORCE. KOHL AGREED AND SAID THAT ACTION ON THIS WAS NEEDED QUICKLY. I THEN UNDERLINED AGAIN THE IMPORTANCE OF AN EQUITABLE BUDGET AS THE KEY TO PROGRESS IN EUROPE.
6. KOHL SAID HE WOULD ALSO LIKE TO EXCHANGE VIEWS WITH THE PRIME MINISTER TOMORROW ABOUT DOMESTIC PROBLEMS IN BRITAIN AND GERMANY. THIS WAS SOMETHING HE WOULD NOT BE ABLE TO DO WITH MITTERRAND, WHOSE ECONOMIC POLICIES DIFFERED SO MUCH FROM THOSE OF THE NEW FEDERAL GOVERNMENT. THERE WAS A GROWING, BUT NOT DOMINANT, TENDENCY IN THE FEDERAL REPUBLIC TOWARDS ISOLATIONISM OR EVEN NEUTRALISM. BRANDT WAS TRYING TO SHIFT SPD POLICIES TOWARDS THOSE OF THE GREENS. THE LATTER WERE DANGEROUS FOR THE ALLIANCE AND THEIR ATTITUDES WERE NOT COMPATIBLE WITH THOSE OF THE PRESENT OR ANY POSSIBLE BRITISH GOVERNMENT. EVEN IF BRANDT'S TACTICS MIGHT BE IN THE SPD'S PARTY INTEREST, THEY WERE NOT IN THE INTEREST OF GERMANY. THE DEGREE TO WHICH SPD POLICIES WOULD ALTER WOULD DEPEND LARGELY ON WHETHER SCHMIDT WOULD STAND AS THE PARTY'S CHANCELLOR-CANDIDATE IN THE MARCH ELECTIONS. MANY THOUGHT SCHMIDT WOULD NOT. BRANDT'S EFFORTS MIGHT WIN VOTES FOR THE SPD FROM THE GREENS BUT WOULD ALSO OPEN THE OPPORTUNITY FOR THE CDU TO WIN VOTES FROM THE SPD IN THE POLITICAL CENTRE, NOTABLY AMONG SKILLED WORKERS.

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/Y. KOHL

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7. KOHL ASSURED ME THAT THERE WOULD BE FEDERAL ELECTIONS ON 6 MARCH. IT WAS POLITICALLY NECESSARY TO HOLD ELECTIONS IN 1983 BEFORE INF STATIONING WAS DUE TO BEGIN. AN HE PREFERRED TO HOLD THEM EARLY IN THE YEAR SO THAT THE CAMPAIGN WOULD FOCUS ON THE ECONOMY RATHER THAN LATE IN THE YEAR WHEN INF AND SECURITY POLICY WOULD COME TO THE FORE. THE CDU WOULD IN ANY CASE STICK TO BOTH PARTS OF THE INF DECISION, WHATEVER THE SPD MIGHT DO. KOHL REMARKED THAT GENSCHER WOULD DEFEAT RONNEBURGER (THE SCHLESWIG HOLSTEIN FDP LEADER WHO IS STANDING AGAINST GENSCHER FOR THE FEDERAL PARTY LEADERSHIP AT THE FDP CONGRESS IN EARLY NOVEMBER) AND PROBABLY BY A GREATER MARGIN THAN MANY PEOPLE EXPECTED. KOHL SAID THAT IN GENERAL HE WAS CONFIDENT AND RELAXED ABOUT INTERNAL POLITICAL PROSPECTS IN GERMANY.

8. KOHL WAS EVIDENTLY WORRIED ABOUT THE ATTITUDE OF THE SPANISH SOCIALISTS TO NATO. HE SAID THAT A SECOND GREECE WAS NOT ON. BUT HE SEEMED INCLINED TO WAIT UNTIL AFTER THE SPANISH ELECTION BEFORE ANYTHING WAS SAID TO THE SOCIALISTS ABOUT THE IMPOSSIBILITY OF INCOMPLETE MEMBERSHIP OF NATO. THERE WAS NOT ONLY SOME UNCERTAINTY ABOUT THE OUTCOME OF THE ELECTIONS: THE SOCIALISTS IN OFFICE MIGHT ALSO MODERATE THEIR ATTITUDE TO NATO MEMBERSHIP.

9. KOHL CONCLUDED OUR TALK BY SAYING THAT HE WANTED ANGLO-GERMAN RELATIONS TO BE AS CLOSE AS POSSIBLE. HE FAVOURED CONTACTS BETWEEN PARTY LEADERS, A USEFUL CHANNEL WHICH SOCIALIST PARTIES WERE ALREADY EXPLOITING. BY THIS HE SEEMED TO MEAN MEETINGS BETWEEN HIMSELF AND THE PRIME MINISTER. BUT HE WENT ON TO SPEAK OF OTHER INTERPARTY CONTACTS. HE HOPED THAT MR PARKINSON'S POSTPONED VISIT WITH A GROUP OF CONSERVATIVE MPS WOULD SOON BE REINSTATED. HE WAS MAKING EFFORTS TO BRING FORWARD YOUNGER POLITICIANS IN THE CDU AND FAVOURED CONTACTS BETWEEN THEM AND THE CONSERVATIVE PARTY AS WELL. FCO PLEASE PASS SAVING ADDRESSEES.

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(REPEATED AS REQUESTED)

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TO IMMEDIATE FCO

TELEGRAM NUMBER 890 OF 19 OCTOBER

INFO ROUTINE UKREP BRUSSELS PARIS ROME

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#### CHANCELLOR KOHL'S VISIT TO LONDON AND FRG/UK CONSULTATIONS

1. THE DEPUTY FRG SPOKESMAN, RUEHL, GAVE A SPECIAL PRESS BRIEFING YESTERDAY IN PREPARATION FOR CHANCELLOR KOHL'S VISIT TO LONDON THIS EVENING. IT HAS NOT BEEN WIDELY REFLECTED IN TODAY'S PRESS.
2. RUEHL SAW THE VISIT AS A PREPARATION FOR NEXT WEEK'S CONSULTATIONS AND AS AN OCCASION TO REINFORCE THAT BASIS OF CONFIDENCE BETWEEN THE TWO GOVERNMENTS WHICH HAD BEEN MAINTAINED BY BOTH SIDES THROUGH ALL GOVERNMENT CHANGES.
3. RUEHL BELIEVED THAT THE STATE AND EFFECTIVENESS OF THE COMMUNITY AND ENLARGEMENT WOULD BE THE FIRST COMPLEX OF ISSUES FOR THE CONSULTATIONS. AS FAR AS THE COMMUNITY'S INTERNAL AFFAIRS WENT, THE BUDGET QUESTION PLAYED A CENTRAL ROLE. BRITAIN'S BASICALLY POSITIVE ATTITUDE TOWARDS THE COMMUNITY WOULD BE A SOUND BASIS FOR THE NEGOTIATIONS. THE FEDERAL REPUBLIC WAS THE LARGEST NET CONTRIBUTOR IN THE COMMUNITY AND INDEED, IN 1981, THE ONLY ONE. BRITAIN WAS QUOTE IN A SIMILAR SITUATION UNQUOTE. THE FOREIGN MINISTERS' AGREEMENT OF 25 MAY WOULD REMAIN THE BASIS FOR THE UK CASE (PRESUMABLY IN RELATION TO 1982 REFUNDS). THE COMMISSION SHOULD SHORTLY MAKE A PROPOSAL AS REQUIRED BY THE AGREEMENT OF 25 MAY. THERE WAS LITTLE PROSPECT OF A SOLUTION LASTING MORE THAN TWO YEARS. ACCOUNT MUST BE TAKEN OF THE READINESS OF ALL PARTIES TO COMPROMISE.
4. FRANCE WAS SETTING PRECONDITIONS FOR ENLARGEMENT. THIS GAVE RISE TO SIGNIFICANT PROBLEMS WHICH MUST BE OVERCOME. THE POLITICAL QUESTION HAD TO BE ASKED HOW FAR THE COMMUNITY PARTNERS WERE ABLE TO FULFIL THEIR UNDERTAKINGS. THE FEDERAL REPUBLIC ADVOCATED URGENT FULFILMENT. AS POTENTIAL NET CONTRIBUTORS, THE FRG AND UK WERE VITALLY INTERESTED IN ENSURING THAT THE FINANCIAL FRAMEWORK OF THE COMMUNITY SHOULD NOT BE BROKEN. THE ONE PERCENT VAT CEILING MUST

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BE RETAINED. IN THE FRG'S VIEW ENLARGEMENT DID NOT REQUIRE A BREACH OF THE ONE PERCENT CEILING.

5. THE FEDERAL GOVERNMENT WOULD BE SEEKING SUPPORT IN LONDON TO ENSURE THAT THE BUDGET DID NOT GAIN A NEW DYNAMISM.

6. BOTH COUNTRIES WERE INTERESTED IN THE ATTAINMENT OF A CFP. DENMARK HAD COMPLICATED MATTERS: HER ATTITUDE TOWARDS THE COMMUNITY'S RULES MUST CHANGE. THE GERMANS' CLAIM TO BE ALLOWED TO FISH OF WEST GREENLAND MUST BE QUOTE HONOURED POLITICALLY UNQUOTE.

7. THE FEDERAL GOVERNMENT WOULD SEEK THE ACTIVE SUPPORT OF THE UK FOR THE EUROPEAN ACT. IF EVERYBODY AGREED THAT SACRIFICES WERE NECESSARY, ALL SHOULD BE PREPARED TO MAKE THEM.

8. THE FRG AND THE UK SHOULD ALSO COOPERATE TO ENHANCE EUROPEAN POLITICAL COOPERATION. COORDINATION OF NATIONAL POLICIES HAD PROVED ITS VALUE. KOHL NOW WANTED TO MOVE ON FROM COMMON STATEMENTS TO COMMON ACTIONS. THIS DEPENDED ON THE LARGE COMMUNITY PARTNERS, VIZ, UK, FRG, FRANCE, AND ITALY, SETTING A GOOD EXAMPLE.

9. RUEHL ALSO SAW SECURITY QUESTIONS PLAYING A MAJOR ROLE IN THE CONSULTATIONS PARTICULARLY IN RELATION TO THREE MINISTERIAL MEETINGS IN NATO, THE CONTINUATION OF THE MADRID CONFERENCE AND THE ARMS CONTROL NEGOTIATIONS.

10. ANOTHER AREA FOR DISCUSSION ACCORDING TO RUEHL WOULD BE US-EUROPEAN RELATIONS. THE FEDERAL GOVERNMENT WOULD CONTINUE TO SEEK THE COORDINATION OF AMERICAN AND EUROPEAN FOREIGN, TRADE AND SECURITY POLICIES. THE DIFFERENCES OVER THE PIPELINE SHOULD BE CONTAINED AND OVERCOME. THE FRG WAS FULLY AT ONE IN THIS WITH THE UK.

11. THE FEDERAL GOVERNMENT WOULD NOW ADVOCATE THE AMERICAN/EUROPEAN FRIENDSHIP TREATY PROPOSED BY THE ITALIAN FOREIGN MINISTER COLOMBO.

12. DURING THEIR PRESIDENCY THE GERMANS WOULD BE SEEKING TO MAKE PROGRESS ON THESE THEMES.

#: FCO PLEASE PASS SAVING TO ABOVE ADDRESSEES

~~BY~~ [PASSED BY C.O.D.]

UNWIN

ADVANCE COPIES TO FCO SIR J TAYLOR

EVANS      ADVANCED AS REQUESTED  
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