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25 October 1982

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

Bear Foly,

Prime Rivita At parent the Fivey and deline tentres : and the Counter will accompany you.

To you will No. Fauling to come as

well: Mary 125.

A. J. C. T.

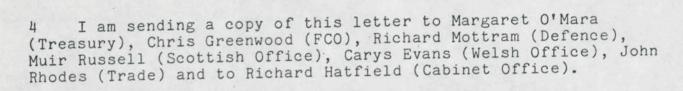
ANGLO-GERMAN SUMMIT

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.

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 Tairly 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.

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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Yours coer, Canoline Varley

CAROLINE VARLEY
Private Secretary