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Foreign and Commonwealth Office

London SW1A 2AH

3 February 1983

You John,

Prime Minister's Joint Press Conference with
Chancellor Kohl on 4 February

/ Ian Kydd asked us to draft an opening statement for the Prime Minister to use at her press conference with Chancellor Kohl at the conclusion of the talks at Chequers on 4 February. This I now enclose. Press interest is likely to concentrate on arms control.

Sir Jock Taylor has suggested that it would be particularly useful to have a clear statement by the Prime Minister about INF, following President Mitterrand's comparable statement to the Bundestag about French systems on 20 January. The Foreign and Commonwealth Secretary agrees that a similar statement by the Prime Minister which Chancellor Kohl would endorse, could have a very helpful effect on German opinion.

/ Ian Kydd did not ask for supplementary briefing material to guide the Prime Minister in answering questions. Mr Pym thinks it possible, however, that the Prime Minister may be pressed to say why British (and French) nuclear weapons should not be taken into account in the Geneva INF negotiations. I attach a separate line to take on this point.

*Yours
R B Bone*

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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DRAFT OPENING STATEMENT BY THE PRIME MINISTER AT HER JOINT
PRESS CONFERENCE WITH CHANCELLOR KOHL AT HALTON HOUSE ON
4 FEBRUARY

Ladies and Gentlemen

This is the second time Dr Kohl has visited Britain since he became Chancellor last year. On this occasion our discussions centered on: defence, security and arms control, the prospects for world trade, and in particular the threat of protectionism, and on Community matters.

First the Geneva negotiations on Intermediate Nuclear Forces: we are agreed that the zero option remains far and away the best solution to the problem of INF missiles in Europe. We endorse President Reagan's proposal that he and Mr Andropov should sign an agreement banning all US and Soviet intermediate range land-based nuclear missiles. But we emphasise that the zero option was never a take it or leave it proposal. If the Soviet Union is at present unwilling to reach an agreement on these lines in the Geneva negotiations, we would be prepared to consider, as a first step, an arrangement which went less far. The Chancellor and I are absolutely clear that any such agreement should be firmly based on the principle of balance: that is balanced numbers in an equitable agreement between the United States and the Soviet Union. In the longer term our goal remains the achievement of that balance at the level of zero.

/The INF



The INF negotiations in Geneva are between the Americans and the Russians, and any agreement that emerges there will be about their land-based missiles and theirs alone. The British Polaris submarines, which form our strategic deterrent, are excluded from these talks by definition, like comparable American and Soviet submarines, and therefore have no place.

NATO

On trade, we agreed that it is essential to maintain the open trading system and to reduce the strains on it. If we are to resist successfully the protectionist pressures in our own countries, other countries which have benefitted must bear their share of the responsibility by ensuring fair trading opportunities. We agreed that Japan has a particular responsibility in this regard and that Spain too needs to open its markets in sectors in which it is becoming a significant and competitive exporter. We welcome the intention of the US Administration to stand out against domestic protectionist measures. We agreed that trade problems between the European Community and the US, notably in agriculture, must be settled by discussion and negotiation rather than by confrontation.

As you would expect, we discussed internal Community affairs in some depth, in particular the imbalance arising out of the Community budget. We agreed on the need for an early solution leading to a fairer sharing of the burden.

Now Dr Kohl, what would you like to add?

① Chancellor to Gove.

Mark Ture

European Council

By Ture need settlement.

② FRC - no more than 25% of
world VAT share to refunds.

(9½2)

∴ Burden of financing shifted to
others. - 9 wage.

③ They don't - Have a budget problem

- only because of UK.

Dev. Proj. Spain Small milk producers
in France

Limit to Common contribution.

④ Officials Let's.



Surely the Russians have a point in saying that British (and French) nuclear weapons must be taken into account in arms control?

Not in INF. That is confusing chalk and cheese. As for the other talks (START) dealing with strategic missiles and bombers, the first and main priority is to get the huge Russian and American arsenals reduced. British Polaris represents a very small fraction, less than $2\frac{1}{2}$ % of the 2,700 Soviet strategic missiles and bombers. If these circumstances were to change significantly, for example if the Soviet threat to the UK were to be substantially reduced, we would be willing to look at our position again on arms control. But first things first.

Prices - Af.

Leve until 31/3/83

Then replaced. $5\frac{1}{2}\%$

9 countries with Presidency.

Butter subsidies, -

Budget - 1983.

Trade War. - U.S. }
Fr. live - hard }

Amendment, "Not a letter of
on leave of absence"

Zero option -

Protectionist Bill - U.S.

Help - special status.

£10m - investment duty.

200 bills - domestic content.