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RECORD OF DISCUSSION BETWEEN  
THE SECRETARY OF STATE FOR DEFENCE  
AND DR HANS APEL, FRG MINISTER OF DEFENCE  
IN THE MOD, AT NOON ON FRIDAY 19th MARCH 1982

## Present:

Secretary of State for Defence	Dr Apel
PUS	Dr Klaus Dieter Leister State Secretary
DUS(P)	Dr Walther Stutzle Deputy Secretary
ACDS(Pol)	Colonel Friedrich Freisberg Military Assistant
Head of Defence Dept, FCO	General Oppermann, Defence Attache, London
PS/Secretary of State	

PLENARY SESSIONUK and FRG Defence Programmes

1. The Secretary of State welcomed Dr Apel and invited him to describe the current state of FRG defence planning. Dr Apel began by quoting a remark of his predecessor, Dr Leber, to the effect that he had ordered all possible defence systems for the Federal German forces, and his successor had only to pay for them. This was no less than the truth, with 1800 Leopard II tanks on order, 5 Frigates, the Tornado aircraft and many other systems. The FRG was heavily committed contractually and as a result expenditure on the 'periphery' - ammunition, spares, fuel etc - was being cut back to keep within the budget. The next few years (until 1984/1985) would be exceptionally difficult ones because of budgetary pressures. This was what had lain behind the FRG objections to the current NATO infrastructure proposals - the cash was simply not there. Dr Apel even foresaw reductions in the funds available for volunteer elements of his forces.

2. Continuing, Dr Apel said that his present financial position was forcing his Ministry to cut down on R&D for future projects. He had made provision for development of systems already approved (e.g the final stages of Tornado and tanks) but future projects were in doubt including the new Franco-German tank project (which he would like to continue). Speaking generally he saw the danger



of increasing dependency on US equipment; and also a reduction in his country's ability to co-operate in new projects with her European allies (adding in parenthesis that funds were not available for a new tactical combat aircraft project).

3. In reply to a question from the Secretary of State, Dr Leister explained that the manpower problems facing the FRG's forces were in the longer term, after 1985 or 1986. Finance was not the main constraint, but demographic trends were a concern. There would not be enough suitable young people either for conscription or for volunteer forces. The overall size of the forces would drop by possibly 50,000 from the present 495,000. Counter-measures included plans to increase the number of women in the Services (in non-combattant roles) up to 30,000 although Dr Apel commented that this was fraught with political problems for him and was unlikely to be popular with either the left or with the conservative right. He was also considering prolonging conscript service by 3 months although this would be equally controversial. ACDS(Pol) asked about the conscription of foreigners in the Federal Republic. Dr Apel said that this was being looked at, but added that a bilateral treaty with Turkey would be needed, and the concept of predominantly Turkish units of the Bundeswehr was politically unattractive: there was a growing anti-foreigner mood in the FRG.

4. The Secretary of State then outlined recent developments in the UK defence programme. He pointed to the growing proportion of the defence budget going to equipment (31% in 1974/75 to 44% next year) but agreed with Dr Apel that this imposed strains on the rest of the budget. Until savings from the economies made in the 1981 Defence Review in the support areas, dockyards etc, were implemented then the budget would be tightly stretched within the overall 3% planned real increase. There were also signs that the British economy was picking up faster than expected and this should ease cash demands from industry as overheads started to be carried again by the civil workload of defence contractors.

5. PUS commented that UK manufacturers were now quoting much more competitive prices for their products. The UK Armed Forces did not face any major manpower problems at present, with exceptionally high retention rates being experienced. Dr Apel commented that he had had recently to curtail certain social payments to conscripts (in the field of unsocial or extra hours payments) in order to save cash; and this was extremely unpopular - with a demonstration expected the following week.

#### Defence Equipment Collaboration and Sales

6. The Secretary of State asked about German attitudes to the ASRAAM/AMRAAM package. Dr Leister said that there had been a funding problem, but he believed that this had been resolved. He asked why the UK was opposed to Norwegian participation. PUS replied that this could certainly be looked at again but there



must be doubt about whether it made industrial sense to add another partner (without great experience in this field) with whom work would have to be shared.

7. The Secretary of State asked about cost reduction on the SP 70. Dr Leister confirmed that this work was going well. The Secretary of State made clear that the UK was examining whether it wanted to reduce production numbers.

8. PUS introduced a discussion of the Berry Amendment, and there was general agreement that the European allies had to maintain a firm stance towards the United States administration. Dr Apel commented on the political problems which the US speciality metals legislation created for him. At a time when the US were seeking FRG assistance with host nation support, over which there was in any case reluctance in the Bundestag, there were inevitably attempts to link this with the trading restrictions imposed by Congress. A particular concern was the McDonald Amendment which could be seen as undermining deals (in B vehicles) which had represented agreed offset for the AWACS procurement. He had spoken to Mr Weinberger recently, but would have to raise the subject again in the margins of the NPG in Colorado Springs.

#### Preview of NPG and NATO Summit

9. The Secretary of State indicated that this had already been discussed in restricted session, and that Dr Apel had agreed to support a reference in the NPG communique to the UK's Trident II D5 programme. The Secretary of State then handed Dr Apel a copy of the Defence Open Government Document (DOGD 82/1) describing the Trident programme.

#### INF/START

10. Dr Apel said that he would be pressing the US at the NPG to begin the START talks soon. He believed that the Dutch Minister might raise the subject of Alliance consultation on START - he would discourage him from doing this, since the Netherlands Government was not in a strong position to preach to the US. Nevertheless, there was a need for some form of consultation, perhaps through a form of Special Consultative Group - in order to demonstrate to public opinion that the Europeans were in a position to help formulate US opinion.

11. ACDS(Pol) commented on the Soviet propaganda to be expected, as had been the case with INF modernisation. The next round could see the Soviet leadership offer to withdraw some SS 20s which could be done whilst still threatening Western Europe. Dr Apel agreed.

#### NATO Summit

12. The Secretary of State indicated that the subject of the Summit had been raised in Restricted Session, and that he and



Dr Apel had agreed on the value of having Defence Ministers present. Dr Apel indicated that this was not necessarily the view taken by the Federal Chancellor but said that he would be supporting the attendance of Defence Ministers when the subject was raised in the Plenary Session at Chequers that afternoon.

Discussion of Defence and Security Matters in European Fora

13. Referring back to the Restricted Session, Dr Apel said that he believed it vital that more intensive European defence discussions should not undermine the US commitment to European defence. It was, however, important to develop closer military relations with France. It was important to avoid a polarised debate, like the fruitless 60's arguments in the FRG between those who favoured a Gaullist and those an Atlanticist approach to defence. There was a worrying trend amongst the young to "equidistance" from both major power blocs. There was a new nationalism, but it was European not specifically German.

Peace Movements

14. Dr Apel commented that he believed that anti-American feeling was a more important factor in the FRG today than the "peace movement". In his day the young elite went to the USA; today likely as not they would go to Moscow. The anti-US feeling was exacerbated by situations such as El Salvador, and by a feeling that US economic policy, interest rates etc, were harmful to European interests. The peace movement was naive: a march was planned which was projected to go from Denmark through the DDR into Switzerland or Austria. The DDR was unlikely to tolerate this, and some lessons would be learned by the peace movement.

The meeting ended at 1245, for luncheon in Admiralty House.

Ministry of Defence

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