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b-a.

Mr. Cole, CABINET OFFICE

The FCO forgot to copy the attached to you. I will be circulating the bidding letter for briefs shortly - if you have any comments you may like

With the compliments of

APs/

Sir Robert Armstrong GCB, CVO

Secretary of the Cabinet

and Permanent Secretary to the

Management and Personnel Office

to feed them
in them.

Recd Mat.

12/4

P.S. Please note that, as agreed with you, the number of briefs has been substantially reduced.

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Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO
Permanent Under-Secretary of State

6 April 1984

Sir Robert Armstrong GCB CVO
CABINET OFFICE

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A	2632
6 APR 1984	
FILING INSTRUCTION:	
FILE No.

My dear Robert,

ANGLO GERMAN SUMMIT : 2 MAY 1984

cc - Mr Goodall
Mr Williamson
✓ Mrs Lambert
✓ C. McGearty (NOLO)

1. This letter sets the scene for the Anglo-German Summit which will take place either at Chequers or in London on 2 May.
2. In most respects Anglo-German relations remain close although the recent European Council in Brussels confirmed that over Community finances our interests coincide only up to a point. Britain and Germany agree on how to handle the fundamental issues of East/West and Transatlantic relations, security and defence. But as Chancellor Kohl explained to the Prime Minister when they met at Downing Street on 28 February, he has a broad idealistic concept of European unity and regards progress towards this as being intrinsically more important than reform of the European Community's financial arrangements. Kohl is sincere in wanting Britain to play a full part in the development of Europe, but he may be tempted to move ahead without us in cooperation with France and others to try to give the Community a new political impulse and strengthen the European pillar in the Atlantic Alliance.
3. The ordinary German continues to be concerned mainly with economic prospects. These are relatively encouraging. The Government in Bonn estimate that real GNP will grow by some 2.5% this year (1983 out-turn 1.3%), unemployment will average 9% (a slight fall on 1983) and inflation 3% (also a slight fall on 1983). Most independent observers think that the German Government is understating the likely growth in real GNP in 1984 but both Government and outside experts agree

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that it is uncertain if the economic recovery will be sustained into 1985 and beyond. The unions' demand for a 35 hour week is currently a matter of lively controversy and, as Kohl's CDU has a strong trade union wing, he has to move carefully. There is also a continuing inconsistency between the Federal Government's plans to reduce public spending and taxation, and their ability to alleviate unemployment, support regions where declining smoke-stack industries are concentrated, introduce new technology and contribute generously to a solution of the European Community's financial crisis.

4. Some doubts have resurfaced about Kohl's qualities of leadership; there has even been speculation that he might not last a full four year term. There are a number of conspicuously weak links in Kohl's coalition team and a cloud hangs over two of his strongest Ministers, Count Lambsdorff, the FDP Economics Minister, and Herr Woerner, the CDU Defence Minister. Lambsdorff will have to resign if, as seems likely, the case against him on corruption charges comes to trial later this year. Woerner humiliated a four-star General (Kiessling) on the grounds that his alleged homosexuality made him a security risk. The evidence was flimsy. Kohl rehabilitated Kiessling but has kept Woerner (and for the time being Lambsdorff) so as to avoid restructuring his delicately balanced coalition, and thus giving an opening to Strauss. But Kohl has shown in recent months that he enjoys office and he will be difficult to shake. His tactic of sitting out crises patiently has been successful so far.

5. The CDU's convincing victory in Land Baden Württemberg (Woerner's home state) on 25 March lends support to Kohl's view that the voters are more interested in the improving economy than in causes célèbres. But the FDP's poor showing in Baden Württemberg where they were pushed into fourth place by the Greens has cast renewed doubt on the long term stability of the coalition in Bonn. We do not believe that the SPD, which made a poor showing in Baden Württemberg but has otherwise done well in local and regional elections, is a plausible alternative government in present German conditions. It poses no immediate threat to Kohl's coalition. The general expectation is that the SPD is unlikely to regain office at the next elections in 1987. A move back towards the centre ground on German defence policy prospects is already underway. This is central to the SPD's future prospects.

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6. If the problems over Community finances remain unresolved by the time of the Summit, they will provide the backdrop, with discussion centreing on prospects for the next European Council in France on 25-26 June. Other important forthcoming events include the London Economic Summit on 9-10 June, and the NATO spring foreign ministers' meeting in Washington on 29-31 May.

7. The initiative for ministerial attendance lies with the Prime Minister. The Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry and Defence, and the Minister of Agriculture, Fisheries and Food have been alerted. Our initial informal soundings indicate that the Germans will be happy to match this team. Count Lambsdorff's (Economics) interests extend to energy but Mr Walker is unavailable.

8. The main areas of discussion are likely to be:

I The European Community, particularly prospects for the Summit in France on 25/26 June

Whatever the state of negotiations on Community finance at the time it will be vital on 2 May to convince Kohl that we share his concern for "Europe" in the broad sense. Recent meetings with the Germans, including that between the Prime Minister and Chancellor Kohl on 28 February, and German tactics at Brussels indicate that they think our approach to the Community is too much based on book-keeping. Their own policy is to make a generous but not excessive contribution, to solve the Community's financial problems and to enable it to move ahead politically. This approach is compatible with President Mitterrand's. Continuing failure to solve the Community's financial problems may bring the Germans and French still closer together: we need to convince Kohl that we must not be left out.

II European political and defence cooperation

French proposals to revive the Western European Union (WEU) are supported by the Germans, and can be made to coincide with Kohl's own ambitions to strengthen European political and security cooperation. Franco-German cooperation within the framework of their 1963 bilateral Treaty also has an important part to play. Kohl will be interested in the Prime Minister's views. We are preparing a paper as



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promised by the Prime Minister when she met Chancellor Kohl in London on 28 February.

III Transatlantic and East/West relations, defence and arms control.

(a) Chancellor Kohl will want to discuss with the Prime Minister what he sees as the link between the reform of the European Community's financial structures; his vision of a political, economic and cultural federation of European democracies, and his long term objective of overcoming the division of Germany. He is clear that in defence, there can be no substitute for cooperation with the United States in NATO or for the US nuclear guarantee. Kohl's relations with Reagan are in excellent repair (he visited the United States from 3-6 March). He warmly welcomes renewed American interest in East/West dialogue which he sees as in harmony with the longstanding German policy of expanding relations with the Soviet Union and Eastern Europe. But he may feel that the US administration should be doing more. The Germans are urging on the US (rather to the irritation of the latter) the need for a Super-power Summit. Kohl has had particular success with the GDR, which seems to have developed with the acquiescence of the Russians some freedom of manoeuvre in inner-German relations. Kohl wishes the FRG to pursue this Ostpolitik from a position of strength within the NATO Alliance. Initial INF deployment was carried out successfully in Germany; the Peace Movement is now weak, divided and uncertain what to do next.

(b) Kohl is likely to engage the Prime Minister in discussion of future NATO strategy and how to meet the challenge of emerging military technologies. The Germans continue to attach great importance to being seen to be active in arms control. They may still be unhappy about US/UK opposition to their MBFR proposals. This will be the second summit at which National Armaments Directors will report through Ministers of Defence on Anglo-German cooperation in equipment collaboration. Both sides regard these arrangements as successful and wish them to continue.

IV International Economic Issues and the London Economic Summit

The Summit will take place two weeks before the OECD Ministerial meeting and a little over a month before

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the London Economic Summit. Chancellor Kohl will have been kept informed of preparations for the Summit by his Personal Representative, Dr Tietmeyer. The UK and the FRG are likely to share similar attitudes to the major international economic issues, including debt, trade and the policies necessary to ensure that recovery is sustained. While both the Prime Minister and Chancellor Kohl are likely to want to emphasise to the Americans at the Summit the need to reduce the US structural budget deficit, they will also share a desire not to force the Americans into a corner over this or other issues.

9. In addition to these subjects, we may want to discuss other international issues, including probably the Middle East (Kohl's visit to Israel earlier this year was one of his less successful enterprises), Central America (Kohl's CDU heavily backed Duarte in the El Salvador elections) and Falklands/Argentina (Foreign Minister Genscher is due in Argentina this month and Kohl is planning a visit in July). We remain concerned that our allies should show understanding of our position on the Falklands and should not seek to consolidate their closer relations with Argentina by supplying major arms.

10. It was announced at the November 1981 Summit that officials would keep the bilateral relationship under review. We and the Germans have prepared separate reports on Anglo-German relations and are now considering joint conclusions. We shall recommend to the Prime Minister and Chancellor Kohl a statement on Anglo-German relations which could be issued at their joint Press Conference after the Summit.

11. Chancellor Kohl will travel to Oxford after the Summit to deliver the Konrad Adenauer memorial lecture. He is delighted that the Prime Minister will attend his lecture which, together with a forward-looking statement on the extent of Anglo-German cooperation, should ensure that the Summit is not seen by the media and public opinion as just another episode in the haggling over reform of the European Community's finances.

11. The attached draft list of briefs takes account of latest Cabinet Office proposals to simplify the briefing arrangements for bilateral summits.

Antony Acland

Antony Acland



cc: ✓ Sir Peter Middleton KCB, HM Treasury
✓ Sir Brian Hayes KCB, DTI
✓ Sir Clive Whitmore KCB CVO, MOD
✓ Sir Anthony Rawlinson KCB, DTI
✓ Sir Michael Franklin KCB CMG, MAFF
✓ M E Quinlan Esq CB, Dept of Employment
✓ P E Lazarus Esq CB, Dept of Transport
✓ Sir Kenneth Couzens KCB, Dept of Energy
✓ Sir Brian Cubbon KCB, Home Office
✓ D J S Hancock Esq, DES
✓ Sir Kenneth Stowe KCB CVO, DHSS



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LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT, 2 MAY

<u>Subject</u>	<u>Lead Dept</u>	<u>In Consultation with</u>
1. Index of Briefs	FCO (WED)	Cabinet Office
2. General Brief (this will cover the subject-matter of the briefs below and will have paragraphs on each of the following: Arab/Israel and Lebanon; Iran/Iraq; Falklands/ Argentina; Cyprus; Southern Africa; Central America; UNLOSC; Hong Kong; Airbus; CERN)	FCO (WED)	Other FCO and Whitehall Departments
3. (a) General Brief on the European Community (which will be mainly concerned with the post-Stuttgart negotiation but will contain paragraphs on enlargement (including Gibraltar); trade issues; internal market; industrial policy; employee participation; EC/Turkey; EC/US; EC/Hungary; EC/Cyprus; New policies.	FCO (ECD(I))	Treasury, DTI, MAFF, Dept of Employment, Dept of Transport, as appropriate
(b) Community financing	FCO (ECD(I))	Treasury
(c) Community agricultural matters	FCO (ECD(I))	MAFF, Treasury
4. Political and Defence Cooperation in Europe	FCO (WED)	FCO (ECD(E)), Defence Dept, MOD
5. International Economic issues and the London Economic Summit (to include international debt and North/South issues).	FCO (ERD)	Treasury, DTI
6. East/West and inner German relations (including Berlin preparation for NATO meeting on 29-31 May, and Poland)	FCO (Soviet Dept, WED)	FCO (Defence Dept, TRED) MOD
7. Arms Control and Disarmament (including CDE, MBFR, CW, INF/START and emerging technologies)	FCO (Defence Dept)	MOD, FCO (ACDD)

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| 8. UNLOSC | FCO (MAED) | |
| 9. Bilateral relations (including review of Anglo-German relations and bilateral defence matters). | FCO (WED) | FCO (Defence Dept) and others |
| 10. German internal scene (background brief, covering both economic and political aspects). | FCO (WED) | FCO (ESID), Treasury |

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