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SUBJECT



10 DOWNING STREET

From the Private Secretary

3 May 1984

Anglo/German Summit

I enclose a note of the discussion which took place over lunch at Chequers on 2 May.

I am copying this letter and enclosure to David Peretz (HM Treasury), Richard Mottram (Ministry of Defence) and Richard Hatfield (Cabinet Office).

A. J. COLES

Roger Bone, Esq.,
Foreign and Commonwealth Office

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Note of a discussion over lunch at the Anglo/German Summit at
Chequers on 2 May 1984

The following were the main points made at a discussion over lunch which was attended by all Ministerial participants in the Summit and some senior officials.

The Prime Minister said that she would welcome German views on the handling of the London Economic Summit remembering that it would take place in the middle of the United States election year. She believed that the Williamsburg Economic Summit in 1983 had been well handled. On that occasion it had been necessary to have a statement on international political questions, in addition to the usual economic statement, because of the imminence of INF deployment. She inclined to the view that it would not be possible for Heads of State and Government to meet at the Economic Summit without issuing a political statement. She thought that the only difficulty in this regard might come from the President of France.

Chancellor Kohl said that public expectations about the Summit were so high that they could not be met. But we must do our best. The Williamsburg conclusions had contained a good deal about combatting protectionism. But no sooner had participants returned home than the United States had adopted a number of protectionist measures. This was unfortunate. He favoured everyone making a contribution to reducing the dangers of protectionism. The more equipped individual countries were for free competition, the stronger economic revival would be.

It was essential to discuss political questions at the Summit. By June INF deployment would have taken place in Germany and the United Kingdom but not in the Netherlands. Indeed, it was uncertain what would happen about deployment

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there. The Summit should try to help the present Netherlands Prime Minister.

On another point, he could well understand that the Normandy landings had to be commemorated. But it should be borne in mind that many people in Japan and Germany would watch the celebrations. He therefore advised that the Summit, which would follow shortly on these celebrations, should make a joint declaration about the future. It was not adequate to draw attention merely to historical events. The participants must make clear that they were now associated in an community of values and that Germany was part of it. This was the perspective for the future. He was ready to talk to President Mitterrand about the desirability of a statement on political questions.

The Prime Minister said that it was possible that three statements would be necessary, for she wished to see one on international terrorism.

Regarding Chancellor Kohl's remarks about protectionism, it was worth recalling that the Community, despite the stand it had taken, was negotiating to restrict imports of corn gluten and that, but for Germany and Britain, it would have imposed an oil and fats tax.

The Summit should discuss the opening of capital markets, including the Japanese market, though the experience of past Summits in dealing with Japan had not been encouraging.

The Summit should also tackle the question of international subsidies which were now running at a high level.

A statement on security would be useful. There was a constant need to emphasise the unity of the United States and Europe.

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On international terrorism, both the United Kingdom and the United States wanted a declaration.

With regard to a declaration on the values which bound the participants together, careful drafting would be necessary. But the task was worth undertaking, particularly as a means of combatting Communist propaganda.

The Foreign and Commonwealth Secretary said that political directors would identify the main topics for discussion by Foreign Ministers. Clearly, the question of terrorism would have to be addressed. He was reluctant to accept that every Economic Summit must issue a political statement but he recognised the need for one on this occasion, particularly following the commemoration of the Normandy landings. However, we were anxious about the French attitude.

Chancellor Kohl said that he had had to talk to President Mitterrand twice at Williamsburg to persuade him to accept a political statement. But the Americans had not handled him very tactfully. It was desirable that when our ideas were clearer the Prime Minister should raise the matter herself with President Mitterrand. The Prime Minister said that she would mention the question when she saw President Mitterrand on 4 May.

Taking up the earlier reference to INF deployment, the Defence Secretary pointed out that if the Netherlands did not proceed with deployment this could weaken the present resolution shown by Belgium.

On East/West relations, Chancellor Kohl said that he saw no new elements in Soviet foreign policy. The Prime Minister asked why East Germany was allowing so many people to leave permanently for the Federal Republic. Chancellor Kohl

replied

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replied that there were probably several reasons rather than a single one for this. The structure of power was not monolithic in East Germany any more than it was in the Soviet Union. The GDR leadership was probably using the opportunity to get rid of a number of people whom it saw as troublesome. It had evidently agreed with the Soviet Union that the latter would in turn move Germans into East Germany. Another factor was that the economic situation in the GDR was not favourable. Moreover, the psychological pressure on the regime was such that it had to allow things to happen which would have been unthinkable a few years ago.

Herr Stoltenberg said that he considered that the Economic Summit's discussion of trade policy and protectionism should be balanced by a discussion of developing countries and the problem of indebtedness. If world trade did not revive, debtor countries had no chance of solving their problems. He had discussed this matter earlier with the Federal Chancellor who had agreed that it should be emphasised at the Summit. Herr Genscher pointed out that a 1 per cent reduction in interest rates would do far more to help debtor countries than any aid programme.

A. J. C.

2 May 1984