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CC MASTER



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From the Private Secretary

3 May 1984

Anglo/German Summit

I enclose a record of the Plenary Session which was held at Chequers on 2 May.

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

F. E. R. BUTLER

Roger Bone, Esq.,
Foreign and Commonwealth Office

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RECORD OF PLENARY SESSION OF SUMMIT TALKS BETWEEN HMG AND THE
GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY AT CHEQUERS ON
WEDNESDAY, 2 MAY, 1984, AT 1430 HOURS

Present:

The Prime Minister

The Foreign and Commonwealth
Secretary

The Chancellor of the
Exchequer

The Secretary of State for
Defence

Sir Robert Armstrong

Sir Anthony Rawlinson

Sir Jock Taylor

Sir Julian Bullard

Plus officials

The Federal Chancellor

Herr Genscher

Dr. Stoltenberg

Dr. Wörner

Dr. von Wuerzen

Baron von Wechmar

Plus officials

/ The Prime Minister

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The Prime Minister reported on her discussions with Chancellor Kohl. She said that there had been thorough discussions on Community issues, and both sides wished to resolve outstanding problems on the Community Budget as soon as possible. There had also been a discussion on East/West relations, which were particularly important in the year of the US Presidential Election, and on the Iran/Iraq War. The atmosphere of their talks had been extremely friendly, and there were few if any bilateral problems between the Federal Republic and the United Kingdom. Both sides shared a joint will to solve the problems of the Community and enable Europe to play a more influential part in the world. Both sides also agreed on the need to incorporate strict financial guidelines into the Community's budgetary process. Otherwise, the progress made on agricultural and financial disciplines would be wasted. This could be seen as translating the Stuttgart Agreement into a practical form.

Chancellor Kohl thanked the Prime Minister for her welcome and hospitality. He suggested that at the Press Conference attention should be drawn to the friendly and cordial tone of the talks which reflected the normality of relations between the two countries. Mention should also be made of the forthcoming Economic Summit, and the need for a thorough tour d'horizon of world affairs, particularly East/West relations. He endorsed the Prime Minister's remarks about the desire of both sides to make progress at the earliest possible moment on the problems of the European Community.

In reply to a question from the Prime Minister about his recent visit to the United States, Chancellor Kohl said that he did not expect any major change on budgetary policy before the Presidential Election. But the US Government were realising that a continuation of their policy would support and foment feelings of anti-Americanism in Europe. He had told the President that it would be more potent than 100 demonstrations.

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Following the demonstrations in the autumn in advance of deployment, which had been professionally stimulated, anti-American feeling had declined in Germany, and there was no sign of a resumption without some occasion for it. If the United States continued with their budgetary policy, there would both be a psychological and actual adverse effect on Europe. In Germany itself, official forecasts of growth in the current year were put at 2½%, and most commentators regarded this as cautious. Unemployment was beginning to decline, and there was a prospect of its falling below 2 million in figures published on 4 June. Even so, people had been living beyond their means for far too long, and the corner had not been turned yet, as was evident from the current dispute about the 35 hour week for unchanged wages. He was confident that the German Government would win that dispute, and there would be signs of this within the next fortnight. 1985 was also likely to be a good year, but there was a questionmark over 1986, and uncertainties over US policy were relevant to this. The German Government had lots of other problems, particularly demographic problems affecting the number of men in the armed services, which threatened to decline from 495,000 at present to 261,000 by the end of the decade. The German Government might have to consider extending military service, which would be a most controversial issue. In response to a jocular remark from the Prime Minister that a professional army avoided difficulties of this sort, Chancellor Kohl responded that he had no doubt that a conscript army was right for a divided country.

Sir Geoffrey Howe gave a summary report of his talks with Herr Genscher (separately recorded). In discussion of the attitude of the German Government towards problems of international terrorism, Herr Genscher said that it would be important not to give the impression that the West would like to weaken the protection given to Diplomatic Missions by the Vienna Convention.

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The approach should be to interpret the rights and privileges of that Convention more restrictively. He had been asked, on a visit to Senegal, why the major European countries had tolerated the Libyan Peoples' Bureaux in their countries for so long. The Foreign Secretary commented that the decision to accept the Peoples' Bureaux had been taken after extensive discussions between Germany, France, Italy and the United Kingdom. If a decision to act more restrictively were to be more effective, it should similarly be taken collectively. The Prime Minister drew attention to the problems of enforcing the Vienna Convention as regards the content of Diplomatic bags. Herr Genscher commented that this aspect of the Vienna Convention was worth looking at, but he repeated that the German Government would wish the protection provided by the Convention to Missions to be maintained.

The Chancellor of the Exchequer reported on his discussions with Dr. Stoltenberg (separately recorded). Dr. Stoltenberg said that he agreed with the Chancellor of the Exchequer's report, and had nothing to add.

The Secretary of State for Defence summarised his discussion with Herr ["]Worner: since they had had two meetings in the previous fortnight, the present discussions had been in general terms, and had concentrated on the need to make progress on the harmonisation of weapons systems through the IEPG, and not to allow WEU machinery to take this over. Herr Worner endorsed the Secretary of State's report, and stressed the need to ensure that French initiatives to revitalise the WEU were directed into an Atlantic framework, and did not develop anti-American overtones. He distinguished between arms collaboration, which it was essential to pursue through IEPG, and military and strategic issues on which it would be worth trying to stimulate exchanges at Ministerial level through the WEU.

/ Sir Anthony Rawlinson

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Sir Anthony Rawlinson summarised the discussions which Mr. Lamont had held with Dr. von Wuerzen (which are reported separately).

Chancellor Kohl underlined the growing importance of damage to forests as a political issue not only in the Federal Republic, but in other central European countries. This problem did not only concern environmental fanatics, but affected the way of life of whole communities. In some areas of central Europe 80% of forests were being destroyed, and the Norwegian Government had also recently expressed their concern to the Federal Government. The problem was that nobody was sure of the reasons for what was happening, but he had little doubt that the lead content of motor vehicle emissions had a large role. He had no desire to be a nuisance to his European colleagues on this matter, but he wanted to make clear the pressure which the Federal Government were coming under. They were already finding it necessary to control coal emissions, which would have a serious effect on coal sales. The Prime Minister commented that an answer to this problem was nuclear power, but this presented other problems. Chancellor Kohl agreed, and said that the German Government were confident that in the next 10 years they would solve the problems of nuclear waste disposal through petrification. The Prime Minister endorsed Chancellor Kohl's comment that it would help if scientists could get nearer to an explanation of the damage caused by acid rain.

The Prime Minister and Chancellor Kohl formally endorsed the draft statement on Anglo/German bilateral relations, and agreed that it should be issued at their Press Conference.

FERB.

2 May, 1984.

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