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TO IMMEDIATE FCO

TELEGRAM NUMBER 49 OF 19 JANUARY

FOLLOWING FOR PRIVATE SECRETARY

ANGLO-GERMAN SUMMIT

FOLLOWING IS DRAFT TELEGRAM ON PLENARY MEETING

BEGINS

ANGLO-GERMAN CONSULTATIONS, BONN, 18 JANUARY

1. THE PRIME MINISTER, ACCOMPANIED BY MYSELF, THE SECRETARY OF STATE FOR DEFENCE, THE SECRETARY OF STATE FOR THE ENVIRONMENT AND THE MINISTER FOR TRADE VISITED BONN ON 18 JANUARY FOR THE 16TH BILATERAL ANGLO-GERMAN SUMMIT. IN ADDITION TO CHANCELLOR KOHL, THE GERMAN MINISTERS PARTICIPATING WERE GENSCHER (FOREIGN AFFAIRS), WOERNER (DEFENCE), ZIMMERMANN (INTERIOR) AND BANGEMANN (ECONOMICS). FOLLOWING IS A SUMMARY ACCOUNT OF THE PLENARY SESSION, WHERE PARTICIPANTS REPORTED ON THEIR BILATERAL DISCUSSIONS.

HEADS OF GOVERNMENT

WM CHANCELLOR KOHL SAID THAT HE AND THE PRIME MINISTER HAD DISCUSSED THREE MAIN THEMES: EAST/WEST RELATIONS, THE 40TH ANNIVERSARY OF THE END OF THE WAR IN EUROPE AND COMMUNITY ISSUES. ON EAST/WEST RELATIONS, THERE WAS CLOSE ANGLO-GERMAN CONSULTATION AND AGREEMENT. THE US-SOVIET NEGOTIATIONS NOW STARTING MUST BE CARRIED FORWARD TO SUCCESS, BUT NOT UNDER TIME PRESSURE. THAT WOULD REQUIRE THE SAME DETERMINATION, PATIENCE AND SKILL AS HAD BROUGHT THE RUSSIANS TO THE NEGOTIATING TABLE. THE TWO YEARS FREE OF ELECTIONS IN THE MAJOR WESTERN COUNTRIES OFFERED AN OPPORTUNITY WHICH SHOULD NOT BE MISSED. CONSULTATION BETWEEN EUROPE AND THE US WAS NOW VERY GOOD. THE 40TH ANNIVERSARY TOUCHED THE GERMANS DEEPLY. HE WAS GRATEFUL FOR THE GREAT UNDERSTANDING THE PRIME MINISTER HAD SHOWN FOR GERMAN FEELINGS. EC ENLARGEMENT ON THE DUE DATE WAS VITAL. THERE COULD BE NO INCREASE OF OUR RESOURCES BEFORE THEN. AT THE MARCH COUNCIL IT WOULD NOT BE POSSIBLE TO DISCUSS PROPERLY THE FURTHER DEVELOPMENT OF THE COMMUNITY, BUT AS AGREED IN DUBLIN A DAY WOULD BE SET ASIDE AT THE MILAN SUMMIT FOR THAT PURPOSE. BEFORE THEN IT WAS IMPORTANT FOR THE BRITISH AND GERMANS TO KEEP VERY CLOSELY IN TOUCH AND DEVELOP A COMMON VIEW. HE WAS LOOKING FORWARD TO A DAY'S DISCUSSION WITH THE PRIME MINISTER AT CHEQUERS BEFORE JUNE.

*H. keep on file CC. Master*

*EN*

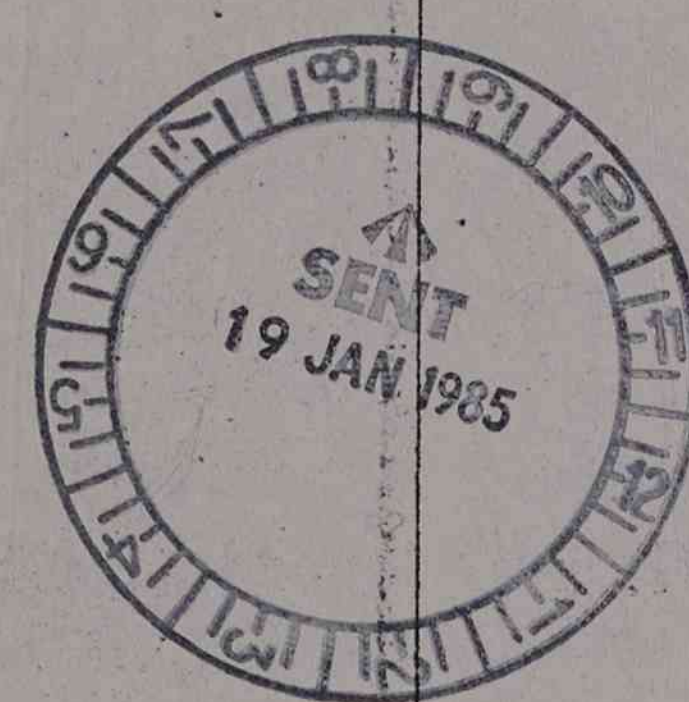
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PS / Mr. R. F. ...*

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*Mr. Derek Thomas  
Mr. Brattin  
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3. THE PRIME MINISTER ENDORSED KOHL'S REPORT AND ADDED THAT IN THREE MAIN AREAS - ECONOMIC POLICY, EUROPEAN AFFAIRS AND EAST/WEST RELATIONS - GOVERNMENTS IN THE WEST FACED UP TO DIFFICULT DECISIONS AND ACHIEVED SUCCESSES IN 1984. THIS HAD LAID THE BASIS FOR FURTHER PROGRESS IN 1985. THE WEST HAD ALSO COME CLOSER TOGETHER, ESPECIALLY AT HEAD OF GOVERNMENT LEVEL. THE 40TH ANNIVERSARY WOULD BE AN OPPORTUNITY FOR MARKING 40 YEARS OF PEACE WITH FREEDOM AND JUSTICE AND FOR PLEDGING OURSELVES TO CONTINUE TO WORK TO THIS CAUSE.

#### FOREIGN MINISTERS

4. GENSCHER REPORTED THAT HE AND I HAD DISCUSSED THE SHULTZ/GROMYKO MEETING, COMMUNITY AFFAIRS AND A RANGE OF REGIONAL PROBLEMS. IN VIRTUALLY ALL CASES THERE WAS A COMMON ASSESSMENT. HE HAD POINTED TO THE RISK THAT THE SOVIET UNION IN NEGOTIATIONS WITH THE US WOULD ATTEMPT TO TREAT EUROPE AS A MERE REGIONAL ISSUE, AND WE HAD AGREED THAT SUCH GAMBITS MUST BE RESISTED AND THE INTEGRITY OF THE ALLIANCE BE UPHELD. ON THE MIDDLE EAST, GENSCHER ENDORSED MY VIEW THAT THE TEN SHOULD WORK TO PREVENT CHAOS FOLLOWING ISRAELI WITHDRAWAL FROM LEBANON. SYRIA'S ROLE MUST BE RECOGNISED AND THE INFLUENCE OF THE ARAB MODERATES BE ENCOURAGED. THERE WAS NO NEED FOR A NEW STATEMENT BY THE TEN ON ARAB/ISRAEL. ON TURKEY, WE HAD AGREED THAT EFFORTS TO ENCOURAGE DEMOCRACY SHOULD CONTINUE. THAT MEANT SUPPORTING THE OZAL GOVERNMENT. DENMARK MUST BE INFLUENCED TO COOPERATE IN THIS. THE HOLDING OF THE HIGH LEVEL MEETING ON CYPRUS WAS TO BE WELCOMED. ON CHILE, THE BEST WAY OF INFLUENCING DEVELOPMENTS WAS PROBABLY SENIOR OFFICIAL CONTACTS RATHER THAN POLITICAL ONES, WHICH WERE LIKELY TO AROUSE PUBLIC CONTROVERSY. GENSCHER SAID THAT HE AND I HAD AGREED ON THE NEED TO DEVELOP FURTHER PRACTICAL COOPERATION IN THE STRUGGLE AGAINST TERRORISM.

5. I ADDED THAT I WAS GRATEFUL THAT GENSCHER HAD OFFERED HELP REGARDING LIBYA. BUT BRITISH POLICY WAS TO GET THE HOSTAGES OUT WITHOUT ANY CONDITIONS. ON LEBANON, WE SHOULD BE READY FOR DISCUSSION AT THE UN ON WIDENING THE BASIS OF UNIFIL. ON FAMINE IN AFRICA, IT WAS IMPORTANT NOT TO RAISE UNDUE EXPECTATIONS ABOUT NEW PROGRAMMES. GENSCHER AND I HAD AGREED THAT NEITHER GOVERNMENT COULD MAKE FUNDS AVAILABLE FOR THE WORLD BANK'S AFRICA FUND. ON COCOM I HAD POINTED TO THE IMPORTANCE OF REACHING AGREEMENT AMONG THE MAJOR ALLIES ON THE PROPOSAL FOR A DEFENCE EXPERTS GROUP. OTHERWISE THE US MIGHT IMPOSE RESTRICTIONS UNILATERALLY.

6. REPORTING ON HIS AND MY DISCUSSION OF EC ISSUES, GENSCHER REITERATED THE FRG VIEW THAT NEW OWN RESOURCES COULD ONLY BE IMPLEMENTED SIMULTANEOUSLY WITH ENLARGEMENT. HE HAD PUT THE CASE FOR AN INTERGOVERNMENTAL AGREEMENT TO COVER THE 1985 SHORTFALL AND THE UK'S ABATEMENT. HE HAD SAID FARM COSTS MUST BE LIMITED BUT WITHOUT ENDANGERING THE EXISTENCE OF FAMILY FARMS. MEDITERRANEAN PRODUCTS SHOULD NOT BE EXEMPT FROM EFFORTS TO REDUCE SURPLUSES AND TO APPLY FINANCIAL DISCIPLINE. ON IMPS, GENSCHER SAW DANGER IN THE ITALIAN EXPECTATION THAT THESE SHOULD APPLY TO OTHER COUNTRIES BESIDES GREECE. HE HAD TRIED TO DISABUSE ANDREOTTI WHEN THE LATTER VISITED BONN ON 17 JANUARY. GREECE ALREADY STOOD TO GAIN SUBSTANTIALLY WITHOUT IMPS. HE NOTED UK AND FRG AGREEMENT TO HOLD TO THE ORDER OF FIGURES AGREED AT DUBLIN. HE SAID THAT, ALTHOUGH HE UNDERSTOOD THE GREEK GOVERNMENT'S POLITICAL DIFFICULTIES, IT WOULD HAVE TO DECIDE WHETHER IT WAS PREPARED TO TAKE SOLE RESPONSIBILITY FOR BLOCKING ENLARGEMENT. GENSCHER SUMMED UP THAT, APART FROM THE



HAVE TO DECIDE WHETHER IT WAS PREPARED TO TAKE SOLE RESPONSIBILITY FOR BLOCKING ENLARGEMENT. GENSCHER SUMMED UP THAT, APART FROM THE DIFFERENCE IN FRG AGRICULTURE STRUCTURES, WHICH MADE GERMANY'S PROBLEMS MORE COMPLEX THAN OURS, UK AND FRG POSITIONS WERE VERY CLOSE.

7. I AGREED, AND REITERATED THE BRITISH WISH TO WORK WITH THE FRG IN PRACTICAL EFFORTS TO STRENGTHEN EUROPEAN UNITY. I STRESSED OUR COMMITMENT TO ENLARGEMENT, TO MORE ACTIVE POLITICAL COOPERATION AND TO IMPROVING THE WORKING OF THE INSTITUTIONS. BUT OUR FIRST PRIORITY WAS TO COMPLETE THE COMMON MARKET IN GOODS AND SERVICES ON WHICH SO MUCH COULD BE BUILT. I DID NOT BELIEVE THAT ANY EC MEMBER WAS WILLING TO ALLOW ACTION AGAINST ITS OWN ESSENTIAL INTERESTS. I UNDERLINED THE IMPORTANCE OF PRESERVING THE AGREED COMMUNITY REGIME ON FISHING. ON CAP PRICE FIXING, I SET OUT THE NEED FOR DECISIONS COMPATIBLE WITH THE FINANCIAL GUIDELINE AND A RIGOROUS PRICE POLICY. I EMPHASISED THE IMPORTANCE OF THE FONTAINEBLEAU CONCLUSIONS ON NEW OWN RESOURCES AND OUR ABATEMENT FOR 1984. HMG DID NOT FAVOUR A NEW INTERGOVERNMENTAL AGREEMENT.

#### DEFENCE MINISTERS

8. WOERNER REPORTED THAT HIS TALKS WITH MR HESELTINE HAD FOCUSED FIRST ON THE NATO INITIATIVE ON STRENGTHENING CONVENTIONAL DEFENCE. THEY HAD AGREED ON THE NEED FOR A CONCEPTUAL FRAMEWORK, SO AS TO GET THE PRIORITIES RIGHT: THAT NO ADDITIONAL RESOURCES COULD BE PROVIDED BY THE UK OR FRG: BUT THAT EXISTING RESOURCES MUST BE USED MORE EFFICIENTLY. WE MUST WORK HARDER FOR US RECOGNITION OF EUROPEAN DEFENCE EFFORTS AND SHOULD ENCOURAGE THE SMALLER MEMBERS OF THE ALLIANCE TO CONTRIBUTE MORE. THE TWO DEFENCE MINISTERS RECOMMENDED THAT THEIR HEADS OF GOVERNMENT SHOULD MAKE CLEAR TO THE SMALLER EUROPEAN ALLIES THAT THEY MUST BEAR THEIR FAIR SHARE OF THE POLITICAL, PSYCHOLOGICAL AND FINANCIAL DEFENCE BURDENS IN THE ALLIANCE. WOERNER SAID THAT HE AND MR HESELTINE HAD AGREED ON THE IMPORTANCE OF CLOSE CONSULTATIONS BY THE US ON SDI, AS THE NEGOTIATIONS AND THE RESEARCH PROGRAMME PROCEEDED. ON COOPERATION IN ARMS PRODUCTION, THERE WERE FAVOURABLE DEVELOPMENTS ON THE BILATERAL AND EUROPEAN LEVELS. MR HESELTINE'S ACHIEVEMENT IN REACTIVATING IEPG HAD BEEN PARTICULARLY USEFUL.

#### TRADE AND ECONOMY

9. BANGEMANN SAID HIS TALKS WITH MR CHANNON HAD COVERED FIVE TOPICS:-

- (I) PREPARATION FOR THE BONN ECONOMIC SUMMIT. BOTH GOVERNMENTS WERE CONCERNED TO COMBAT PROTECTIONIST TRENDS AND FAVOURED A NEW GATT ROUND:
- (II) THE EC ATTITUDE TO REPLACEMENT OF THE MULTI-FIBRE AGREEMENT. WE WERE AGREED IT SHOULD BE GRADUALLY STEPPED DOWN AND NOT EXTENDED UNCHANGED OR TERMINATED.
- (III) SHIPBUILDING. WE AGREED THAT EC GOVERNMENTS SHOULD PROGRESSIVELY REDUCE ~~THE~~ SUBSIDY AND DEVELOP A COMMON POLICY TOWARDS THE SUBSIDY POLICIES OF OTHER COUNTRIES. IT HAD BEEN NOTED THAT THE UK HAD PARTICULAR PROBLEMS UNTIL 1986:
- (IV) STEEL. ALL SUBSIDIES TO FIRMS SHOULD BE HELD WITHIN PRESENT LIMITS FOR 1985. AFTER 1985 SPECIFIC AIDS SHOULD ONLY BE GRANTED IF TIED TO REDUCTIONS IN CAPACITY:
- (V) AIRBUS AND SPACE TECHNOLOGY. THE FRG BELIEVED THAT THE A300



(V) AIRBUS AND SPACE TECHNOLOGY. THE FRG BELIEVED THAT THE A300 FAMILY MUST BE MODERNISED AND EXTENDED TO MAINTAIN ITS COMPETITIVE POSITION.

10. MR CHANNON STRESSED THE IMPORTANCE OF LIBERALISING TRADE OF ALL KINDS, INCLUDING SERVICES AND AGRICULTURE. ON AUTO EMISSIONS IT WAS IMPORTANT TO FIND A COMMUNITY SOLUTION WHICH WOULD NOT UPSET THE INTERNAL MARKET.

XXX ENVIRONMENT

11. ZIMMERMANN REPORTED HIS DISCUSSION WITH MR JENKIN ON THE FOLLOW-UP TO THE DECEMBER CONFERENCE IN LONDON AND PREPARATIONS FOR FORTHCOMING DISCUSSIONS AT THE BONN ECONOMIC SUMMIT AND IN OECD. IT WAS AGREED THAT BOTH SIDES WOULD TRY TO PERSUADE THE FRENCH TO JOIN IN THE AGREED OBJECTIVES. THERE HAD BEEN A DETAILED EXCHANGE ON LARGE COMBUSTION PLANTS. IT HAD BEEN AGREED THAT ALL POSSIBILITIES SHOULD BE EXPLORED TO FIND AN EC SOLUTION SATISFACTORY FOR ALL. MR JENKIN HAD SHOWN UNDERSTANDING FOR THE PROBLEM OF DYING FORESTS, FOR WHICH COMMON SOLUTIONS WERE NEEDED. THE ONLY DIFFERENCE ON THE DIRECTIVE ON BEVERAGE CONTAINERS WAS ON ITS LEGAL FORM. ZIMMERMANN HAD BEEN GLAD TO LEARN OF THE GREAT IMPORTANCE ATTACHED TO THE PRESERVATION OF THE COUNTRYSIDE IN BRITAIN. DISCUSSION ON THE FOLLOW-UP TO THE BREMEN NORTH SEA CONFERENCE SHOWED THAT THERE WAS STILL A DIFFERENCE BETWEEN US ON WHETHER THE NORTH SEA SHOULD BE DECLARED A SPECIAL AREA.

12. MR JENKIN EXPRESSED SATISFACTION AT THE CLOSENESS OF VIEWS ON PRESERVATION OF THE COUNTRYSIDE. ON OTHER ISSUES, EG LARGE COMBUSTION PLANTS, ANY DIFFERENCES BETWEEN THE UK AND FRG WERE ONLY ON MEANS TO COMMON AIMS. ON VEHICLE EMISSIONS THE NEED WAS FOR AN EARLY EC SOLUTION THAT WOULD PRESERVE THE INTERNAL MARKET, AND GIVE MANUFACTURERS THE CLEAR GUIDANCE THEY NEEDED, WHILE AT THE SAME TIME PROTECTING THE ENVIRONMENT.

13. WINDING UP, KOHL CHARACTERISED THE OPENNESS AND FRIENDLY CLOSENESS OF THE CONSULTATIONS AS HAVING RESEMBLED A JOINT CABINET MEETING. EVERY COUNTRY NEEDED FRIENDS, BUT NONE SO MUCH AS THE FRG, WHICH WAS PLEASED TO NUMBER BRITAIN AMONG THEM.

ENDS

RESIDENT CLERK PLEASE INFORM PRIVATE SECRETARY OF THIS TELEGRAM'S ARRIVAL.

BULLARD

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