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From the Private Secretary

MISS MULLIGAN
CABINET OFFICE

ANGLO-GERMAN SUMMIT

You asked if I had any comments on the list of briefs enclosed with Sir A. Acland's letter of 28 October to Sir R. Armstrong.

The Summit comes at a particularly busy time for the Prime Minister, even by her standards. I think it most unlikely that she will have time to read anything other than the steering/general brief. It is essential therefore that this should cover all the main issues which she is expected to raise with Chancellor Kohl.

It would also be helpful to have a short handling brief for the plenary session, which would identify particular issues on which she might ask departmental ministers to focus in reporting their separate discussions.

I am copying this minute to Sherard Cowper-Coles in Sir A. Acland's office.

CHARLES POWELL

1 November 1985

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Sir Antony Acland KCMG KCVO
Permanent Under-Secretary of State

Foreign and Commonwealth Office

London SW1A 2AH

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28 October 1985

Sir Robert Armstrong GCB CVO

CABINET OFFICE

C. Mr. Jay

*o Mr Powell - any comments
on the list of
briefs?*

Mr. Manning

31:10:85

My dear Robert,

ANGLO-GERMAN SUMMIT: 27 NOVEMBER 1985

Introduction

1. This letter sets the scene for the Anglo-German summit which will take place on 27 November in London. The last summit was on 18 January in Bonn, having been postponed from November 1984 owing to Mrs Gandhi's assassination. The Prime Minister met Chancellor Kohl informally on 18 May at Chequers mainly to discuss EC issues.

Anglo-German Relations

2. 1985 has seen some uneven passages with the Germans owing to disagreement over the substance and presentation of certain Community issues. Differences over the own resources/enlargement link, the environment (in particular vehicle emissions), and the Common Agricultural Policy were prominent early in the year. The German failure to consult us in the run up to the Milan European Council, and events there, reflected the desire of both France and Germany to maintain their special relationship as a prime motive force in the Community, in which they did not wish to see Britain taking the dominant role. Kohl and Genscher often present their European aspirations in rhetoric which strike us as woolly and unrealistic. But there have in recent months been signs that the lessons of Milan were not wasted on the Germans and that this may benefit both the future handling of EC issues and Anglo-German relations which are otherwise good. The German decision to participate in the European Fighter Aircraft project despite the French decision to opt out was an example of the closeness of our interests and our ability to work to promote them.

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3. We see the summit as an opportunity to:
 - (a) coordinate our positions at the highest level before the European Council, achieve as much understanding as possible of each other's points of view and create mutual confidence; and
 - (b) publicise the value we attach to developing even closer contacts at all levels between governments and those outside government (noting inter alia the State Visit by President von Weizsaecker in July 1986 and plans to encourage more contacts between young people).

Political and Economic Scene in the FRG

4. The coalition's inability to reduce unemployment (9.3%), coupled with Kohl's loose grip on events and weak management of his government, have cost the CDU votes. They took heavy losses in the elections in May in North Rhine Westphalia, where a third of the FRG electorate live. Since then Kohl and his Ministers have tried to talk up the economy and have introduced limited measures to tackle unemployment. With booming exports and investment, around 2.5% growth, and scarcely 2% inflation, the economy is in good shape. There is growing optimism that continued growth will at last have some impact on the numbers of unemployed.
5. Kohl's problem has been to translate this picture into political credit. The good news is too often obscured by gaffes which many see as a combination of bad management and bad luck. He is not helped by the attempts of his coalition allies, the CSU and FDP, to distance themselves from the CDU.
6. Earlier in the summer, Kohl was on the ropes but he was far from being counted out; and he is taking less punishment now. The spy scandal has died away. The SPD will almost certainly field Rau, a plausible moderate, as their candidate for the Chancellorship in the January 1987 election, which may be a closer contest than seemed likely last year. But while Rau looks good, his party does not. The "Red/Green" alliance now emerging to govern Hesse is likely to be exploited by the CDU. It will confirm the FDP in their alliance with the CDU/CSU, to which they are committed until after the next election. At national level the Greens have lost momentum. The betting must be on a CDU Chancellor retaining office for the next several years.



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Summit Context

7. The summit takes place one week after the Reagan/Gorbachev summit (and the Prime Minister's meeting with President Mitterrand), and one week before the Luxembourg European Council. Other international events in close proximity are the Hanover Eureka meeting on 5-6 November, the WEU Ministerial on 14 November, and the NATO Ministerial on 12-13 December. The UNGA Falklands vote is due on the day of the Summit. Official meetings leading up to it include my own with Dr Meyer-Landrut here on 8 November, and discussions planned between Rodric Braithwaite and David Williamson and their opposite numbers. Bilateral talks on the bilateral defence relationship are due to take place in Bonn on 4 November at a higher level than has been the case in the past.

Participation

8. The initiative for Ministerial attendance lies with the Prime Minister. While a firm decision has yet to be taken, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretaries of State for Trade and Industry and Defence have the date noted in their diaries. For the first time Ministers directly responsible for Research and Technology (Mr Pattie's counterpart is a Cabinet Minister) are likely to attend. The Germans may press for attendance by Environment Ministers (Interior Minister Zimmermann on their side). The German team are expected to arrive around 0815 allowing talks to begin at 0900. The plenary session is unlikely to start before 1145, and we envisage the joint press conference after a working lunch.

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Main Themes

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

(i) East/West and Arms Control

Kohl will certainly wish to discuss the prospects for East/West relations and arms control negotiations following the Reagan/Gorbachev summit. He may well raise Inner-German relations. Honecker's visit to Bonn, cancelled last year, could be reinstated if the Reagan/Gorbachev summit creates the right atmosphere and if the Soviet campaign against alleged signs of "revanchism" continues to abate.

Kohl would like to persuade the US to show more negotiating flexibility on the Strategic Defence initiative, and to ensure that SDI developments do not undermine the strategy of deterrence in which the Germans invested so much political capital during the debate on the deployment of intermediate nuclear forces. While we need not quarrel with this approach, we may need to restrain Kohl from pushing for further work within WEU on the strategic implications of SDI, with the risk of opening divisions within the Alliance. The Germans see symbolic as well as substantial value in our joint initiative on MBFR, and will continue to regard arms control as an important area of Anglo-German cooperation. European defence collaboration should also feature in the discussions; we already work closely with the Germans on a number of projects besides the EFA.

(ii) The European Community

EC discussions will be dominated by plans for handling at the Luxembourg European Council of the work of the Inter Governmental Conference. So far our tactic of not revealing our hand while waiting to see others' proposals, has worked well. The German position has proved less forthcoming than some of their optimistic utterances. There is less than full agreement in Bonn between departments. By the time the summit takes place we shall want to try to reach a common view on whatever package is likely to emerge. There will have been a series of bilateral official exchanges in preparation for this, and we could end

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up close to the Germans on decision-making. Their proposals on the European Parliament are nearer to our own thinking than those of the Commission.

(iii) Eureka

Ministers are likely to want to review the outcome of the Hanover Ministerial meeting, and discuss preparations for the meeting in the UK probably in June 1986. Our positions have become closer, though the Germans wish to include projects with a longer lead time, perhaps involving public funding. Our approach favours more market-oriented enterprises. The Germans are anxious to announce projects early, and will probably have done so at Hanover.

(iv) Economic Issues

Heads of Government may choose to touch on the efficacy of growth and employment strategies at a similar point in the election cycle in both countries. The Germans have resisted pressure both at home and from some quarters abroad to reflate at the expense of their strategy of consolidation. On international issues we share a similar approach to the new GATT round, debt and the Baker Plan, and over the US deficit. Our position on EC/US trade problems is also fairly close, although the Germans tend to drag their feet in EC discussion of how to put pressure on Japan to deal with their trade surplus. We shall need to stress the importance of getting the Japanese to give quantifiable commitments to increase imports. Elsewhere discussion may focus on how best to coordinate tactics towards third countries.

(v) Other International Issues

We may wish to discuss more briefly the following:

(a) South Africa - where the Germans are our closest if not very forthright partner in opposing economic sanctions. There are differences of emphasis between Genscher and Kohl on this issue. Kohl's opposition to sanctions being very much firmer than that of his Foreign Minister.

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(b) Middle East - a sensitive subject in Germany: their relations with Israel can be complicated by major arms sales to Saudi Arabia.

(c) Falklands/Argentina - the Germans have been reassuring about their voting intentions at UNGA, but a soft Argentine text and signs of French wavering might weaken their will.

(d) Central America - a fortnight after the San José follow-up meeting in which Genscher has a special interest.

(e) UNESCO - a decision on British withdrawal is unlikely to have been taken by the time of the Summit. The Germans are likely to lobby in favour of our staying in.

(f) CERN - as the major CERN contributor, the Germans may voice concern at the possibility of a reduction in the British subscription.

Press Handling

10. The summit will be announced a week beforehand (after the visit of President Mitterrand). A sustained effort with the press will be needed in the days before the summit to focus attention on it. There will be a pre-Summit briefing of the British press and London-based German correspondents by senior officials, and consideration will be given to a television or press interview by the Prime Minister for broadcast/publicity in Germany. Special care will be needed in handling the Summit press conference, which will be the best occasion of the year to bring out publicly the quality and depth of the bilateral relationship. We shall aim:

(a) on EC issues to emphasise the close working relationship between us.

(b) on East/West matters for Heads of Government to present a joint assessment of post-Summit prospects. We shall explore with the Germans in advance how to handle questions about the SDI and UK/German participation in it.

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(c) on scientific cooperation we can represent the attendance for the first time of Ministers responsible for Research and Technology as crowning an excellent year and can further stress the closeness of our commitment to, and cooperation over, Eureka.

(d) on bilateral matters we aim to publicise a package of measures to promote youth contacts, following from the work of the Special Representatives for Anglo-German contacts and cooperation appointed in accordance with the declaration at the May 1984 summit. Public endorsement of the package by Heads of Government will be important for those non-Governmental organisations who will be implementing it. We may be in a position also to bring out the extent of our bilateral collaboration in the defence field.

11. We would value advice from Whitehall Departments on other special areas of cooperation to which attention might be drawn at the press conference.

12. Afterwards it is planned that the Prime Minister and Chancellor Kohl will together visit the Royal Academy post-1905 German Art Exhibition. Kohl will then depart for Cambridge to give a lecture on German Foreign Policy to the University Union. Genscher will be joining Sir Geoffrey Howe for dinner at Chevening that evening, when there will be opportunity to raise any issues not covered at the Summit.

/ 13. I attach a suggested list of briefs for the summit. I should be grateful if any comments on this list or on the contents of this letter could reach me by Monday 4 November.

/ 14. I am sending copies of this letter to Permanent Secretaries on the attached list.

Yours ever

Anthony

Anthony Acland

ANGLO-GERMAN SUMMIT, 27 NOVEMBER 1985

DRAFT LIST OF BRIEFS

SUBJECT	LEAD DEPT	IN CONSULTATION WITH
1) General brief (to include international issues and annexes covering the programme, the internal scene and personality notes)	FCO (WED)	Others as appropriate
2) European Community Topics		
a) General Community brief (to include preparations for European Council)	FCO (ECD(I))	MAFF, DTI, Treasury Cabinet Office
b) IGC	FCO (ECD(I))	Cabinet Office
c) External Trade Issues (including GATT, EC/US, EC/Japan)	DTI	FCO (ECD(E)), Treasury
d) Community financing	Treasury	FCO (ECD(I))
e) Community agricultural matters (including Mediterranean policy)	MAFF	FCO (ECD(I)), Treasury
3) EUREKA and bilateral science and technology issues	Cabinet Office	DTI, FCO (ESSD)
4) East/West relations (including Inner-German relations and Berlin)	FCO (Soviet D/ WED)	MOD
5) Arms control and disarmament	FCO (ACDD/Defence)	MOD
6) European defence cooperation (including WEU and bilateral defence cooperation)	FCO (Defence)	MOD
7) International economic issues (to include debt and other issues affecting relations between industrialists and developing countries)	Treasury	FCO, DTI
8) Bilateral relations (including cultural package)	FCO (WED)	As appropriate



cc:

Sir Peter Middleton KCB
HM Treasury

Sir Clive Whitmore KCB CVO
MOD

Sir Brian Hayes KCB
DTI

Sir Michael Franklin KCB CMG
MAFF

Sir Peter Lazarus KCB
Dept of Transport

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Sir Brian Cubbon KCB
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Dept of Education and Science

