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TO IMMEDIATE FCO

TELNO 002 (COLLAE)

OF 021515Z APRIL 86

INFO SAVING WASHINGTON, PARIS, CICC(G), BMG BERLIN, CG HAMBURG
INFO SAVING CG MUNICH, CG FRANKFURT, CG BERLIN, CG DUESSELDORF

YOUR MEETING WITH GENSCHER, 11-12 APRIL: POLITICAL SITUATION IN THE
FRG

1. THE GOVERNING COALITION LOOKED VERY GROGGY BEFORE EASTER (MY LETTER TO DAIN OF 14 MARCH) AND THE BREATHING-SPACE WILL HAVE BEEN WELCOME TO IT. THE BUNDESTAG WAS IN RECESS FOR 3 WEEKS, KOHL WENT OFF ON HIS SPRING SLIMMING HOLIDAY (HE CLAIMS TO HAVE LOST A STONE) AND THE OPPORTUNITIES FOR FURTHER BLUNDERS WERE MUCH REDUCED. THE GOVERNMENT WAS IN THE END ABLE (JUST) TO SIGN AN SDI MOU AND AN UMBRELLA AGREEMENT WITH THE US BY EASTER, AND TO PUSH ITS PROPOSED REFORM OF THE STRIKE LAW THROUGH THE BUNDESTAG. OF THE TWO SCANDALS HANGING OVER THE CDU FOR SO MANY MONTHS, THE STING HAS BEEN TAKEN OUT OF ONE BY THE SENAT'RESHUFFLE IN BERLIN (BMG BERLIN TELNO 111 TO BONN).

2. BUT THE COALITION STILL DOES NOT LOOK STRONG; CERTAINLY NOT AS STRONG AS IT SHOULD BE WITH THE ECONOMY IN SUCH EXCELLENT CONDITION AND ITS STANDING IN THE LATEST OPINION POLLS HAS SLIPPED A BIT MORE. DAMOCLES' OTHER SWORD IS STILL THERE, IN THE SHAPE OF THE INVESTIGATIONS BY THE 2 PUBLIC PROSECUTORS WHO ARE EXPECTED TO DECIDE SOON WHETHER TO BRING CRIMINAL CHARGES AGAINST KOHL FOR ALLEGED FAKE TESTIMONY IN THE FLICK AFFAIR, THOUGH I DO NOT MYSELF EXPECT THIS TO HAPPEN. THE SDI MOU IS STILL THE SUBJECT OF SQUABBLES WITHIN THE COALITION, WITH THE CSU CALLING IT A MILITARY AGREEMENT AND THE FDP A CIVILIAN ONE. THE OPPOSITION AND THE UNIONS ARE ALSO TRYING TO KEEP THE STRIKE LAW ISSUE ALIVE: THE FORMER WITH THREATS TO TAKE IT TO THE CONSTITUTIONAL COURT, AND THE UNIONS CONDUCTING A CONTROVERSIAL POLL OF THEIR MEMBERS' VIEWS. ADD IN THE DISGRUNTLED FARMERS, AND THE LAND ELECTION IN LOWER SAXONY IN JUNE LOOKS AN OPEN RACE, WHICH I IMAGINE IS WHY GENSCHER HAS MOVED YOUR MEETING FROM BONN TO HANNOVER: HE WANTS TO MAKE SOME WEEKEND SPEECHES AND GET HIMSELF PHOTOGRAPHED VISITING THE HANOVER FAIR.

3. AS TO FOREIGN AFFAIRS, THERE IS THE AMERICAN REQUEST TO THE FRG FOR SANCTIONS AGAINST LIBYA AND MEASURES AGAINST THE LIBYAN PEOPLE'S BUREAU IN BONN WHICH THE CABINET HAS BEEN CONSIDERING TODAY (MY TELNO 301): GENSCHER HAS NEVER BEEN UNDER ANY ILLUSIONS ABOUT LIBYAN-SPONSORED TERRORISM, BUT HE HAS SOUGHT TO HANDLE IT BY OBLIQUE METHODS, AND HE AND HIS OFFICIALS HAVE PRIVATELY CRITICISED THE AMERICAN POLICY OF DIRECT CONFRONTATION (MY TELNOS 24 AND 26).

4. ANOTHER WORRY FOR GENSCHER IS THE NEW SET-UP IN PARIS. HE HAD INVESTED A LOT OF EFFORT IN DUMAS AND IN 1986 AS A YEAR OF JOINT FRANCO-GERMAN DIPLOMATIC ACTIVITY, WHICH MAY NOW BE MORE COMPLICATED TO ORGANISE.

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5. BUT GENSCHER'S GREAT LOVE, AS YOU KNOW, IS EAST-WEST RELATIONS, INCLUDING THE TRANSATLANTIC ASPECT, AND IT MUST BE THESE THAT ARE TAKING HIM TO WASHINGTON NEXT WEEK. I THINK HE FEELS THAT HE UNDERSTANDS THESE MATTERS IN A WAY THAT KOHL DOES NOT AND NEVER WILL, AND THAT HE HAS TO BE PERPETUALLY ACTIVE LEST THE MICROPHONE BE HIJACKED BY OTHERS IN WHOSE HANDS THE INTERESTS OF THE FRG ARE SIMPLY NOT SAFE, EG STRAUSS AND THE "STEEL HELMET" FACTION IN THE CDU/CSU ON ONE SIDE AND THE SPD ON THE OTHER. GENSCHER'S RECENT SPEECHES AND INTERVIEWS (MY TELNO 300) SHOW HOW LITTLE HIS BASIC THINKING HAS CHANGED. HIS STAFF SAY THAT HE IS ESPECIALLY CONCERNED ABOUT 2 THINGS: THE CSCE PROCESS, AND HOW TO HANDLE SDI AT THE NATO FOREIGN MINISTERS' MEETING IN HALIFAX. HE HAS HAD THE POLISH FOREIGN MINISTER HERE THIS WEEK: IT SEEMS THERE WERE DIFFICULT DISCUSSIONS ABOUT THE GERMAN MINORITY IN POLAND.

6. ALL THIS HAS HABITUALLY TAKEN PRECEDENCE IN GENSCHER'S MIND OVER THE DETAIL OF THE EC AGENDA. ON THE ONLY OCCASION WHEN I TALKED SERIOUSLY TO HIM ABOUT THE BUDGET AND THE CAP, HE TOOK REFUGE IN THE ARGUMENT ABOUT THE SOCIAL-POLITICAL VALUE OF SMALL FARMERS. HE IS INTELLIGENT ENOUGH TO HAVE DONE THE SUMS AND TO SEE THE DANGER OF A TRANSATLANTIC TRADE WAR, EVEN IF HE WERE NOT OFF TO WASHINGTON ON MONDAY. I EXPECT HIM HOWEVER TO AIM FOR DAMAGE-LIMITATION IN EC/US RELATIONS RATHER THAN A U-TURN IN THE GERMAN APPROACH TO THE CAP. AS WELL AS IMPRESSING ON HIM OUR GRAVE CONCERN ABOUT BUDGET DISCIPLINE, CAP SPENDING AND THE CONSEQUENCES FOR OUR RELATIONS WITH OUR TRADING PARTNERS, YOU MAY WISH TO REMIND HIM THAT THE FRG GOVERNMENT IS NOT ALONE IN BEING ANSWERABLE TO A PARLIAMENT AND ELECTORATE WHICH TAKE A KEEN INTEREST IN CAP PRICE-FIXING AND FEOGA EXPENDITURE.

7. LASTLY, ANGLO-GERMAN RELATIONS. CONTACTS ARE BRISK: THIS WEEK, APART FROM YOUR OWN MEETING WITH GENSCHER, WE HAVE HAD MRS CHALKER'S VERY USEFUL VIST, AND TODAY KIECHLE IS IN LONDON AND THE CGS IN BONN. ON THE EC FRONT, I FEAR WE ARE IN FOR A BUMPY RIDE WITH THE GERMANS IN THE COMING YEAR. THIS MAKES IT ALL THE MORE IMPORTANT TO SEEK A MODUS VIVENDI THROUGH CLOSE CONSULTATION, AND MAKE MAXIMUM USE OF ANGLO-GERMAN COLLABORATION IN OTHER AREAS. THERE, FORTUNATELY, THE PROSPECTS ARE AS GOOD AS THEY HAVE EVER BEEN, AND THE CURRENT QUESTION MARK OVER FRANCE MAY OFFER US EXTRA OPPORTUNITES.

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