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10 DOWNING STREET

From the Private Secretary

3 May, 1985

Dear Len,

MEETING BETWEEN THE PRIME MINISTER AND THE FEDERAL GERMANCHANCELLOR IN THE FEDERAL CHANCELLERY IN BONNON 2 MAY, 1985 AT 1600 HRS

The Prime Minister had a brief meeting with Chancellor Kohl immediately after the welcoming ceremony on her arrival in Bonn.

Chancellor Kohl asked whether the Prime Minister had any special wishes from the Economic Summit. The Prime Minister replied that it was important that there should be a clear message. The first step was to get the political declaration agreed and issued. Chancellor Kohl said that he hoped it could be discussed at dinner that evening and issued at 1100 hrs on 3 May.

Chancellor Kohl said that he saw three critical points for the Economic Summit: protectionism, the question of an international monetary conference, and a new GATT round. The Prime Minister enquired whether Chancellor Kohl intended to start the meeting on 3 May by tackling these or by inviting each of the participants to make a general statement. Chancellor Kohl said he intended to start with a general round but he expected the discussion quickly to focus upon the three points he had mentioned. He thought that they would be the main issues to be discussed on the afternoon of 3 May.

The Prime Minister asked whether President Mitterrand was likely to oppose setting a date for a new GATT round. Chancellor Kohl said that he had not yet discussed the matter with President Mitterrand but it was clear that the latter wanted to hold some sort of special conference on monetary questions, probably in Paris in February next year, i.e. a few weeks before the elections in France. The Prime Minister pointed out that this would be shortly before the Tokyo Economic Summit. There seemed no strong case for

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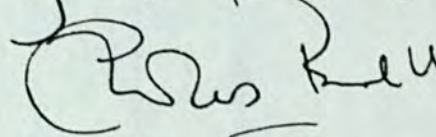
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case for a further meeting, given that G10 Finance Ministers would meet in June and the IMF Interim Committee in October. Chancellor Kohl agreed that an additional meeting would have to be within the framework of the IMF and at Finance Minister level. He thought that President Mitterrand really wanted it for political reasons. But he did not believe that this need become a major issue at the Summit: it should be possible to find a clever compromise.

Chancellor Kohl said that the Strategic Defence Initiative would inevitably come up. What were the Prime Minister's views? The Prime Minister said that the United Kingdom intended to participate in SDI research: otherwise we should miss out on a new generation of technology. It must be clear that research was conducted within the framework of the ABM Treaty; and that if it came to deployment, that too must be negotiated under the ABM Treaty. It was important that the participants in the Summit should stand clearly together on the Geneva talks and not give an inch to Mr Gorbachev's blandishments. She hoped that a row with France on the issue could be avoided. Chancellor Kohl said he agreed with this. He hoped to keep the discussion on a low flame. It was important that the Americans should not present the SDI in a way which undermined the policy of deterrence, which would remain vital to Europe's defence. It was also important to ensure that participation in SDI research did not become a one-way street. There must be give and take, and the Europeans must have access to the results. He thought that not all European countries would want to get involved but hoped that Britain, France, Germany and Italy could co-ordinate closely. The Prime Minister doubted whether President Mitterrand would be interested in this. After all France was not integrated into NATO and showed little interest in co-operation on nuclear matters. Chancellor Kohl agreed that this was possible: it was something which had to be discussed. The Prime Minister said that she doubted that the United States would be ready to share all the technology in which it had made a very heavy investment.

The meeting had to end at this point.

I am sending a copy of this letter to Richard Mottram (Ministry of Defence), Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry) and to Richard Hatfield (Cabinet Office).

yes sincerely,

(C D Powell)

L Appleyard Esq
Foreign and Commonwealth Office

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