to beston. Capy: KS. CONFIDENTIAL Too late for budge Ru om: PS today: could you have in your pocket for the Connact? To: PS/No 10 BILATERAL WITH CHANCELLOR KOHL: SPECIAL EUROPEAN COUNCIL, ROME, 27/28 OCTOBER 1990 It would be helpful if the Prime Minister could briefly mention two Gulf-related issues to Chancellor Kohl in the margins of the informal European Council. First, German support for our military deployment in the Gulf. The Germans have already agreed to meet some of the rail freight costs for the transport of the 7th Armoured Brigade. German officials have just finished processing our requests for further help with transport costs, spares, protection of lines of communication from terrorist attack and civilian overtime and extra policing at UK bases in Germany. The latest news from Bonn is that Chancellor Kohl may inform the Prime Minister of the German decision this weekend. If it is a positive response covering a number of our requests, the Prime Minister will wish to welcome it. If not, the

Prime Minister may wish to urge the Germans to reconsider. The Germans are like to offer no hup of about \$35 milion of the consider.

Secondly, aid to Jordan. The Prime Minister agreed on 18 October that we should encourage Western donors to make aid available urgently to Jordan. Mr Baker has also written to EC Foreign Ministers and the President of the EC Commission urging Partners individually and collectively to release agreed EC aid to Jordan this year rather than in 1991 as originally intended. 1 BECU of the 1.5 BECU EC aid agreed for Egypt, Turkey and Jordan is to be bilateral donations. The early release of the German tranche is what is needed. We shall not be making a contribution to the 1 BECU given our military effort. The Foreign Secretary hopes to raise this on a bilateral basis with Chancellor Kohl and Herr Genscher on 26 October. The Prime Minister may wish to say that she recognises the generosity of the German aid commitment (DM 3.3 billion) to

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states affected by the Gulf crisis. She could go on to say that we regard Jordan's economic problems as acute. Jordan is making a genuine effort to implement sanctions. She might therefore urge early disbursement of the German bilateral aid to Jordan.

I am copying this letter to Simon Walls (Ministry of Deferre).