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MRS ATTRIDGE



GRS 470

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FRAME ECONOMIC

FM BONN 221530Z MAY 84

TO IMMEDIATE FCO

TELEGRAM NUMBER 512 OF 22 MAY

INFO IMMEDIATE UKREP BRUSSELS PARIS

INFO PRIORITY ATHENS EMBASSY BRUSSELS COPENHAGEN DUBLIN LUXEMBOURG

ROME THE HAGUE UKDEL NATO

THE EC BUDGET: KOHL/MITTERRAND MEETING, SAARBRUECKEN, 20 MAY

SUMMARY

1. GERMAN OFFICIALS VERY CAGEY. BUT INDICATIONS THAT PARAMETERS FOR A BUDGET SETTLEMENT WERE DISCUSSED AND VARIOUS IDEAS TO BE EXAMINED BY FRENCH AND GERMAN OFFICIALS. GERMANS DO NOT THINK THAT THE FRENCH ARE UNWILLING TO ENGAGE IN SECRET NEGOTIATION BEFORE THE EUROPEAN ELECTIONS.

DETAIL

2. STABREIT, AUS IN THE FEDERAL CHANCELLERY, WHO WAS PRESENT AT THE KOHL/MITTERRAND MEETING, SAID WHEN WE APPROACHED HIM TODAY THAT THE TWO HEADS OF GOVERNMENT HAD BEEN TALKING PRIVATELY AND IN STRICT CONFIDENCE AND THAT HE HAD NO AUTHORITY TO TELL US WHAT HAD PASSED. IN REPLY TO QUESTIONS HE GAVE THE FOLLOWING INFORMATION.

3. THE MEETING LASTED ONLY TWO HOURS, INCLUDING INTERPRETATION. NO SPECIFIC POINTS WERE AGREED. BUT VARIOUS IDEAS WORTH STUDYING WERE MENTIONED, AND FRENCH AND GERMAN OFFICIALS WOULD NOW EXAMINE THESE. PARAMETERS FOR A BUDGET ARRANGEMENT, RATHER THAN FIGURES, WERE DISCUSSED. IN THE GERMAN VIEW, IT WAS ESSENTIAL THAT A SOLUTION BE PREPARED BY SECRET DIPLOMACY BEFORE THE EUROPEAN ELECTIONS, SINCE OTHERWISE SUCCESS WOULD BE UNLIKELY AT FONTAINEBLEU. THE GERMANS DID NOT THINK THAT THE FRENCH DISAGREED WITH THIS. THEY

THE GERMANS DID NOT THINK THAT THE FRENCH DISAGREED WITH THIS. THEY EXPECTED THAT THE FRENCH WOULD BE CONTACTING THE BRITISH AGAIN BEFORE LONG.

X 4. ASKED ABOUT A REMARK ATTRIBUTED IN THE MEDIA TO KOHL AFTER HIS MEETING WITH MITTERRAND, TO THE EFFECT THAT PROGRESS COULD ONLY BE ACHIEVED IF "ALL SIDES MOVE TOWARDS EACH OTHER", STABREIT CONFIRMED THAT THIS WAS A DELIBERATE FORMULATION WHICH THE CHANCELLOR'S PRESS SPOKESMAN HAD PARTICULARLY DRAWN TO THE ATTENTION OF THE MEDIA. STABREIT BELIEVED, ON THE BASIS OF THE KOHL/MITTERRAND MEETING, THAT MITTERRAND WOULD AGREE WITH IT. MITTERRAND VERY MUCH WANTED A SUCCESS AT FONTAINEBLEU TO CROWN THE FRENCH PRESIDENCY AND AGREED WITH KOHL THAT TOO MUCH POLITICAL CAPITAL AND ENERGY HAD RECENTLY BEEN SPENT ON THE BUDGET PROBLEM. STABREIT IMPLIED THAT KOHL WOULD BE WILLING IN PRINCIPLE TO CONTRIBUTE TO THE COST OF A FURTHER CONCESSION TO BRITAIN, ASSUMING THAT BRITAIN ALSO MADE CONCESSIONS, BUT HE ADDED THAT CURRENT PRESSURES ON THE FEDERAL BUDGET GAVE THE CHANCELLOR VERY LITTLE SCOPE. HE MENTIONED IN PARTICULAR THE POSSIBILITY OF AN INCREASE IN THE GERMAN CONTRIBUTION TO NATO INFRASTRUCTURE AND THE POSSIBLE COSTS TO THE BUDGET OF THE CURRENT STRIKES IN GERMAN INDUSTRY.

5. IN TODAY'S PRESS THE MEETING IS BRIEFLY BUT POSITIVELY REPORTED UNDER HEADLINES SUCH AS "KOHL AND MITTERRAND OPTIMISTIC" KOHL'S FORMULATION OF YESTERDAY (PARA 4 ABOVE) IS REPEATED AND ACCOMPANIED BY A QUOTATION TO THE EFFECT THAT HE BELIEVES THERE IS A GOOD CHANCE THAT SO THINGS WILL TURN OUT. MITTERRAND IS SAID TO HAVE ASSESSED THE MEETING POSITIVELY, TO HAVE OBSERVED THAT COMMUNITY DIFFICULTIES WERE FREQUENTLY SOLVED THROUGH FRANCO/GERMAN FRIENDSHIP, THAT ON ALL THE MAIN POINTS DISCUSSED THERE WAS UNITY OF VIEW BETWEEN THE TWO MEN AND THAT THE RESULTS OF SAARBUECKEN WOULD NOW HAVE TO BE DISCUSSED WITH THE OTHER PARTNERS. NO CONCRETE SOLUTION TO THE BRITISH PROBLEM WAS HOWEVER MADE. IN ANSWER TO A QUESTION MITTERRAND IS QUOTED, IN THE CONTEXT OF THE FINANCE PROBLEM, AS SAYING THAT THE QUESTION OF AN INCREASE IN THE GERMAN CONTRIBUTION WAS NOT DISCUSSED BUT DELPHICLY, THAT THE GERMAN CONTRIBUTION WOULD NOT BE A "STUMBLING BLOCK".

6. THE NEXT FRANCO/GERMAN CONSULTATIONS ARE ON 28 MAY.

FCO PLEASE ADVANCE TO: WILLIAMSON, DURIE, STAPLETON - CAB OFF  
TICKELL, RENWICK, FAIRWEATHER - FCO  
UNWIN, FITCHEW, MORTIMER - TSY  
ANDREWS, MRS ATTRIDGE - MAFF

TAYLOR

NNNN

CCN: PLEASE AMEND PARA 5 LINE 14 TO READ "DISCUSSED BUT DELPHICLY"

070

CEPC ②



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Prime Minister.

With noting.

A.F.C. 23/5.

Qz.03728

MR COLES

REFORM OF COMMUNITY FINANCES: MEETING BETWEEN HERR KOHL AND  
MONSIEUR MITTERRAND ON 20 MAY

I think that the Prime Minister should see the attached telegram No. 512 from Bonn. We should not put too much weight on this report but it is significant that Herr Kohl's statement that all sides must move in order to reach a settlement was particularly drawn to the attention of the media. I think that this is the first time since the Brussels European Council that a Head of Government of any of the Nine member states has deliberately stated in public that the Nine must move to reach a settlement.

I am sending a copy to Roger Bone (FCO) and to Sir Robert Armstrong.

*D F Williamson*

D F WILLIAMSON

23 May 1984

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