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TO IMMEDIATE FCO

TELNO 1070

OF 091020Z NOVEMBER 85

INFO IMMEDIATE EC POSTS, WASHINGTON, UKDEL NATO, MODUK

MY TELNO 1067: FRANCO GERMAN SUMMIT

GENERAL

SUMMARY

1. LOW PRIOR EXPECTATIONS ENABLE THE PARTICIPANTS TO CLAIM A REASONABLY SUCCESSFUL MEETING, DESPITE LACK OF TANGIBLE RESULTS. NO SIGNIFICANT CONVERGENCE OF VIEWS, AND NO PROGRESS ON THE EUROPEAN RECONNAISSANCE SATELLITE OR HERMES. NO UNWELCOME DEVELOPMENTS ON EFA. EC ISSUES REPORTED SEPARATELY. (MIFT)

DETAIL

2. THE SUMMIT TOOK PLACE AGAINST A BACKGROUND OF UNUSUALLY GLOOMY PRESS COMMENT ABOUT THE STATE OF THE FRANCO-GERMAN RELATIONSHIP (MY TELNO 1053 - NOT TO ALL). IN YESTERDAY'S SUDDEUTSCHE ZEITUNG, BERGDOLL SPOKE OF AN ATMOSPHERE OF INCREASING FRENCH DISILLUSIONMENT AND BARELY CONCEALED IRRITATION AT GERMAN INDECISIVENESS. WHEN HEAD OF CHANCERY CALLED ON STABREIT (FEDERAL CHANCELLERY) YESTERDAY EVENING FOR A DE-BRIEFING, STABREIT ACKNOWLEDGED THAT THE FRENCH HAD COME TO BONN WITH VERY LOW EXPECTATIONS (BUT GIVEN THAT, HE THOUGHT THEY HAD GONE HOME SATISFIED). HIS ACCOUNT OF THE VARIOUS MEETINGS, TOGETHER WITH THE TONE OF THE PRESS CONFERENCE, INDICATES A WISH TO CONVEY THE IMPRESSION OF A GENERALLY SUCCESSFUL MEETING, DESPITE THE DEARTH OF TANGIBLE RESULTS.

3. STABREIT DESCRIBED THE SUMMIT AS A 'FAMILY GATHERING', AT WHICH TECHNOLOGY HAD BEEN THE CENTRAL AND MOST INTERESTING THEME. MITTERRAND HAD PRESSED KOHL TO BE MORE DARING AND IMAGINATIVE. THE GERMANS BELIEVED THAT VERY CONSIDERABLE INVESTMENTS HAD ALREADY BEEN MADE IN THE FRANCO-GERMAN TECHNOLOGICAL COOPERATION IN MANY FIELDS: THE FRENCH HAD NO JUSTIFICATION FOR TRYING TO PUT THEM IN THE DOCK FOR LACK OF EFFORT. TWO PARTICULARLY CONTENTIOUS SUBJECTS, ON WHICH LITTLE PROGRESS HAD BEEN MADE, WERE THE EUROPEAN RECONNAISSANCE SATELLITE AND HERMES.

EUROPEAN RECONNAISSANCE SATELLITE

4. STABREIT SAID THE GERMANS BELIEVED THAT THIS WAS SIMPLY TOO EXPENSIVE. IT WAS NOT THE INITAIL EXPENSE, BUT THE BILLIONS OF MARKS

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IN RUNNING COSTS NEEDED TO MAINTAIN 3 FUNCTIONING SATELLITES AT ALL TIMES. THE COSTS WOULD HAVE TO BE MET FROM THE DEFENCE BUDGET, AND WOERNER HAD SAID QUITE CLEARLY THAT HE HAD OTHER, HIGHER PRIORITIES: HE COULD NOT AFFORD TO EMASCULATE THE GERMAN ARMED FORCES RE-EQUIPMENT PROGRAMME FOR THE SAKE OF ERS. WHILE, AT FRENCH INSISTENCE, IT HAD BEEN AGREED NOT TO WRITE OFF ERS FOR THE TIME BEING, IT HAD ONLY 'TROISIEME PRIORITE'.

### HERMES

5. THIS WAS OF MORE INTEREST TO THE GERMANS, BUT THE FRENCH WISH FOR AN ACCELERATED TIMETABLE WAS NOT RECIPROCATED. THERE WAS NO QUESTION OF ANY SIGNIFICANT GERMAN FUNDING IN 1986 OR 1987. HOWEVER, STOLTENBERG SAW POTENTIAL MERIT IN THE CONCEPT, IF AND WHEN BUDGETARY CONSTRAINTS ALLOWED THE GERMANS TO BE MORE FORTHCOMING.

### FAST-BREEDER REACTORS AND HERA

6. ON THESE TWO POINTS THE GERMANS HAD BEEN THE DEMANDEURS. HAVING CONTRIBUTED TO THE CONSTRUCTION OF SUPER-PHENIX, THE GERMANS LOOKED FOR AN APPROPRIATE FRENCH FINANCIAL CONTRIBUTION TO THE FEASIBILITY STUDY FOR A FULL-SCALE BREEDER REACTOR IN GERMANY. HOWEVER, NOTING THE DIFFICULTIES WHICH THE FEDERAL GOVERNMENT WERE STILL HAVING WITH KALKAR (DESPITE THIS WEEK'S FAVOURABLE VOTE IN THE BUNDESTAG), THE FRENCH WERE RELUCTANT TO PUT THEIR HANDS IN THEIR POCKETS. ON HERA, THE FRENCH WERE STILL STUDYING A GERMAN REQUEST FOR THEM TO PARTICIPATE.

### EUROPEAN FIGHTER AIRCRAFT

7. MITTERRAND'S SUGGESTIONS AT THE JOINT PRESS CONFERENCE (PARA 3 OF MY TELNO 1067) HAD COME MORE OR LESS OUT OF THE BLUE. THE GERMANS HAD NOT FORMED ANY VIEW ABOUT CROSS-PARTICIPATION, THOUGH WOERNER HAD TOLD THE PRESS SUBSEQUENTLY THAT THEY WERE STILL CONSIDERING THE IDEA. IN HIS DISCUSSION WITH QUILES, WOERNER HAD MADE IT CLEAR THAT NOTHING MUST BE ALLOWED TO HOLD UP THE EFA PROGRAMME (WE HAVE CONFIRMED THIS SEPARATELY WITH FMOD SOURCES): NOR INDEED HAD THERE BEEN ANY FRENCH PRESSURE FOR A DELAY.

### OTHER AIRCRAFT PROJECTS

8. STABREIT CONFIRMED THAT AGREEMENT HAD BEEN REACHED ON THE NEED TO DEVELOP BOTH A 4-ENGINED VERSION OF THE AIRBUS AND A STRETCHED TWIN-ENGINED VERSION, TO ENTER SERVICE IN THE EARLY 1990'S. ON MARITIME RECONNAISSANCE AIRCRAFT AND TRANSPORT HELICOPTERS (PARA 4 OF MY TELNO 1067), STABREIT SAID THAT THESE HAD MERELY BEEN IDENTIFIED AS AREAS WHICH MERITED FURTHER JOINT STUDY.

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## MILITARY COOPERATION

9. THERE HAD BEEN CONSIDERABLE DISCUSSION OF SECURITY ISSUES, THOUGH THE SUGGESTION OF A FURTHER KOHL-MITERRAND MEETING BEFORE CHRISTMAS (PARA 4 OF MY TELNO 1067) WAS STILL ONLY TENTATIVE. THERE WAS AGREEMENT SUBSTANTIALLY TO INCREASE THE SIZE AND NUMBER OF JOINT MANOEUVRES, NOT JUST STAFF EXERCISES (PARA 3 OF MY TELNO 1053). HOWEVER THERE HAD BEEN NO DISCUSSION OF FUTURE COOPERATION ON TANKS, ABOUT WHICH THERE HAD APPARENTLY BEEN SOME SPECULATION IN FRANCE.

## EAST-WEST AND SDI

10. ALTHOUGH KOHL AND MITERRAND HAD SPENT A CONSIDERABLE PART OF YESTERDAY'S MEETING DISCUSSING EAST-WEST REALTIONS, THIS HAD CONSISTED MAINLY IN BRINGING EACH OTHER UP TO DATE ON THE DIPLOMATIC ACTIVITIES OF THE PAST MONTH, AND NO NEW POINTS HAD EMERGED. AT THE SEPARATE MEETING OF DEFENCE AND FOREIGN MINISTRIES THE FRENCH HAD NOT TRIED TO PRESSURISE THE GERMANS TO BACK OFF FROM A FRAMEWORK AGREEMENT ON SDI COOPERATION WITH THE US, BUT HAD EQUALLY GIVEN NO HINT OF ANY CHANGE IN THEIR OWN POSITION. THEY HAD HOWEVER EXPRESSED INTEREST IN HARMONISING FRENCH AND GERMAN POSITIONS IN THE DEBATE ON STRATEGIC ASPECTS OF SDI. STABREIT THOUGHT THAT THE GERMANS WOULD IN DUE COURSE WISH TO DISCUSS THE IDEA OF A POSSIBLE EUROPEAN TACTICAL DEFENCE INITIATIVE WITH THE FRENCH.

11. FOR THE SUMMIT'S COVERAGE OF EC QUESTIONS, SEE MIFT.

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TO IMMEDIATE FCO

TELNO 1071

OF 091200Z NOVEMBER 85

INFO IMMEDIATE PARIS, UKREP BRUSSELS

INFO PRIORITY OTHER EC POSTS, MADRIS, LUXEMBOURG

FRANCO-GERMAN SUMMIT: 7-8 NOVEMBER: INTERGOVERNMENTAL CONFERENCE  
(IGC)

## SUMMARY

1. THE IGC IS NOT BEING PRESENTED AS THE CENTRAL THEME OF THE CONSULTATIONS. KOHL AND MITTERRAND APPEAR TO HAVE DISCUSSED IT ONLY IN GENERAL TERMS. MORE DETAILED TALKS BETWEEN FOREIGN MINISTERS AND THEIR DEPUTIES HAVE NARROWED SOME DIFFERENCES, BUT THERE IS STILL A LONG WAY TO GO, PARTICULARLY ON THE PARLIAMENT. THE PRESS REPORTS THAT THERE WILL BE JOINT FRANCO-GERMAN PROPOSALS AT LUXEMBOURG. GENSCHER AND DUMAS WILL MEET NEXT WEEK, BUT THERE ARE NO PLANS FOR KOHL AND MITTERRAND TO DO SO AGAIN BEFORE LUXEMBOURG.

## DETAIL

2. STABREIT (KANZLERAMT) WHOM H OF C DEBRIEFED YESTERDAY WAS UNWILLING TO GO INTO ANY DETAIL OVER THE IGC. HE SAID THAT THE TALKS (HELD IN PARALLEL BETWEEN KOHL AND MITTERRAND, GENSCHER AND DUMAS, AND STAVENHAGEN, RUHFUS AND MME LALUMIERE) HAD NARROWED DIFFERENCES ON THE INTERNAL MARKET, TECHNOLOGY, ENVIRONMENT, COHESION AND POWERS OF THE COMMISSION, THOUGH THERE HAD BEEN LESS AGREEMENT ON THE PARLIAMENT. THE FRENCH MADE A STRONG PLEA FOR STRENGTHENING EMS, ON WHICH THE GERMANS HAD BEEN 'VERY RETICENT'. THE FRENCH HAD ALSO FAVOURED TAX APPROXIMATION, BUT ONLY BY UNANIMITY AND IN SLOW TIME. THEY HAD ALSO MADE IT CLEAR THAT DELORS WAS FAR FROM BEING MITTERRAND'S PUPPET, AND THAT MITTERRAND WAS FIRMLY AGAINST ANY EXTENSION OF DELORS' INFLUENCE, OR ANY INCREASE IN THE COMPETENCES OF THE COMMISSION.

3. STABREIT SAID THAT THE FRENCH AND GERMANS WOULD PUT FORWARD JOINT PROPOSALS BEFORE LUXEMBOURG IF THEY COULD RESOLVE THE REMAINING DIFFERENCES BETWEEN THEM. HE DID NOT DISGUISE HIS PERSONAL DISAPPOINTMENT THAT AGREEMENT WAS NOT YET WITHIN REACH. HE SPOKE OF 'OPPOSING FRONTS' IN BONN, WITH THE KANZLERAMT AND AUSWAERTIGES AMT PRESSING FOR IMAGINATIVE PRO-EUROPEAN DECISIONS AGAINST RESISTANCE FROM THE INTERIOR, FINANCE AND ECONOMIC MINISTRIES.

4. WE HAVE HEARD FROM LAEUFER (AUSWAERTIGES AMT), WHO WAS PRESENT AT THE MEETINGS BETWEEN STAVENHAGEN, RUHFUS AND MME LALUMIERE, THAT THE FRENCH AND GERMANS WERE NOW NOT FAR APART ON TEXTS ON THE

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ENVIRONMENT AND TECHNOLOGY. NO PROGRESS AT ALL HAD BEEN MADE ON THE PARLIAMENT, WHERE THE FRENCH LINE HAD BEEN VERY RESTRICTIVE. ON THE INTERNAL MARKET AND ARTICLE 100 HE ADDED THAT THE GERMANS FELT UNDER PRESSURE (THOUGH NOT PARTICULARLY FROM THE FRENCH) TO DROP THEIR PROPOSAL THAT IF A DIRECTIVE WOULD RESULT IN LOWER STANDARDS OF SAFETY OR HEALTH IN A GIVEN MEMBER STATE, THAT MEMBER STATE'S POSITIVE VOTE WOULD BE NECESSARY BEFORE THE DIRECTIVE WAS ADOPTED.

5. THIELE (KANZLERAMT) SAID THAT KOHL AND MITTERRAND HAD LEFT THEMSELVES LITTLE TIME TO DISCUSS THE IGC. THEY HAD AGREED THAT THE MAIN LINES WERE CLEAR ON TECHNOLOGY AND THE ENVIRONMENT. THE GERMAN SIDE HAD STRESSED THE NEED FOR FINANCIAL DISCIPLINE IN ANY MOVE TOWARDS COHESION. LITTLE HAD BEEN SAID ON POWERS OF THE COMMISSION. MUCH WORK STILL NEEDED TO BE DONE ON THE PARLIAMENT, AND THE GERMANS HAD BEEN FIRM ON THE NEED FOR THE LAST WORD TO LIE WITH THE COUNCIL. THE MAIN INTERNAL MARKET POINT DISCUSSED HAD BEEN TAXATION HARMONISATION: STOLTENBERG HAD MADE CLEAR THAT THIS COULD NOT BE RESOLVED UNDER PRESSURE OF DEADLINES OR BY MAJORITY VOTING. THE FRENCH HAD AGREED: THERE WAS A DIFFERENCE BETWEEN TAXATION AND STANDARDS. STOLTENBERG HAD ALSO BEEN FIRM ON THE NEED FOR CAUTION ON THE COMMISSION'S VIEWS ON THE EMS: THERE WERE SERIOUS IMPLICATIONS FOR THE AUTONOMY OF THE BUNDESBANK.

6. MUELLER-THUNS (ECONOMICS MINISTRY) CONFIRMED THIELE'S ACCOUNT GENERALLY, ESPECIALLY THE FIRM LINE TAKEN ON TAXATION HARMONISATION, THE LAST WORD RESTING WITH THE COUNCIL, AND THE UNACCEPTABILITY OF THE DELORS PROPOSAL ON THE EMS AND FRENCH PROPOSALS FOR APPROXIMATION OF SOCIAL POLICY. SCHMIDT (AGRICULTURE) WOULD CONFIRM ONLY THAT THE CAP HAD NOT (REPEAT NOT) BEEN DISCUSSED.

### FRANCO-GERMAN BILATERAL NEGOTIATIONS BEFORE LUXEMBOURG

7. WHEN ASKED ABOUT THE REFERENCE TO JOINT PROPOSALS AT THE PRESS CONFERENCE, MUELLER-THUNS INDICATED THAT THIS MEANT NO MORE THAN THE FRENCH AND GERMANS HAD MANAGED TO BRING THEIR POSITIONS ON THE MAIN POINTS CLOSER TOGETHER: THEY WOULD CONTINUE TO WORK TO DO SO, AND WOULD HOPE TO BE ARGUING ON THE SAME LINES IN THE DISCUSSIONS LEADING UP TO LUXEMBOURG. LAEUFER, ON THE OTHER HAND, SAID THAT THERE WOULD BE FRANCO-GERMAN NEGOTIATIONS ON TEXTS ON ALL THE CENTRAL IGC ISSUES OVER THE NEXT FEW WEEKS, CONDUCTED LARGELY BY THE AUSWAERTIGES AMT AND THE QUAI D'ORSAY. STABREIT CONFIRMED THAT THERE WERE NO PLANS FOR A FURTHER MEETING BETWEEN KOHL AND MITTERRAND BEFORE LUXEMBOURG. HE CLAIMED THAT KOHL HAD NO INTENTION OF DISCUSSING DETAILED DRAFTING WITH MITTERRAND: GENSCHER AND STAVENHAGEN COULD TAKE THAT ON. THE PRESS REPORTS THAT GENSCHER AND DUMAS WILL MEET THIS WEEK AFTER THE IGC.

### ITALIAN DEMARCHE

8. YESTERDAY'S PRESS REPORTED THAT THE ITALIAN AMBASSADOR HAD

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DELIVERED A MESSAGE TO THE AUSWAERTIGES AMT JUST BEFORE THE START OF THE FRANCO-GERMAN CONSULTATIONS, URGING THE FEDERAL GOVERNMENT TO PUT ITS FULL WEIGHT BEHIND EC REFORM. IN AN INTERVIEW WITH THE BONN GENERAL ANZEIGER THE ITALIAN AMBASSADOR SPOKE OF HIS DISAPPOINTMENT OVER THE "EXAGGERATEDLY PRAGMATIC COURSE" OF GERMAN EUROPEAN POLICY IN THE AFTERMATH OF MILAN, AND SAID THAT THE ITALIAN GOVERNMENT WOULD NOT AGREE TO ANY COMPROMISE WHICH IT COULD NOT CREDIBLY PRESENT TO THE ITALIAN PUBLIC. STABREIT (KANZLERAMT) TOLD US THAT THE GERMAN/ITALIAN CONSULTATIONS PLANNED FOR 21 NOVEMBER HAVE BEEN CANCELLED. WE HAVE NOT YET ESTABLISHED THE REASONS.

### PRESS COMMENT

9. FRANCO-GERMAN COOPERATION IN THE IGC RECEIVES ONLY BRIEF COVERAGE IN TODAY'S GERMAN PRESS REPORTS OF THE CONSULTATIONS, WHICH CONCENTRATE INSTEAD ON BILATERAL MILITARY AND TECHNOLOGY QUESTIONS.

### COMMENT

10. THERE IS CLEARLY A WISH ON THE PART OF KOHL AND GENSCHER TO MAKE A DETERMINED ATTEMPT IN THE SHORT TIME REMAINING BEFORE THE LUXEMBOURG EUROPEAN COUNCIL TO MAKE COMMON CAUSE WITH THE FRENCH ON AS MANY POINTS AS POSSIBLE. OUR INFORMANTS REFERRED TO THE NEED TO "GIVE IMPETUS TO" AND "LOOSEN UP" THE IGC DISCUSSIONS. THEY SAID THAT KOHL, WHO HAS BUILT UP 1985 AS THE "YEAR OF EUROPE", NEEDS SOME TANGIBLE IF MODEST RESULTS IN DECEMBER BEFORE THE TWELVE ARE HAMSTRUNG BY THE IMPENDING FRENCH ELECTIONS. THE AUSWAERTIGES AMT APPEAR TO BE WORRIED THAT THE ITALIANS WILL WRECK THEIR ATTEMPT TO DEVISE A CONSENSUS AT LUXEMBOURG. THEY ARE ALSO CONSCIOUS THAT AGREEMENT WITH THE FRENCH IS STILL SOME WAY OFF, ESPECIALLY ON INSTITUTIONAL QUESTIONS. OTHER MINISTERS HAVE APPARENTLY SET THEIR SIGHTS LOWER, AND ARE SCEPTICAL THAT ANYTHING MUCH CAN BE ACHIEVED BEFORE OR AT LUXEMBOURG.

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