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THE PRIME MINISTER

The German Question

1. Your meeting with President Mitterrand on 20 January will be an important opportunity to discuss the concerns which we share with the French about German unification.

2. If the people of the FRG and the GDR decide freely and democratically in favour of unity, there is no way of stopping that, short of military action. Residual rights and responsibilities of the Four Powers provide a locus standi in the process. The same is true of the texts of the Helsinki Final Act, the European Community treaties and North Atlantic Treaty. These rights can legitimately be used to influence the pace and nature of events provided the governments concerned act in unison; but they do not amount to a veto.

3. If the process leading to unification gets under way the question therefore becomes how best to influence the process of achieving it so as to maximise the British and Western interest and to minimise adverse repercussions elsewhere, particularly in the Soviet Union. The point of departure is the European position jointly and publicly agreed at Strasbourg that German unity should take place "peacefully and democratically in full respect of the relevant agreements and treaties and of all the principles defined by the Helsinki Act in a context of dialogue and

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East-West cooperation" and "in the perspective of European integration". The US position complements this, with its emphasis on the need for Germany's continued commitment to NATO and an increasingly integrated European Community; with due regard for Four Power rights and responsibilities; as part of a gradual and step by step process in the interests of genuine European stability; and respecting the Helsinki Final Act on the question of borders.

4. As you observed, these general principles have yet to be translated into operational terms. You could explore with President Mitterrand how far this can be done. One important idea, which has not yet been given full play and which you might well air with President Mitterrand, is the notion of a transitional period. German unity carries practical implications of great political, legal, economic and institutional complexity. It follows that there is bound to be a transition of significant duration between the point at which the two German states decide freely and unambiguously in favour of the principle of unification and the point at which a single and unified German state is finally brought into existence and recognised as such. This intervening period would be of great political and psychological importance. It should be used to provide a suitable framework for the negotiation of the various complex matters which will come up, including implications for the Alliance and any future European security structures, for the European Community and for the future of the CSCE process, among many others. We would have to concentrate with other key Allies on bringing our views and our weight to bear during this period. Despite Chancellor Kohl's vagueness, many in the FRG who are wholly committed to a peaceful, democratic and united Germany, very well

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understand the desirability of such a transitional process. We need to acquire a position which allows us to work with the grain in the Federal Republic over this. I am sure you will find President Mitterrand responsive. His own undertaking that France would recognise and respect the reality of the desire of the Germans for unity earned a special word of thanks in Chancellor Kohl's first major public comments of the New Year. The concept of a sizeable transition period could help him to reconcile these words with the French anxieties of which he has told you.

5. The French should be just as concerned as we are about the further growth of German economic power in the longer term which German unity would be likely to bring, and the increased political clout which this would imply. There are different views about how far what is already the most dynamic economy in Europe will be changed by the absorption of the GDR. But in the longer term the combined strength of the two economies, once they reflect higher and more efficient investment in the East combined with successful economic restructuring, will be considerable. Britain will not be alone in facing this challenge and great efforts will need to be made to avoid German predominance in the wider European market.

6. On the political front our best way of guaranteeing that a larger and more powerful Germany remains closely tied to Western standards and values will be the collective grip provided by the European Community and the North Atlantic Alliance. That is why all our partners, including the Americans, attach so much importance to the continuing strength, vigour and development of both organisations. In the future new mutual CSCE obligations and commitments,

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building on the Helsinki Final Act, may also have a role to play. Alternatives such as a neutral Germany perhaps more closely aligned with Central European countries at less advanced stages of political and democratic development would be worse for our interests and for general security and stability in Europe.

7. I deal more fully with Alliance aspects in a separate minute. But in terms of influencing the process of German unification through a transitional period, the European Community dimension, important in its own right for the reason just mentioned, may also have some tactical relevance. The unique political circumstances of a divided Germany and the degree of de facto economic integration make GDR accession to the Community as part of a process of German unification before 1992 a possibility. Nevertheless reunification from the Community point of view could not take place purely by osmosis. The Germans could not simply appear at the Council of Ministers one day and say that they were now united. The process of negotiating the terms of accession would require the agreement of all present Community members and a negotiation with GDR representatives, e.g. to extend the Community's external frontier to include the present territory of the GDR. There would have to be transitional arrangements on such matters as GDR state aids or the improvement of GDR environmental standards. The Community angle therefore constrains the pace of de jure German integration and reunification. But provided the GDR met basic conditions on the establishment of genuine democracy and the mechanisms of a market economy, the process could not in practice be extended indefinitely without creating a dangerous antagonism between the FRG and her EC partners.

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8. The Four Powers would also of course have a stake in the transitional period. They would be monitoring the process. The UK, the US and France are obliged under Article 7 of the 1955 Convention on Relations to "consult with the FRG on all matters involving the exercise of their rights relating to Germany as a whole". Under war-time and post-war agreements the three Western powers (UK, US and France), together with the Soviet Union, retain rights and responsibilities for Berlin which are recognised and accepted by the FRG and Berlin authorities. The four-power status of Berlin means that we, the US, France and the USSR are responsible for the security of the territory. The rights of the four powers in Berlin could hardly in practice be used to prevent the city becoming the capital of a united Germany as a result of a free choice of the people of the two Germanies. But we should maintain our rights and responsibilities until agreed alternative arrangements, satisfactory to us, are in place. Meanwhile, the Allied presence would help us, with the Berlin senate and the federal government, to maintain calm and confidence in the city. We and the other powers may need to be ready to adapt our presence, while maintaining our legal position, so that our involvement in the city continues to be welcome, and seen as a positive symbol of the outside Western guarantors, to the people of Berlin.

9. Contacts between the Four Powers would also have an important role to play, along with bilateral contacts with the Soviet Union, in ensuring that the Russians did not nourish unjustified anxieties or concerns and that the transition towards German unity was carried out in a way which did not prejudice the process of reform in the Soviet Union and Eastern Europe generally. Finally, the Four

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Powers would have an important role in relation to borders which bears on the geographical scope of a united Germany. You have rightly emphasised the importance of the fact that under Helsinki, frontiers in Europe are inviolable and can only be changed by agreement. We should be well placed to ensure that German unity could only take place on the basis that the Four Powers (as well as Germany) would fix the Oder/Neisse frontier definitively in law at the moment when unity occurred. In short, while we cannot veto German self-determination we can confine it to the peoples of the FRG and GDR. In the interim the FRG would need to make a further political statement about the finality of that frontier. This should not be a problem for Chancellor Kohl once he is through his elections.

10. German unity need not imply that the territory of the GDR is included within NATO (which appears to be the attitude of some Americans). There are a number of precedents (including the Eden Plan and other ideas to which HMG subscribed in the Fifties) for dealing with this aspect in terms of de-militarised zones. This would need to be looked at further. One could conceive, like Dr Kissinger, of a united Germany within NATO but with the territory of the old GDR completely demilitarised by treaty.

11. In airing these and other issues with President Mitterrand on 20 January, you might like to propose that British and French officials do some further work on how best the transition to German unity (if the Germans decide for it) can be managed, stabilised and influenced. There might then be further discussion with the Americans with a view to the three of us talking this over with the FRG.

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12. I am sending copies of this minute to the Secretary of State for Defence, the Chancellor of the Exchequer and Sir Robin Butler.

R. H. H. Hurd
for (DOUGLAS HURD)

*(approved by the Foreign Secretary
in Hong Kong)*

Foreign and Commonwealth Office
16 January 1990

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