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meeting record.

10 DOWNING STREET
LONDON SW1A 2AA

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From the Private Secretary

17 September, 1986.

Dear Colin,

**PRIME MINISTER'S MEETING WITH THE FEDERAL GERMAN CHANCELLOR
IN BONN ON TUESDAY, 16 SEPTEMBER, 1986, AT 1410**

The Prime Minister had a talk with the Federal Chancellor lasting some two and a half hours at the beginning of the Anglo-German Summit in Bonn on Tuesday, 16 September. This was longer than planned because of the late arrival of Foreign Ministers from Brussels. Herr Teltschik was also present on the German side.

Situation in the Federal Republic

Chancellor Kohl, who was in a very confident mood, had no doubt that his Party would win the Federal Elections. The polls were more favourable every week. The Social Democrats were all but resigned to defeat. The economic situation was also very satisfactory. The Prime Minister asked the Chancellor to explain Germany's economic success. Chancellor Kohl said that, while economic factors such as the decline in the oil price were important, the main reason for success was psychological. People realised that Germany had a strong Government which would not be deflected from its chosen course. He thought that the INF stationing decision had been crucial in this respect even though it had nothing directly to do with the economy. The Chancellor said that he was convinced that the unemployment figures were not accurate. At least 800,000 of those on the register were not genuinely unemployed. He intended to do something about this problem after the elections. Of course there were regional and structural problems, for instance in shipbuilding. But there were also labour shortages, particularly of skilled workers and engineers. The prospects for the German economy in 1987 were good: predictions were for growth of 3 per cent.

Nuclear Energy

The Prime Minister said that there was no way the energy needs of either the industrialised or developing countries could be met without nuclear power. It was important to repeat this constantly in public. The statement from the Tokyo Economic Summit had been very helpful in this respect. It was no less important to stress the excellent safety record of nuclear power. Chancellor Kohl's initiative in calling for a Conference on International Cooperation in Nuclear Safety

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had been well judged.

Chancellor Kohl said that in no country had Chernobyl caused such a psychopathic reaction as in Germany. There were several reasons for this, not least among them the role of the Protestant church. The SPD had recently voted to phase out nuclear power. The position of the trade unions was shaky. His Government was firmly committed to continuing Germany's nuclear energy programme. But it was a sensitive area, and it would be necessary to take account of proposals being discussed in the United States Congress to restrict the size of new nuclear power stations to some 500 or 600 megawatts. There would be a lot of support for this in the Federal Republic.

South Africa

Discussion took place on the basis of news agency reports of the outcome of the Foreign Affairs Council discussion in Brussels. Chancellor Kohl said that he was not at all convinced of the value of sanctions. They caused unemployment, poverty and suffering. They were easily evaded. For instance, Switzerland was now doing brisk business in gold coins. A great deal of hypocrisy was talked about sanctions, particularly by the Protestant church in Germany. But he had wanted to be helpful to President Reagan and also to the Prime Minister in the face of her difficulties in the Commonwealth. He had therefore been prepared to agree to a ban on the import of gold coins, iron and steel, and on new investment. But his opposition to a ban on the import of coal was very firm indeed and would not change. He would not give a millimetre on this, even if the Americans were to ban coal imports.

The Chancellor continued that he hoped that, following the conclusions reached in the Foreign Affairs Council, it would be possible to draw a line under discussion of sanctions. But he remained concerned about the situation in South Africa and the risk of drift towards a bloodbath. He had had intensive contacts with President Botha recently. Botha still appeared interested in finding a solution which would allow the release of Mandela and other political prisoners and the unbanning of the ANC in return for an undertaking to end violence and enter into peaceful negotiations. The main Western countries should be ready for a fresh effort to achieve a peaceful solution at the right moment.

The Prime Minister said that she shared Chancellor Kohl's views on sanctions. President Botha's priority was to put an end to violence before taking any further steps towards reform. The state of emergency had reduced violence to some extent, although it was not a solution in the long term. President Botha saw an important distinction between a commitment by the ANC to end violence and to suspend it. It would be necessary to argue this through before embarking on any fresh initiative. Otherwise it would only risk accusations of bad faith. She saw no scope for any new initiative at least until the United States had settled its

own policy on sanctions. Even then, it would be necessary to move cautiously since Botha was allergic to outside interference, and would not do anything if it appeared that he was acting under pressure. Chancellor Kohl suggested that it would be best to await the outcome of the United States elections before considering further steps.

Airbus

Chancellor Kohl said that he had recently received information pointing to a sharp deterioration in the financial position of the Airbus Consortium. Although he was not very clear about the details, the difficulties appeared to relate to what he described as the bridging period before new models of the Airbus could be launched. He had discussed the problem with Monsieur Chirac. They had agreed on the need for a realistic financing plan, to be put to Governments for consideration. This appeared to be a separate issue from launch aid.

The Prime Minister said that she was not aware of the particular problem which the Chancellor had described although she knew that the question of launch aid for new models of the Airbus would shortly have to be considered. She had been taken aback to learn that the Federal Republic was proposing to give launch aid of as much as 90 per cent. But she took the view that Europe had to maintain an independent capability to produce civil and military aircraft. She therefore accepted that it made sense to go on to develop further members of the Airbus family. We also attached particular importance to the European Fighter Aircraft - which must be a genuinely European project - and hoped that the Federal Republic would be in a position to sign the Memorandum of Understanding on the EFA at Gleneagles in October.

East-West Relations

There was some discussion of the detailed situation at the CDE in Stockholm. This has been overtaken by events, and I shall not record it. But both sides agreed that the United States should be pressed to help bring the Conference to a satisfactory conclusion this week.

I attach copies (for the Foreign and Commonwealth Office only) of the speeches made at dinner by the Prime Minister and the Chancellor.

I am sending copies of this letter to Alex Allan (HM Treasury), John Howe (Ministry of Defence), Timothy Walker (Department of Trade and Industry), Geoff Dart (Department of Energy), Robin Young (Department of the Environment), and Michael Stark (Cabinet Office).

Yours sincerely,
(C.D. POWELL) *Chris Powell*

C.R. Budd, Esq.,
Foreign and Commonwealth Office



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

18 September 1986

ANGLO-GERMAN SUMMIT

My letter of today's date recorded the main points of the Prime Minister's talk with Chancellor Kohl at the Anglo-German Summit. This letter amplifies some aspects of the discussion of South Africa for much more restricted circulation. The reason is that the Chancellor stressed that his remarks were strictly personal and that he did not want his views reported to the German Foreign Ministry. The Prime Minister gave him an undertaking on this which we must honour.

In essence, Chancellor Kohl is keen to launch a further initiative to help achieve a peaceful solution in South Africa. This would be a tripartite effort by the UK, FRG and US. He claims that the South African government remained open to discussion, on the basis of the following formula (whose ingredients will be familiar to you):

"In return for willingness on the part of the South African government to consider a binding commitment to release Nelson Mandela and other political prisoners, to unban the ANC, and to embark on a peaceful dialogue, the Front Line States would use their influence with the ANC to ensure a commitment on their part to call for an end to violence and to enter peaceful negotiations" (translated from the original German!).

He would like to see the scope for making progress on this basis explored further with the UK and the US, and then by all three of them with the South African government. He did not want to work through the Auswaertiges Amt, whom he regarded as unreliable on this issue. It was important to proceed very discreetly. He suggested that there should be contacts between Herr Teltschik and me.

The Prime Minister took the Chancellor through the difficulties, pointed out that this particular route had been thoroughly explored both by the Eminent Persons Group and by the Foreign Secretary, and discouraged any early approach to the South Africans. But she agreed that a further initiative

would be needed in due course, that joint action by the UK, FRG and US was desirable, and that there might be contacts between the Federal Chancellor's office and No.10 to consider this.

I think that the Prime Minister intends to mention this to the Foreign Secretary at their bilateral this afternoon.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 September 1986

PRIME MINISTER'S MEETING WITH THE FEDERAL GERMAN CHANCELLOR
IN BONN ON TUESDAY 16 SEPTEMBER

You might find it helpful to have a few personal comments in addition to my official record of the Prime Minister's meeting with the Chancellor in Bonn on 16 September.

The Chancellor was in an ebullient mood. Indeed I have never seen him so confident, both about his political position and the state of the Federal Republic, and also emphatic about his views and policies (for instance, on sanctions against South Africa). He was also maddeningly discursive. We had two stories about the last war, the point of both of them being to underline sterling German qualities; two more stories about his mother, evidently a saintly lady rich in moral guidance for the young Helmut; a very long account of the role of the Protestant Church in modern Germany, which made it sound like an amalgam of CND, the anti-apartheid movement and Commander Boaks; and a tiresome replay of his most famous budget battles. Between them, these took up close to one hour of the time set aside for the discussion with the Prime Minister. The most original and interesting statement which he vouchsafed was that there had been an enormous change in the FRG in the last three or four years: the Germans were becoming more normal. Sadly, he did not expand on this tantalising notion. He also lamented the very small number of European students attending front-rank universities in the United States. This situation needed to be corrected if Europe was to continue to have access to the best of American technology. Fortunately, the Kohl family are equal to the situation: the Chancellor's elder son is to start at MIT shortly.

(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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LONDON SW1A 2AA

18 September 1986

From the Private Secretary

Dear Tony,

ANGLO-GERMAN SUMMIT

The Prime Minister commented unfavourably on what she regarded as the unnecessarily large number of officials attending the Anglo-German Summit in Bonn this week. She wishes numbers to be restricted more severely in future. You and other recipients of this letter will wish to bear this in mind for the next Anglo-German consultations (and indeed for the Anglo-French consultations in November). A Minister plus a single official and a Private Secretary should be the maximum necessary.

I am copying this letter to Departments most likely to be involved in these bilateral summits: thus to Alex Allan (HM Treasury), Timothy Walker (Department of Trade and Industry), John Howe (Ministry of Defence), Robin Young (Department of the Environment), Stephen Boys Smith (Home Office), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Tim Abraham (Office of Mr. Pattie, Department of Trade and Industry), Barbara Jones (Office of Mr. Waldegrave, Department of the Environment) and to Michael Stark (Cabinet Office).

Yours sincerely,
Charles Powell

(C. D. POWELL)

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.

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