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Foreign and Commonwealth Office

London SW1A 2AH

18 September 1987

Dear Charles,

Prime Minister's Visit to Berlin, 24/25 September:
Programme and Call on the Governing Mayor of Berlin

/ I enclose the programme for the Prime Minister's visit, much of which will of course be taken up with the IDU Conference. I am writing separately with briefing for the Prime Minister's bilateral meetings with Chancellor Kohl, M Chirac and Mr Ozal. We do not yet know the exact timing of the meeting with Ozal on the evening of 24 September.

Call on the Governing Mayor

/ The Prime Minister will go straight from RAF Gatow to the Rathaus Schöneberg (Town Hall) for a short courtesy call on the Governing Mayor of Berlin, Herr Eberhard Diepgen (personality note attached). Diepgen is likely to be accompanied by Dr Stronk, the official Head of the Senat Chancellery, who was present when Diepgen called on the Prime Minister in London on 16 December 1986. The Senat may provide an interpreter, but Diepgen will not require interpretation from English. Mr Michael Burton, Minister in the British Military Government (who will ride in the car with the Prime Minister), will be present on the British side in addition to yourself.

Berliners have been preoccupied this year with the celebrations of the 750th Anniversary of Berlin, which are now drawing to a close. High-level visitors to the city have included Her Majesty The Queen (May), President Mitterrand (also May), President Reagan (June) and Prime Minister Chirac (July). The Prime Minister's own visit (her first since October 1982), though primarily to attend the IDU Conference, will be welcomed in Berlin and the Federal Republic as further confirmation of British support for Berlin in its anniversary year. The visit coincides with one by the Lord Mayor of London, Sir David Rowe-Ham. The visit of the Prince and Princess of Wales on 1 November to attend the premiere of a major British Council-sponsored Royal Ballet tour will be a further British highlight.

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/Honecker's



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Honecker's visit to the Federal Republic from 7-11 September, the first ever by a GDR leader, has attracted keen interest in Berlin. The Prime Minister might ask how Diepgen assesses the visit, and particularly its impact on Berlin. The Federal Government have expressed confidence that the visit will have helped to consolidate and increase human contacts (nearly 1 million East Germans under pensionable age are expected to visit the West in 1987, a further sharp increase). But West Berliners will be disappointed at Honecker's continuing refusal to extend to them the improved arrangements for travel to East Berlin and the GDR (in particular allowing short-stay visitors to stay overnight) which have since last year been applied to residents of the Federal Republic.

Diepgen himself was involved only peripherally in Honecker's visit. His own ambitions to play a bigger role in inner-German and East/West relations by accepting an invitation from Honecker to attend an 'Act of State' in East Berlin in October (part of East Berlin's rival 750th Anniversary celebrations) were frustrated when Honecker withdrew the invitation in May. Honecker had earlier declined Diepgen's counter-invitation to visit West Berlin. The three Western Protecting Powers had expressed misgivings that Diepgen's attendance might undermine the Western position on Berlin's status. There should be no need to go over this again now.

Diepgen has expressed his support for the Allied initiative on Berlin. The Prime Minister will recall that President Reagan consulted her (as well as President Mitterrand and Chancellor Kohl) before his speech in Berlin in June, in which he called for improvements in air services and for efforts to bring conferences and meetings to the city. Officials are now working to follow up the President's speech and to prepare an Allied approach to the Russians. If Diepgen raises the subject, we recommend that the Prime Minister express continuing support for the initiative, which demonstrates that the three Protecting Powers are on the look out for new ideas of practical benefit to Berliners.

Diepgen is unlikely to raise the death on 17 August of Rudolf Hess. The Four Powers issued a final statement on 17 September confirming that Hess had committed suicide. Spandau Prison is now being demolished, as previously agreed by the Four Powers. Diepgen has given helpful public support for the prison's early demolition.

/Other Meetings

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Other Meetings

The Prime Minister may meet a number of colleagues in the margins of the IDU Meeting. I attach a list of points for the Prime Minister to draw on, should the opportunity arise.

Yours ever

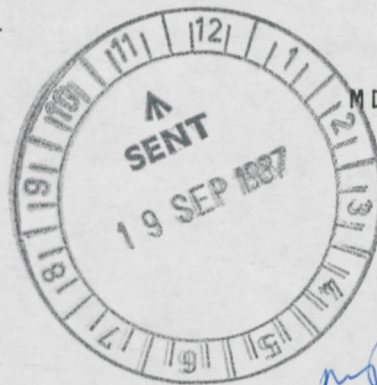
A handwritten signature in blue ink, appearing to read 'L. Parker'.

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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FM BONN
TO DESKBY 210700Z FCO
TELNO 729
OF 190920Z SEPTEMBER 87

MY TELNO 702: PRIME MINISTER'S VISIT TO BERLIN:
BILATERAL WITH KOHL: MIDDLE EAST.

1. TELTSCHIK TOLD ME ON 18 SEPTEMBER THAT THERE WAS ONE OTHER POINT WHICH KOHL WOULD LIKE TO RAISE WITH THE PRIME MINISTER ON 25 SEPTEMBER, WITHOUT ACTUALLY PUTTING IT ON THE AGENDA. PEREZ HAD MORE THAN ONCE SPOKEN TO KOHL ABOUT WHAT HAD AT ONE TIME BEEN CALLED A MARSHALL PLAN FOR THE MIDDLE EAST. NOW HE HAD PRODUCED CONCRETE PROPOSALS AND ASKED THAT THE FRG TAKE THE LEAD IN HANDLING THEM. KOHL FELT GENERALLY SYMPATHETIC TO THESE IDEAS, BUT ON 3 CONDITIONS:-

- (A) THE PEACE PROCESS WOULD HAVE TO BE MOVING IN A POSITIVE DIRECTION,
- (B) THE PLAN MUST COMPRISE SPECIFIC PROJECTS, NOT A FUND,
- (C) BESIDES ISRAEL ITSELF, AT LEAST EGYPT AND JORDAN MUST ALSO TAKE PART.

2. TELTSCHIK SAID THAT THE ISRAELIS HAD SCALED DOWN THEIR ORIGINAL IDEAS AND WERE TALKING ABOUT US DOLLARS 20 MILLION TO START OFF WITH.

3. AS TO MECHANICS, TELTSCHIK SAID THAT KOHL HAD MENTIONED THE MATTER TO GONZALES AND WOULD DO LIKEWISE WITH CHIRAC THIS WEEKEND AND MITTERRAND NEXT WEEK. TELTSCHIK SUGGESTED THAT ONE OR TWO OTHER KEY EUROPEAN COUNTRIES, JAPAN AND THE U.S. SHOULD BE BROUGHT IN, EACH DESIGNATING A SINGLE OFFICIAL TO HANDLE THE MATTER EITHER THROUGH BILATERAL CHANNELS OR MEETINGS, AS APPROPRIATE. WHAT KOHL WANTED WAS A PRELIMINARY AND INFORMAL EXCHANGE OF VIEWS WHICH WOULD COMMIT NOBODY. ISRAEL WOULD BE BROUGHT IN LATER.

4. FCO PLEASE PASS TO NO.10.

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DELEGATION LEADER'S

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> Australia, Liberal Party of Australia SPENDER Mr John Spender QC,MP, Shadow Minister for Foreign Affairs	'Delegation Leader Delegate
> Austria, Osterreichische Volkspartei KONIG DDr. Fritz Konig, MP, Parliamentary Group Leader	'Delegation Leader Delegate
> Canada, Progressive Conservative Party DICK Hon. Paul Dick	'Delegation Leader Delegate
> Colombia, Social Conservative Party PASTRANA-BORRERO H.E. Misael Pastrana-Borrero, Party Leader	'Delegation Leader Delegate
> Costa Rica, United Social Christain Party CALDERON Lic. Rafael Angel Calderon, Party Leader	'Delegation Leader Observer
> Cyprus, Democratic Rally CLERIDES Mr. Glafcos Clerides, MP, Party Leader	'Delegation Leader Delegate
> Denmark, Det Konservative Folkeparti ENGELL Mr. Hans Engell, Former Minister of Defense	'Delegation Leader Delegate
> Dominica, Freedom Party KNIGHT Alvin Knight, General Secretary of Dominica Freedom Party	'Delegation Leader Delegate
> Finland, Kansallinen Kokoomus SUOMINEN Mr. Ilkka Suominen, MP, Party Leader	'Delegation Leader Delegate
> France, Rassemblement Pour la Republique CHIRAC Jacques Chirac, Prime Minister	'Delegation Leader Delegate
> Germany (CDU), Christlich Demokratische Union (CDU) KOHL Dr Helmut Kohl, Chancellor, Party Leader	'Delegation Leader Delegate
> Germany, CSU, Christlich Sociale Union (CSU) STRAUSS Dr. h.c. Franz Josef Strauss, Mdl, PM of Bavaria	'Delegation Leader Delegate
> Greece, Nea Demokratia MITSOTAKIS Constantin Mitsotakis, MP, Party Leader	'Delegation Leader Delegate

September 18, 1987

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> Guatemala, Movimiento de Accion Solidaria (MAS) SERRANO Jorge Serrano, Party President	'Delegation Leader Observer
> Honduras, Partido Nacional de Honduras CALLEJAS Rafael Leonardo Callejas, Party Chairman	'Delegation Leader Delegate
> Iceland, Independence Party PALSSON Thorsteinn Palsson, Prime Minister	'Delegation Leader Observer
> IDU, MOCK Dr. Alois Mock, Chairman IDU	'Delegation Leader Delegate
> IDU, WILLOCH Mr. Kaare Willoch, Former Prime Minister, IDU Deputy Chairman	'IDU Deputy Chairma Delegate
> Italy, Southtyroz HOSP Dr Bruno Hosp MdL	'Delegation Leader Observer
> Jamaica, Labour Party SEAGA Edward Seaga, MP, Prime Minister, Chairman CDU	'Delegation Leader Delegate
> Japan, Liberal Democratic Party (LDP) HAYASHI Mr Yoshiro Hayashi	'Delegation Leader Delegate
> Malta, Nationalist Party FENECH-ADAMI Dr. Edward Fenech-Adami, MP, Prime Minister	'Delegation Leader Associate
> Mexico, Partido Accion Nacional ALVAREZ Mr. Luis Alvarez, President of PAN	'Delegation Leader Observer
> Montserrat, Peoples Liberation Movement VERNON Vernon Jeffers, Min for Educ, Sports and Comm Affs, Gen Sec	'Delegation Leader Observer
> Nicaragua, Partido Conservador de Nicaragua RAPPACCIOLI Lic. Mario Rappaccioli, President	'Delegation Leader Associate
> Norway, Høyres Hovedorganisasjon PRESTHUS Rolf Presthus, Party Chairman	'Delegation Leader Delegate

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> Portugal, Partido do Centro Democratico Social MOREIRA Dr Adriano Moreira, MP	'Delegation Leader Delegate
> Spain, Alianza Popular MANCHA Antonio Hernandez Mancha, President	'Delegation Leader Delegate
> St. Kitts and Nevis, Peoples Action Movement Party SIMMONDS Kennedy Simmonds, Prime Minister	'Prime Minister Delegate
> St. Lucia, BRATHWAIT Desmond Brathwait, Junior Minister to the Prime Minister	'Delegation Leader Observer
> St. Vincent and The Grenadines, New Democratic Party NANTON Mr Stewart Nanton, Parlmtry Sec in PM Office and Min For Aff	'Delegation Leader Delegate
> Sweden, Moderata Samlingspartiet BILDT Mr. Carl Bildt, Party Leader	'Delegation Leader Delegate
> Turkey, Motherland Party OZAL Mr Turgut Ozal, Chairman-Prime Minister	'Delegation Leader Delegate
> United Kingdom, Conservative Party THATCHER Rt. Hon. Margaret Thatcher MP, Prime Minister	'Delegation Leader Delegate
> United States of America, Democratic Party MANNATT Mr Chuck Mannatt	'Delegation Leader Observer
> United States of America, Republican Party FAHRENKOPF Frank J. Fahrenkopf, Jr., RNC Chairman	'Delegation Leader Delegate

DIEPGEN, EBERHARD

Governing Mayor of Berlin since February 1984. Chairman of the Berlin CDU and member of the Federal Executive of the CDU.

Born 13 November 1941 in Berlin. Studied law at the Free University Berlin. 1968-72 junior barrister at the Berlin Supreme Court. In legal practice from 1972. Member of the CDU since 1962. Member of the House of Representatives and of the Berlin Party Executive since 1971. Succeeded Richard von Weizsäcker as Governing Mayor in February 1984 on the latter's nomination as CDU/CSU candidate for Federal Presidency. His CDU/FDP coalition was returned to power convincingly in the 1985 Berlin elections.

Thought by many to be one of the most able second generation post-war CDU politicians in Berlin. Worked closely with von Weizsäcker who saw him as his natural successor. Highly successful as a fixer and organiser in party, parliamentary and local affairs. He has had some difficulty in making the transition to the more elevated role of Governing Mayor, and has occasionally shown indecisiveness, notably over a series of (mostly minor) corruption scandals in Berlin in 1986ⁱⁿ which some party associates were involved. Despite these and the setback to his policy of contacts with the GDR over the 750th Anniversary of Berlin, Diepgen remains firmly in control of the coalition and seems set to stay as Governing Mayor until the next Berlin elections in 1989 at least.

Married. Two children. Speaks reasonable English. Visited UK as Governing Mayor in 1984, 1985 and, most recently, in December 1986, when he called on the Prime Minister.

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Foreign and Commonwealth Office

London SW1A 2AH

18 September 1987

Dear Charles,

Prime Minister's Meeting with Chirac:
Berlin: 25 September

Since the Prime Minister's meeting with him in Paris on 29 July, Chirac's domestic position has not changed fundamentally. French politics are still dominated by the prospect of the Presidential elections next spring, in which Mitterrand, Barre and Le Pen are all expected in one way or another to threaten Chirac's chances. He himself is responding with unabated energy, including visits this week to French territories in the Caribbean and South Pacific. The high turn-out and majority against independence in the New Caledonian referendum on 13 September were good news for Chirac, but have not solved the underlying problems there. His government, which is sticking to a policy of public expenditure control, privatisation and deregulation, continues to come under fire from Right and Left for disappointing economic results this year.

2. Chirac's office have told our Embassy that he will probably wish to concentrate on the Gulf, East/West issues and arms control. The Prime Minister and Chirac had a full exchange of views on Community financing at their meeting on 29 July, and we understand that Chirac is unlikely to raise EC issues again this time. Anglo-French contacts at lower levels are in train, and the Prime Minister may simply wish to reiterate our willingness to work closely with the French, and to look forward to the further bilateral proposed for November when she and Chirac would be able to discuss the key issues before the Copenhagen European Council.

Iran/Iraq and the Gulf

The Prime Minister will wish to refer with regret, but little surprise, to the disappointing outcome of the UN Secretary General's visits to Tehran and Baghdad, and say that it is now clear that the Security Council must urgently discuss enforcement measures. Obtaining an arms embargo against Iran may be difficult, and will put the unity

/of



of the Five under strain, but we must put pressure on the Russians and Chinese to agree. An arms embargo may not be very effective, but the Council cannot abandon the path it has set out on, and discussion of such a Resolution will keep up the pressure on the Iranians. The Prime Minister could also stress the need to keep up the pressure on the Iraqis to refrain from attacking Iranian land and sea targets; they too are running the risk of non-compliance: the French are in a good position to make the point.

East/West Issues

The Prime Minister could welcome progress towards an INF Agreement and the apparent prospect of an early Washington summit. This should be used to bring about not only arms reductions but also:

- progress towards resolution of regional conflicts;
- greater Soviet respect for human rights;

The Soviet Union must not be allowed to confine the East/West agenda to arms control.

At the CSCE Vienna follow-up meeting the West must concentrate on securing an outcome which allows a continuing process of scrutiny of human rights performance, balancing agreement on CSBMs negotiations. The French have recently suggested allowing the Russians a meeting in Moscow on some aspects of human contacts provided we get our main requirements in the human dimension, including a follow-up meeting on human rights in Moscow. On the other hand, some form of Moscow meeting could prove a necessary condition of a satisfactory overall package allowing for continued scrutiny of Moscow's human rights record. If the French Prime Minister raises this, we recommend that the Prime Minister should argue that the pros and cons of going to any meeting in Moscow will have to be very carefully weighed; the conditions of any Moscow meeting (openness; access of dissidents etc) would be a crucial factor; and that we should certainly not as yet give the Russians any hint that we might be prepared to agree to a Moscow meeting. For the time being the Western countries should continue neither to accept nor to reject such a meeting, in order to maintain leverage over Moscow's human rights performance.

Following a study mission on Afghanistan by a former Minister (Jean-Francois Deniau), the French have discussed with us bilaterally a possible initiative by the Twelve. We have raised a number of concerns about timing and tactical handling, and look forward to further detailed bilateral talks.

/If



If Chirac refers to his WEU "Charter" proposal, the Prime Minister could recall the need for any such document to be clear about nuclear deterrence and the need for US forces in Europe.

Arms Control

Our main mutual interest in INF is to ensure that any solution to the FRG PIAs and their US-owned warheads is found outside the Geneva negotiations. We must beware of any undesirable precedent for the UK and French nuclear deterrents.

It might also be useful to reconfirm French support for discouraging FRG pressure in NATO to define an Alliance negotiating stance on nuclear missiles below 500 kms. We must not encourage those who seek the total denuclearisation of Europe, nor should we divert attention from the Reykjavik NAC priorities for arms control.

With the prospect of new conventional arms control negotiations starting next year (assuming the current informal discussions in Vienna produce agreed terms of reference) it would be worth the Prime Minister reminding Chirac of the need for a 'collective' Alliance approach to negotiating with the Warsaw Pact: it will severely complicate matters if the French persist with their long-standing aversion to discussing arms control matters on a bloc-to-bloc basis.

Recent moves by the USSR towards the West in the Chemical Weapons negotiations underline the importance of getting all the detail right. We need to be assured that the Russians are sincere.

Falklands

France voted for the UNGA resolution on the Falklands both in 1985 and, despite worries about how we might vote on New Caledonia, last year as well. Since then French links with Argentina have been strengthened, and President Mitterrand will visit Argentina early next month. The French are likely to continue to be unresponsive to suggestions that they revert to an abstention at this year's UNGA, but must be discouraged from identifying more closely with Argentina. They should also be urged to fulfil their obligation under the Non-Proliferation Treaty on missile technology and refrain from supporting the Argentine Condor missile programme. Raimond has assured the Foreign Secretary that supplies have been halted. They should not be resumed.

/South



South Pacific/CHOGM

Finally, there are two subjects on which there is some risk of Anglo-French misunderstanding during the autumn and the Prime Minister may wish to take preventive action. The first of these is the South Pacific. Two years ago the French complained to us when the CHOGM communique included condemnatory language on New Caledonia, although we had in fact made efforts to tone it down. This year the South Pacific Forum has used even stronger language and in May for example called the proposed referendum "divisive, futile and a recipe for disaster". The South Pacific states can be expected to press for a passage on New Caledonia in the Vancouver communique. The Prime Minister can assure Chirac that we will again seek to moderate any extreme language on New Caledonia (or on the South Pacific Nuclear Free Zone), but could add that we cannot promise miracles: we have no power to veto items in the communique or the language used. She could also say that we would encourage the Forum countries to discuss the issue calmly and rationally with the French.

Le Pen

The other subject of possible difficulty is the plan for Le Pen to address a fringe meeting at the Conservative Party Conference. This has already attracted comment in the French press after Le Pen's recent anti-Semitic gaffe, and he is adept at making publicity out of such occasions. Chirac's RPR is particularly vulnerable to losing right-wing voters to the Front National. The Prime Minister may therefore wish to assure Chirac that the invitation to Le Pen is not from the Party as such and not to the Conference. It would be legally very difficult to keep Le Pen out of the country, and in any case to do so would merely give him an extra opportunity for self-publicity.

however,

L Parker

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

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cc PC
duty clerk



Foreign and Commonwealth Office

London SW1A 2AH

18 September 1987

Dear Charles,

Prime Minister's Meeting with Chancellor Kohl:
Berlin: 25 September

This letter concerns the Prime Minister's bilateral with Chancellor Kohl, scheduled for 1600-1800 on 25 September.

The Internal Political Situation following the Land elections in Bremen and Schleswig-Holstein on 13 September gives Kohl little to be happy about. The CDU's run of poor results in every Land election this year except Hesse has continued. The Party polled only 23% in Bremen. In Schleswig-Holstein they only just clung on to power in coalition with the FDP - and their leader Barschel faces allegations of unfair tactics. The FDP, on the other hand, go from strength to strength and are now represented in every Land Parliament except Bavaria and in six coalitions at Land level (five with the CDU, one with the SPD). It is, however, far from clear that the CDU's poor showing in recent elections signals the beginning of a resurgence in the SPD's fortunes: they still have a long way to go before they can claim to be a credible alternative government.

The results of recent Land elections will add fuel to the public disagreement between Kohl and Strauss over the future direction of the CDU/CSU Parliamentary Grouping. Strauss will no doubt claim that the capture of one seat in the Bremen Parliament by an extreme right-wing party, the Deutsche Volksunion, lends credence to his claim that the CDU's desire to increase its appeal to voters at present supporting the FDP, leaves the CDU/CSU exposed to its right.

The main topics for discussion with Kohl will be the Gulf, EC Issues, East/West and Arms Control, Southern Africa and Terrorism. Kohl will undoubtedly also wish to seek a clear indication of support for Woerner's candidature as next Secretary General of NATO.

/Iran/Iraq and the Gulf

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Iran/Iraq and the Gulf

The Prime Minister will wish to emphasise our desire for early follow-up action on SCR 598. As the Foreign Secretary made clear to the FRG Ambassador on 16 September, we believe that the Security Council must begin work on enforcement measures if the UNSG's visits to Tehran and Baghdad have not produced agreement to implement SCR 598. The Germans' desire to procrastinate and to cast doubt on the usefulness of an arms embargo against Iran is mis-guided and seems to be motivated by a wish to avoid jeopardizing their own political and commercial relationship with Iran. The Prime Minister will wish to persuade Kohl that the pressure must be kept up on Iran and that the international community cannot abandon the path it has set out on.

EC Issues

As the largest net contributor to the EC budget (3500 mecu in 1986) Germans share a common approach with us on many of the key issues in the future financing debate. In particular, they oppose a large increase in the Community's own resources and support more effective control of non-obligatory expenditure.

The main problem remains German reluctance to bite the bullet on CAP reform. Whilst accepting the principle of agricultural stabilisers, Genscher told the Foreign Secretary in July that a price-dominated policy would reduce the living standards of German farmers and could undermine German political stability. The Agriculture Minister, Kiechle, described the latest Commission proposals as "a catalogue of horrors" which the German Government would not be able to accept. And the Schleswig-Holstein election result will have done nothing to strengthen Kohl's willingness to annoy the farming vote.

The Foreign Secretary recommends that the Prime Minister makes the following points to Kohl:

- Hope we can cooperate closely during autumn negotiations. We have similar approach on many of the key issues.
- In particular, assume you agree with me that Commission's proposals on budget discipline are a step forward. Aim must be to tighten up procedures and make budget discipline binding, as agreed at European Council. We cannot afford to repeat failure of 1984 arrangements, which resulted in the build-up of massive agricultural deficits.
- But Commission have also produced useful paper on agricultural stabilisers in response to European Council mandate. We now need detailed proposals for each agricultural regime. Aim should be to strengthen common management of regimes by building on stabilisers that are already in place.

/- Recognise

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- Recognise political sensitivity of price reductions to German farmers. But stabilisers have proven effectiveness (eg milk and beef) and will help put CAP support decisions on equitable and predictable basis. Without them, spiralling costs of CAP will eventually cause collapse of the whole system.

[If Chancellor Kohl raises German ideas on set-aside, more extensive farming etc

- Prepared to consider such ideas. Direct income aids, provided they are nationally financed, temporary and degressive, might have a role to play to ease problems over price cuts.]
- Imagine you also agree that Commission ideas on future "own resources" levels, and doubling of structural funds, still rather too ambitious. Must try to develop common Anglo-German understanding on these issues.
- If these points can be met, good chance of agreement on overall financing package, including the level of own resources. We shall work to achieve this, if possible, at Copenhagen in December.

Following recent measures to strengthen the intervention mechanisms of the EMS, Chancellor Kohl may raise the issue of UK membership of the exchange rate mechanism. The Treasury suggest that the Prime Minister take the following line:

- Reforms agreed by Central Bank Governors and Finance Ministers in December constitute a welcome strengthening of EMS. But not a critical factor in UK decision on whether to join ERM. This is being kept under regular review.

Intensive negotiations with the Spanish have taken place at official level over the summer to try to resolve our differences over Gibraltar airport, in order to break the deadlock over the EC air transport liberalisation package. A further session will take place in early October, before the issue returns to the Transport Council (26 October). In discussion with Chancellor Kohl, the Prime Minister might wish to make the following points:

- Remain determined to secure earliest possible agreement on EC liberalisation package.
- Believe we have now succeeded in engaging Spaniards in detailed talks on Gibraltar airport. Further session early next month.
- But quite wrong that Spain should block application of package to Gibraltar, and hence package as a whole. Gibraltar is part of the Community, and the Spaniards accepted that on Accession.

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On EC external relations the Prime Minister might wish to touch on 3 issues:

- The need for the Community to continue making clear its determination to defend its interests against US protectionist legislation. The aim now should be to assist the Administration in deterring bad decisions in forthcoming House/Senate Conference. (The UK and FRG have cooperated closely on lobbying in Washington).
- The need for sustained EC pressure on Japan to open up its markets. Japan must be left in no doubt that the EC is ready to take action if they fail to open their markets. (The Germans are usually the back-markers in EC discussion of possible action: the argument that cuts most ice with them is the deterrent one - if the Japanese believe the EC means what it says, threats may not need to be put into effect).
- The importance of the Community putting forward in GATT, before the New Year, credible and constructive proposals for reduction in agricultural support.

East/West

The Prime Minister will wish to welcome progress in the INF negotiations and the apparent prospect of an early Washington summit. This should be used to bring about not only arms reductions but also progress towards resolution of regional conflicts and greater Soviet respect for human rights. The Soviet Union must not be allowed to confine the East/West agenda to arms control.

The FRG attaches special importance to the CSCE process. One of the West's three "flagship" proposals is an FRG proposal for an economic forum, and the Germans are particularly keen to have a text from Vienna which improves existing commitments, eg on human rights, human contacts and information. The FRG have shown willingness to attend a humanitarian conference in Moscow, provided it took place on the right conditions. If Kohl raises this, the Prime Minister could say that we are studying the latest French proposals; the conditions of any Moscow meeting would be a crucial factor; but we should not give the Russians any hint now that we might agree to one, in order to maintain leverage on human rights.

The Prime Minister might invite Kohl to give his views on Inner-German relations and Berlin in the light of Honecker's recent visit to the FRG. The Federal Government believe that the visit will have helped achieve practical progress, particularly on human contacts. They have shown some nervousness that the visit might cause some misgivings among their allies. If Kohl asks about the British attitude, the Foreign Secretary recommends that the Prime Minister reassure him that we naturally welcome the visit and any

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practical progress it can help achieve in breaking down East/West barriers. Kohl has accepted that Honecker's invitation to pay a return visit in due course. A visit by the Federal Chancellor which took place in East Berlin would be unprecedented and would greatly strengthen the GDR's claim that East Berlin is its capital. (To avoid this problem Schmidt met Honecker in a provincial town in the GDR.)

There are no Berlin issues requiring detailed discussion. The Prime Minister may wish to mention the strong British contribution to the 750th Anniversary celebrations and express support for the Allied initiative, launched by President Reagan in his speech in June, to improve air services and bring conferences and meetings to the city. There should be no need to discuss the recent death of Rudolf Hess.

Arms Control

Kohl attributed the CDU reverse in the Land elections in part to the row within the coalition over the Pershing IAs. The Prime Minister might congratulate the Chancellor on his initiative on the PIAs and seek to reinforce his commitment to keep them out of the Geneva negotiations. Beyond that it would be useful to express appreciation to Kohl for the UK/FRG cooperation over Basing Country interests in INF verification. FRG support for our Exchange of Notes framework was a major factor which made the US accept it. We should not underestimate the difficulties the US will have in negotiating a satisfactory verification regime with the Russians.

On START the Prime Minister might encourage Kohl to continue to press the Russians to negotiate seriously on 50% reductions and not allow them to claim the high propaganda ground through linking such an agreement to constraints on SDI.

The FRG are showing increasing signs of wanting to press ahead in defining an Alliance negotiating strategy on nuclear missiles below 500 kms. We must resist any suggestions that we are ready to move into such negotiations. Much analysis of NATO requirements in this area needs to be done and the Reykjavik NAC priorities of strategic cuts, a global ban on chemical weapons and the redressing of the conventional imbalance need first to be pursued. NATO's High Level Group is currently considering adjustments to NATO's nuclear capability in the light of an INF agreement. While emphasising the problems of public presentation of any new nuclear weapons it would be useful to seek Kohl's endorsement of our preference for more dual capable aircraft and the assignment of SLCMs to SACEUR.

/Kohl

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Kohl sent a message to the Prime Minister on 27 August proposing Woerner as the next Secretary-General of NATO. The Prime Minister replied that this would receive very careful consideration but did not commit herself. So far the Italians and Turks have indicated support for Woerner and the Danes for Willoch. There have been conflicting US signals: the State Department was initially unenthusiastic about Woerner's candidature, considering him unimaginative and inflexible. But on 11 September the US Permanent Representative to NATO told Michael Alexander that Washington was now coming round to supporting him. The Americans however wish to see how the Dutch and Belgians jump before firmly committing themselves. The Foreign Secretary will seek Shultz's view at the UN General Assembly next week. At the end of the day, it would clearly be very damaging if it appeared that a German candidate had been rejected simply because he was a German. But the race is still at an early stage. For the time being the Foreign Secretary considers that, while making clear that we recognise Woerner's excellent qualifications for the job, we should continue to avoid committing ourselves to support any particular candidate.

Southern Africa

Kohl remains a firm opponent of economic sanctions. But:

- the Germans have supported the idea of a report (now in preparation by the Commission) on the implementation of the measures commonly adopted by the Twelve;
- the Auswärtiges Amt support the issuing of a declaration of principles on South Africa by the Twelve;
- Genscher was also the original conduit to the Twelve of Boesak's proposal for an EC sponsored meeting of South African opposition groups, of which he remains a keen supporter. The Twelve are awaiting a response from Boesak to a number of the serious reservations put to him by Ellemann-Jensen on 28 August. We have made clear that while the UK is committed to the promotion of genuine dialogue between the parties in South Africa it would be quite wrong for the Twelve to take any action which would constitute interference in South Africa's internal affairs and compromise the credibility of our policy.

Terrorism/Hostages

The Prime Minister, while welcoming the release of Schmidt and noting the assurances which the German Government have given in public that they made no deal with the kidnappers, will want to question Kohl closely about the circumstances of Schmidt's release.

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Is the Chancellor able to confirm, as his officials have suggested, that Siemens paid a substantial ransom? This view appears to be gaining wide acceptance in West Beirut and unless convincingly refuted could have direct consequences for other Westerners. An Amal leader has spoken of "open season" on Westerners in West Beirut by both terrorist and criminal elements. That is why the payments of ransom must always be wrong as it puts a price on others. If Kohl attempts to justify hostage dealing in any way the Prime Minister will wish to remind him of the commitments he freely entered into, most recently at the London European Council in December and again in Venice last June. She might in any case ask how Kohl thinks Western credibility in maintaining a united front in the face of terrorism can be maintained or rebuilt post/Irangate.

Falklands

The FRG abstained last year on the UNGA resolution only after the Prime Minister sent a personal message to Chancellor Kohl. There are indications this year Genscher will once again be urging very strongly that the FRG transfer its vote to Argentina; and that we shall therefore again need to go over his head. The arguments most likely to sway Kohl are the need to avoid a further embarrassing split in EC ranks, and the principle of self-determination.

Kohl might also be reminded of the exchanges via the Americans on fisheries. This is a positive development that has occurred over the last year, one which should be given every chance of success. By contrast, changes in the voting pattern at the UN are counter-productive in that they only serve to encourage Argentina to nurse false expectations and to adopt an inflexible approach on issues such as trade and fisheries.

Consever,

L Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

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*Please put
with papers for
the Berlin visit.
CA*

FOR SED

MY TELNO 289: PRIME MINISTER'S VISIT TO BERLIN:
MEETING WITH OZAL

1. APART FROM TURKEY/EC (DEFENSIVE - NO HOSTAGES TO FORTUNE)
I SUGGEST THAT BRIEFING FOR THE PRIME MINISTER MIGHT
CONCENTRATE ON THE FOLLOWING. (I SHALL SEND A SHORT
SCENE-SETTING TELEGRAM ON 21-22 SEPTEMBER).

POLITICAL

(A) TURKEY INTERNAL. UPDATE ON REFERENDUM AND PROSPECTS

IN 1 NOVEMBER ELECTION.

(B) GREECE/TURKEY. IT WOULD PROBABLY BE A MISTAKE NOT TO
REMIND OZAL OF THE VALUE OF HIS DEFUSING OF THE MARCH
CRISIS, AND ENCOURAGE HIM TO CONTINUE EXCHANGES WITH
PAPANDREOU (ANOTHER PAPANDREOU MESSAGE LIKELY IN
THE NEXT FEW DAYS).

(C) CYPRUS. LITTLE POINT IN PRESSING ON TROOP NUMBERS BUT,
WITH THE RISKS ATTENDING A UNGA DEBATE/TURKISH RETALIATION,
NO HARM IN A HIGH LEVEL REMINDER THAT TURKEY'S OWN
INTERESTS ARE BEST SERVED BY NOT OVER-REACTING
(OR ALLOWING DENKTASH TO).

BILATERAL

(D) WARRIOR. THE TIMING OF A TURKISH DECISION IS STILL
UNCERTAIN, BUT THE BERLIN MEETING MAY BE AT A CRITICAL
MOMENT. RATHER THAN GO INTO DETAIL, THE PRIME MINISTER

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MIGHT STRESS THE POLITICAL POINT THAT THE CLOSENESS OF OUR RELATIONS IS NOT ADEQUATELY REFLECTED ON THE ECONOMIC/COMMERCIAL SIDE: THE GKN BID IS THE IDEAL OPPORTUNITY TO CORRECT THE SITUATION. THERE IS SOME EVIDENCE THAT OZAL TAKES THE UK'S POLITICAL SUPPORT FOR GRANTED. THE PRIME MINISTER MIGHT HINT THAT IT WILL

BE INCREASINGLY DIFFICULT TO PROVIDE CONTINUING POLITICAL SUPPORT FOR TURKEY UNLESS.....

(E) ON THE CIVIL SIDE, THE ANKARA GAS CONVERSION PROJECT REMAINS OUR FIRST TARGET. BIDS HAVE TO BE SUBMITTED BY 25 SEPTEMBER. THE UK'S OFFER OF A SOFT LOAN IS EVIDENCE OF HMG'S INTEREST.

(F) WE MUST EXPECT OZAL TO REFER TO HIS INVITATION FOR THE PRIME MINISTER TO VISIT TURKEY

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MR POWELL

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FM BONN

TO IMMEDIATE FCO

TELNO 702

OF 111030Z SEPTEMBER 87

INFO ROUTINE BMG BERLIN

YOUR TELNO 432: PRIME MINISTER'S VISIT TO BERLIN:
BILATERAL WITH KOHL

1. WE HAVE CONSULTED THE FEDERAL CHANCELLERY, WHO HAD DRAWN UP THE FOLLOWING AGENDA:

A) INNER-GERMAN RELATIONS AFTER HONECKER'S VISIT AND BERLIN POLICY QUESTIONS

B) EC ISSUES: PREPARATION FOR THE EUROPEAN COUNCIL:
EUROPEAN MONETARY SYSTEM

C) ARMS CONTROL: GENEVA TALKS: PROSPECTS FOR US/SOVIET SUMMIT

D) WOERNER'S CANDIDATURE FOR SECRETARY GENERAL OF NATO

E) IRAN/IRAQ

THEY ADDED THAT THEY WERE PREPARING DEFENSIVE BRIEFING ON LIBERALISATION OF AIR TRAFFIC IN EUROPE, THE FALKLANDS AND GIBRALTAR. THEY ALSO ASSUMED THAT THE PRIME MINISTER MIGHT WISH TO DISCUSS THE HOSTAGES ISSUE, DEPENDING ON DEVELOPMENTS OVER THE NEXT TEN DAYS.

2. THEY WERE GENERALLY CONTENT WITH THE LIST IN YOUR TUR THOUGH THEY SAW NO PARTICULAR NEED TO DISCUSS SOUTHERN AFRICA. WE POINTED OUT THAT FOR A NUMBER OF REASONS, INCLUDING CHOGM, THIS MIGHT WE HAVE A HIGHER PRIORITY FOR US THAN FOR THEM.

3. THE AUSWAERTIGES AMT, WHO ARE PREPARING BRIEFING FOR THE MEETING, CONFIRMED THE ABOVE. THEIR UNDERSTANDING IS THAT PREPARATIONS FOR THE EUROPEAN COUNCIL IS THE MOST IMPORTANT ITEM ON THE AGENDA, SINCE THERE ARE UK-FRG DIFFERENCES OF VIEW WHICH NEED TO BE RESOLVED BEFOREHAND IF POSSIBLE.

4. GRATEFUL FOR ANY FURTHER COMMENTS YOU MAY HAVE, IN THE LIGHT OF WHICH WE SHALL ASK THE GERMANS TO COMBINE ALL THESE SUGGESTIONS IN A

FORMAL AGENDA.

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~~MR POWELL, 10 DOWNING STREET~~
MR MALLABY, CABINET OFFICE

MR WILLIAMSON, CABINET OFFICE
SEC NATO UK(P), MOD

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