

PRIME MINISTERMEETING WITH HERR TELTSCHIK

I had a long talk in Bonn with Herr Teltschik yesterday. The following are the main points we touched upon.

Franco-German Defence Cooperation

I explained your misgivings about the course which Franco-German defence cooperation was taking. We were concerned that the creation of a privileged Franco-German relationship with institutions which paralleled those of the NATO Alliance could in the long term lead to the unravelling of NATO. I was not of course saying that this was the intention. But it might be the effect. I gave Herr Teltschik a summary of what we had learned from President Mitterrand and M. Bujon.

Herr Teltschik gave a long account of the history of Franco-German defence cooperation adding little to what we already know. He was more interesting when it came to current plans. He confirmed the intention to create a Defence Council, which would be agreed in principle at least at the twenty-fifth anniversary celebrations of the Elysée Treaty next January. The Council was likely to have a small permanent secretariat to prepare its meetings. It would have a number of tasks, so far as the Germans were concerned:

- coordinating military concepts and strategies;
- strengthening NATO's southern flank; ?
- handling the integrated Franco-German military units;
- drawing France gradually into forward defence and out of its national redoubt;
- discussing arms control policies; and

- giving Germany an arm-lock on French planning for use of pre-strategic nuclear weapons, so that they would not be used on German territory.

For the French, the main purpose seemed to be to anchor Germany more firmly in the West. They were worried by the risk that Germany might become neutral. (Interestingly Teltschik did not appear to think this far-fetched.)

I said that in some ways this account increased my worries. What he was describing could be seen as a fully-fledged institution discussing all the same issues as NATO and duplicating its work. The logic of strategic developments should in the long-term bring France back into full-scale cooperation with NATO. The Germans were instead offering them an easy way out, and actually reducing the pressure on them to turn back to NATO. These suspicions were increased by the French invitation to other countries to join in. No-one wanted to put any barriers between France and Germany. But this degree of institutionalisation of their defence relationship threatened to divide both Europe and NATO.

This set Teltschik off on a long justification of German policy. Chancellor Kohl would never do anything to weaken NATO. The worst case for Germany would be to have to choose between the United States and France, but if it ever came to it, they would choose the US. The intention was to bring France closer to NATO. There were absolutely no grounds for mistrust. President Mitterrand was no less conscious of the importance of not decoupling the US from Europe. Although German thinking had not yet got very far, they would like to see Franco-German institutions extended to take in all WEU countries and become eventually the nucleus of a defence community of the Twelve - which would strengthen the European pillar of the Alliance. *Norman - it would divide & weaken NATO*

I said that this was reassuring so far as it dealt with German motivations. But it still did not get over the problem of appearances: it was bound to look exclusive and divisive of

NATO. It was difficult for us as a major member of NATO and contributor to Germany's defence to see a new institution created to discuss strategic issues of direct concern to us, of which we were not a part. Surely the Germans should at least use progress with Franco-German cooperation to put pressure on the French to come back towards NATO. For instance could there not be some declaration at the time of the establishment of the Defence Council to the effect that the purpose of Franco-German cooperation was to strengthen NATO and that its discussions would be conducted within the ambit of NATO's agreed strategy and policies. It seemed to me that the Germans were not actually exacting any price from the French. Teltschik said that this bore thinking about, as did the need to take account of the susceptibilities of others. Perhaps the process of extending the proposed Franco-German framework to others should be speeded up. I said that this was not really the point. Our concern was not that we wanted to belong to the institutions of Franco-German cooperation, but that we did not want that cooperation to detract from NATO or confuse its policies.

Teltschik asked about Franco-British nuclear cooperation. I said that in your view the practical scope for this was limited. Teltschik said that Germany's main concern in this area was with France's short-range systems. They did not like these when deployed in France, since they could only be used on German soil. And they did not want them deployed forward into Germany, as President Mitterrand had suggested, since this would increase the number of nuclear systems in Germany at a time when they were being reduced elsewhere. The best solution would be to get rid of them altogether. If President Mitterrand were re-elected this might be the result. He had little confidence in the role and efficacy of short-range systems, believing that massive retaliation offered the only credible deterrence.

Arms Control

I said that I had two worries about the present pace of arms control negotiations. First they had outstripped the development of other aspects of East/West relations which was undesirable since it implied that arms could be reduced without change in the Soviet Union's conduct in world affairs; and second there was no clear concept of what would follow 50 per cent reductions in strategic nuclear weapons yet a definite and perhaps growing expectation in public opinion that the process of reduction would continue. We had to educate opinion to accept that it was a question of so far and no further.

Herr Teltschik said that this was why NATO needed the overall negotiating concept for which Germany was pressing. This should be worked out carefully and not hurried. There was no need to try to reach agreement at the NATO Ministerial meeting in December. The correct approach was to start by analysing what NATO needed for its security in the wake of the INF agreement and then relate arms control priorities to that. The conclusion would be that the next steps should be in the field of conventional arms control. This would be a long drawn-out process. From Germany's point of view the prospect of reductions in short-range nuclear weapons must be kept alive (and they had been disappointed that the recent NPG meeting had not stuck to the language agreed at the NATO meeting in Reykjavik on this). But Germany was emphatically not seeking a third zero-zero option: all that they wanted was to bring down the scale of the Soviet Union's present superiority in short-range nuclear weapons. The modernisation of NATO's own short-range nuclear systems also needed to be thought out carefully, with the emphasis put not on battlefield systems but longer range weapons (400-500 km).

I asked if the Germans had a view on the need for a NATO Summit before or after the US/Soviet summit. Our own views were tending towards a summit in Europe next spring, ahead of a further US/Soviet meeting in Moscow. Teltschik said that it

was hard to work out what US intentions were. But Chancellor Kohl was rather sceptical of the value of a NATO summit of the sort which had followed the Reagan/Gorbachev meeting in Geneva. It would be more useful if the main NATO countries were to get together either collectively or - more feasibly - in a series of consecutive bilateral meetings.

#### East/West relations

I would record only two points from our discussion on this:

- the Germans assess that Gorbachev is secure for the time being. But they believe he has only about two years to produce results. If he fails, his position will be rapidly eroded. They base this view largely on what has been said to them by leading East Europeans (quite a number of whom have visited Bonn recently);
- they are expecting Gorbachev to visit Bonn quite soon, probably in the first half of next year. They had received several clear hints to this effect.

#### European Community

I said that you had the impression from your last talks with Chancellor Kohl that the Germans were reckoning on having to settle the future financing issue at the European Council under their Presidency. Was this still the view? Teltschik thought that it was, although the Chancellor hoped that some points at least could be settled in Copenhagen and put on one side, so that the German Presidency did not have to cope with everything. He also thought that the French would be under considerable pressure to make progress at Copenhagen. They feared an additional European Council might be called in March, right on the eve of their elections, at which they would be at a disadvantage.

I explained that you could not manage a visit to Bonn before the European Council but would be ready to meet Chancellor

Kohl in Copenhagen the evening before the European Council. Teltschik thought this a good idea and will discuss it with the Chancellor. He suggested for his part that officials dealing with the EC in the Federal Chancellery - Thiele, Grimm, Bitterlich - might come to London soon to try to sort out differences. I said that they should see Mr. Lavelle. I would ask him to get in touch.

#### World Economy

I gave Teltschik a summary of your views. The Americans had to act on the budget deficit. Thereafter we envisaged an early meeting of the G7 at which others would declare their contributions to overcoming the current problems. That would require some significant steps by Germany. I recalled that Chancellor Kohl had specifically told you in the margins of the Venice Economic Summit that he would be ready to take such steps if German growth had not picked up by the end of the year.

Teltschik said that the Chancellor agreed with you on the seriousness of the situation. He too had sent a message to President Reagan saying that the time had come to take decisions on the budget deficit. There had been no reply.

More generally Teltschik said that he was surprised by how unruffled the German government as a whole seemed by the situation in the markets. This was partly because of Stoltenberg's preoccupation with events in Schleswig-Holstein. The Chancellor had summoned a meeting of his ministerial colleagues for today to consider what might be done. There were two principal options: bringing forward tax reform from 1990, although the complexities were enormous: or invoking the Stability Law (Stabilitätsgesetz) which gave the government powers to bring forward various public investment measures to help growth. He thought action under the latter was quite likely (but he is not directly involved in these matters). He agreed on the need for an early G7 meeting once the Americans had acted.

French Elections

It was clear from Teltschik's comments that Chancellor Kohl expects Mitterrand to run and to win, and that this is his preferred outcome. He also expects Mitterrand thereafter to divide the conservative parties and bring some of them into a coalition government with the Socialists. Kohl is increasingly dubious about Chirac whom he finds erratic and not dependable.

Comment

The Germans are rushing ahead on defence cooperation with France without thinking through the implications for NATO. They seem to be driven by a need to mark the anniversaries and milestones of Franco-German post war treaties with a series of symbolic steps of no great practical significance in themselves but whose consequences could be far-reaching. They can now be in no doubt about your concern. It will be important for you to raise it with Kohl.

On arms control it seems clearer than ever that the main pressure for early negotiations on short-range nuclear weapons comes from Genscher rather than Kohl.

On Europe there is little - indeed no - sign that Kohl has begun to wrestle with the substance. He is unlikely to do so until the last moment. There is no great feeling of urgency in the Federal Chancellery.

C.D.A.

CHARLES POWELL

12 November 1987

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*From the Private Secretary*

12 November 1987

**MEETING WITH HERR TELTSCHIK**

I enclose a copy of my note about my meeting with Herr Teltschik in Bonn on Wednesday evening. It is probably best not to circulate it at all widely. I am sending a copy on the same personal basis to John Howe (Ministry of Defence) and to Alex Allan (Treasury), who may be interested in the paragraphs on the German economy.

(C. D. POWELL)

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