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Foreign and Commonwealth Office

London SW1A 2AH

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Dear Brian,

Paper on Anglo-German Relations

/ At the request of MISC 76 I enclose a background paper on Anglo-German relations. It may be of interest to Departments involved in the Anglo-German Summit. The distribution of the paper elsewhere will be coordinated by the Cabinet Office.

I am copying this letter with enclosure to Charles Powell (No 10), Philip Mawer (Home Office), Shirley Staff (MAFF) and Philip Smith (DTI).

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

Brian Hawtin Esq
Ministry of Defence

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RELATIONS BETWEEN THE UNITED KINGDOM AND THE FEDERAL REPUBLIC OF GERMANY

Introduction

1. The next Anglo-German Summit, the first since September 1986, will take place on 20-21 February 1989. Both sides are looking to it to provide a significant boost to their relationship. This paper takes stock of the relationship in the run-up to the Summit: it attempts to provide a brief overview of the issues which form the substance of the relationship and to suggest possibilities for improving its machinery.

UK interests in the FRG

2. The FRG (with France) is one of the UK's two most important European allies. In military terms it is clearly the closest one. It occupies a vital strategic position; its contribution to the Allied defence effort on the central front makes it a key-stone in the European pillar. It is the world's third largest economy and our second trading partner. As such, and as a key partner in the EC, the FRG has a major influence over the political, economic and strategic environment in which the UK has to operate.

The Internal Political Context

3. The ruling CDU/FDP coalition suffered a major setback when in January the Berlin elections deprived the CDU of a majority in the City's House of Representatives, while the FDP lost all their seats and the far-right Republikaner party gained representation for the first time. This has raised major concern among the coalition parties in Bonn about their prospects for the federal elections expected in late 1990. As the elections approach policy issues are likely to be seen in Bonn increasingly against this background.

The Issues

4. The importance of the FRG to UK interests is illustrated by the range and importance of the issues on which we seek

to coordinate our views with, and influence, the Federal Government. They include:

a) Strategic Issues

The Alliance's new Comprehensive Concept. Short range nuclear forces (SNF). Chemical Weapons (CW), conventional stability talks and confidence-building measures.

b) Defence Cooperation

Dealing with public resistance in the FRG to low-flying, military exercises, Sennelager training area, etc. Ensuring that European defence collaboration develops in ways which do not undermine established NATO structures. Improving and publicly highlighting the existing defence relationship through the Joint Study Group established by Defence Ministers in October 1988.

c) Defence procurement and Sales

Tornado sales to Jordan. Out-of-area sales of collaborative products, particularly the credit arrangements. Purchase of UK equipment. Current major collaborative programmes involving both parties include:

- (a) European Fighter Aircraft (EFA) and its engine.
- (b) Multiple Launch Rocket System (MLRS) I and II.
- (c) Advanced Short Range Air-to-Air Missile (ASRAAM).
- (d) Third Generation Anti-Tank Weapon (TRIGAT).
- (e) Counter Battery Radar (COBRA).
- (f) NATO Frigate (NFR) 90 and its associated weapon systems.

d) East/West

Attitudes to the Soviet Union and to Gorbachev's reforms: their scope, chances of success and irreversibility. Western unity and firmness of purpose in responding to changing Soviet foreign and defence policies keeping Western public opinion on the right

lines. (The Germans see their position in East/West relations as special, conditioned by division, and their approach to the Gorbachev challenge has an important bearing on the overall Alliance response.) Use and importance of the CSCE process: Western attitude to Eastern human rights abuses. Economic/commercial relations with the Soviet Union and Eastern Europe (COCOM, debt, credit, membership of GATT/IMF). Encouraging individual East European countries toward reform.

e) Other regional issues

Leanings within the FDP towards further measures against South Africa. Relations with Syria, Libya, Iran, Argentina. Policy on Arab/Israel.

f) Economic/Trade

Reduction of FRG's worldwide trade surplus and imbalance in bilateral trade. Managing move from export-led to domestic-led growth. The key role of the DM in world financial/monetary management. Promoting an open multilateral trading system and progress in the GATT Uruguay Round, including agriculture. Encouraging FRG to press on with measures to deregulate, eg telecommunications.

g) EC

Working together; to complete the Single Market without stifling enterprise; and to avoid "Fortress Europe". Pressing the FRG for liberalisation eg of transport, in services etc and for further reform of the CAP. Urging realism and a pragmatic approach on the "social dimension", monetary cooperation, tax harmonisation, Kohl's ideas for a "Euro-FBI" etc.

h) Terrorism

Trying to ensure firm stand on policy of "no deals", and firm line on state supported terrorism (Syria/Libya) on

which the Germans are distinctly wobbly. Practical counter-terrorist cooperation to protect UK targets in FRG, especially BFG, is however good (and very important).

i) Environment

A better understanding of UK policies, particularly on European issues such as power station/vehicle emissions, North Sea pollution, Ozone Layer, etc.

5. It would be wrong to imply that we are in disagreement with the FRG over wide areas of Government business. Our analysis of most problems is very similar, and our relationship is founded on a multiplicity of common interests and common policies. For example, the Germans are much closer to us in their views on free trade than, for example, the Southern members of the EC. (It has to be said, though, that there are German lapses on free trade: eg on agriculture, air-services, shipping and land transport.) Likewise, the FRG's record on East/West and defence issues is fundamentally one of firm support for allied positions (eg INF deployment) while her defence establishment have long experience of operating successfully alongside their UK counterparts.

The Machinery

6. There is no substitute for having convincing policies and arguing them with conviction. But they will not necessarily be enough to ensure German support. German interests may differ from ours eg over agriculture, and in such cases we need to ensure that UK interests are properly appreciated in Germany. The Germans will also be subject to competing pressures from other countries, most notably France. The extent of French influence was brought home at the Milan European Council in May 1985: although the British position was later vindicated in substance, we were unable to prevail at the meeting itself over a rival position which had been extensively pre-cooked between France and Germany.

7. Following Milan, officials were tasked with producing and following up recommendations on relations between the UK, France and Germany. It concluded that the "Franco-German axis" served needs peculiar to those two countries and that there was no point - nor any real need - for the UK to try to join it, or ape it. Instead we should pay more attention across the range of Government activity to strengthening our relationship with both countries (and its machinery) so as to ensure that British arguments and interests were fully weighed in the balance in Bonn and Paris.

8. The machinery of our relationship can be divided into the parts over which Government has control - high level and official contacts - and those where its control is marginal - the broad mass of contacts between the two countries.

A. GOVERNMENT CONTACTS

High-level contacts

9. The first Anglo-German Summit for 2½ years (one was postponed in the interim) will be held in Frankfurt on 20-21 February 1989. Regular Summits bring benefits to a bilateral relationship through the enhancement of its public profile. They also help Ministers establish closer personal relations with their opposite numbers. We aim to hold the next Summit in 1990. The Prime Minister had productive talks with Chancellor Kohl at Chequers in July and at the Rhodes European Council in December 1988. He has invited her to pay an informal visit to his home in the spring of 1989. He has suggested the institution of regular telephone conversations between himself and the Prime Minister to discuss both specific and general topics. 1989 should therefore be a good opportunity both to do business at the highest political level and to put across publicly the warmth and depth behind the "Stille Allianz".

10. The coalition structure of Government in the FRG requires a more complex approach to Ministerial contacts. Decision-making can be slow and argumentative. It is harder to get an authoritative answer from a single interlocutor than in London. Pressure usually needs to be put on several Ministers. Genscher can be particularly wayward, and has a unique political position in the FRG. His influence in establishing the tone of bilateral relations cannot be over-estimated. We should make every attempt to bind him more formally into our bilateral relationship. Ultimately even Genscher will not get too far out on a limb: conversely he cannot be entirely by-passed. For similar reasons, contacts with Ministers from the FDP and CSU can be of particular importance given their ability to assert themselves on their own portfolio. Examples are Haussmann (FDP, Economy), Zimmermann (CSU, Interior) and Klein (CSU, Aid). Some aiming-off may also be necessary in contacts with junior Ministers where the Cabinet Minister comes from a party different from their own.

11. There is an intensive programme of Ministerial contacts for 1989 (see Annex A).

12. Speeches and seminars can also provide Ministers with a useful platform, and facilities for holding and publicising such events are unusually good in the FRG. The Foreign and Defence Secretaries attended the Wehrkunde Conference in Munich on 28 January - a good opportunity to put across our message on strategic issues to a wider German audience. The Trade and Industry Secretary will be addressing an influential audience of businessmen at a meeting in Düsseldorf. Celebrations marking the 40th Anniversary of the Deutsch-Englische Gesellschaft will also provide an excellent platform for the Home Secretary to make a major speech in the FRG. Schäuble (Federal Chancellery) will open a major Anglo-German seminar in London - and make a round of calls.

13. 1989 sees the 40th Anniversary of the founding of the Federal Republic. Chatham House have invited Herr Genscher to address a seminar on this theme in June. This visit, if it comes off, would be a very welcome sign of the German Government's commitment to enhancing the public image of Anglo-German relations.

Action

We should:

- a) Make maximum public use of the Summit in February.
Departments should consider what "good news" items can be flagged up for press presentation. (Home Office, MAFF)
- b) Encourage Bonn to go ahead with the high-level visits to the UK and vice versa planned for 1989. (FCO)
- c) Develop to the extent possible direct Ministerial contact, in all fields, with visits by British Ministers (preferably overnight) to the FRG and return visits to the UK. (All departments)

Official contacts

14. The Permanent Under Secretary at the FCO recently met his German opposite number for talks in Bonn. Other FCO contacts at senior official level take place on a regular basis, covering in particular Politico-Military issues (next round: April or May 1989), EC issues, Regional issues, Planning talks and the work of the Anglo-German Economic Committee, which will meet on 12-13 April 1989.

15. The 40th Round of Anglo-German Information Talks will take place in Celle on 11-12 May. Dr John Fairclough, Chief Scientific Adviser, Cabinet Office, has paid two recent official visits to the FRG in September and November 1988. Annual talks take place on environmental questions; the latest round was held in London on 8 February. In the defence field there are regular meetings between Defence and Single Service Staff and at Vice-Chief levels. The Anglo-German Coordinating Group (AGCG) led on the UK side by the Minister in the Embassy in Bonn, meets annually to

discuss military training and environmental issues.

Action

- a) Intensify contacts and discussions at senior official level. (All Departments)
- b) Encourage British officials, where interests are close, to get to know their German counterparts personally. (All Departments)

Contacts on EC Matters

16. Strengthening bilateral cooperation will have major benefits for our interests in the Community, where alliances are crucial in pushing through or preventing proposals. Our common interests with the FRG in many areas of EC business are becoming more pronounced as the integration of Spain and Portugal increases the Southern orientation of the Community.

Action

- a) Seek to make common cause with the FRG at the earliest stage at official level both in Brussels and in wider bilateral contacts. (All Departments)
- b) In our Ministerial contacts, develop as a constant theme the degree of common interests between the UK and FRG on wide areas of EC business, and the mutual benefits of close cooperation. (All Departments)

Official Exchanges

17. Schemes for the exchange of officials are administered by the Cabinet Office and the FCO. The Cabinet Office scheme, based on a Memorandum of Understanding of 1979, provides for the exchange of officials from Whitehall Departments with German officials. An exchange between the FCO and the Auswaertiges Amt has been in operation for two years.

Action

- a) Continue to give wide publicity to the Cabinet Office exchange scheme and encourage departments to release good people to take up the places. (All Departments)
- b) Keep up the FCO/Auswaertiges Amt exchanges. (FCO)

- c) Consider scope for increasing contacts and exchanges with Länder officials - Baden-Wurttemberg have expressed interest in this. (All Departments)

Royal Visits

18. The Prince and Princess of Wales paid a very successful visit to Berlin and the FRG in November 1987. The Royal Visits Committee is considering a bid for a 2-3 day visit to Munich and other centres in the FRG by Princess Margaret in 1989.

Action

Derive maximum advantage (and publicity) from Royal Visits for the bilateral relationship. (FCO, MOD, DTI)

British Forces Germany (BFG)

19. 180,000 UK servicemen, dependents and civilians are deployed with BFG in the FRG. There is close cooperation with the FRG authorities at both Federal and Land level. BFG seek close involvement in the local communities around their bases, but there is scope for improving the German public's perception of BFG and their role. In common with the Bundeswehr and the other armed forces stationed or exercising in the FRG, BFG are facing increasing public opposition to military exercises and training (especially low flying). The Federal MOD has not always dealt with the pressure helpfully or robustly. Apart from low flying the most difficult single bilateral issue is likely to remain the building of an urban combat training installation at Sennelager.

20. The Joint Study Group set up in October 1988 between the MOD and the Federal Ministry of Defence may provide a good vehicle for addressing some of these problems. A first batch of recommendations were announced at the end of January.

Action

- a) Continue to seek greater public recognition of the role of BFG, in particular by agreeing and implementing the

recommendation of the Joint Study Group. (FCO, MOD)

- b) While showing understanding for legitimate German concerns about public opinion over training, press for the Federal Government's public support for that amount of training and low flying which is essential to operational effectiveness. (FCO, MOD)

B. NON-GOVERNMENTAL CONTACTS

Media

21. The public image of the Anglo-German Relationship has improved in recent months, but the media remain ever willing to believe the worst and there remains a risk of setbacks. There is agreement between the two Governments that the relationship needs to be given greater prominence. Good press coverage of the Summit would help to set the course for the following months. The German Correspondents Group has been a valuable means of briefing selected members of the German Press in London. The annual prizes for journalism awarded by the Anglo-German Foundation have also encouraged serious reporting on bilateral relations.

Action

- a) Continue to incorporate good media opportunities into the planning of Ministerial visits. (FCO)
- b) Continue to cultivate the Correspondents Group in London and encourage Ministers to address it. Increase public awareness of the annual prizes for journalism awarded by the Anglo-German Foundation. (FCO with other Whitehall Departments)

Bilateral Trade Relations

22. UK non-oil exports to the FRG remain at about 7% market share, but FRG exports to the UK continue to increase rapidly and the imbalance in favour of the FRG is now about £6 billion. The high standards required by German purchasers of both capital and consumer goods, and continuing restrictive practices in the FRG, discourage many UK firms from tackling the German market. In the context of

1992 we need to publicise the high quality of many UK goods, help British companies overcome their nervousness of the FRG market, and press the Germans to encourage enterprise and competition rather than regulation.

Action

- a) Encourage the Federal Government to press on with measures to deregulate eg in the telecommunications sector. (FCO, DTI)
- b) Continue to encourage British companies to take a less short-term approach to the German Market. (FCO, DTI)

Koenigswinter

23. The Koenigswinter Conferences are the pre-eminent non-governmental Anglo-German discussion forum, and consistently attract participants of the highest calibre. The 1989 Conference will focus principally on EC issues, and in particular the Single Market. Mrs Chalker will attend. The success of Koenigswinter led to the creation of an annual Young Koenigswinter Conference in Berlin (now four years old) and the Young Wilton Conference, held annually in Wiston House (now three years old). Concentrating on the 25-32 age-group, these are providing valuable seed-corn for the future.

Action

Give as much encouragement as possible to these conferences through:

- (a) A message of support to the Koenigswinter conference from the Prime Minister. (FCO)
- (b) Ensuring that the FCO budget for Koenigswinter is at least maintained at its present level. (FCO)
- (c) Giving the highest profile possible to the 40th anniversary conference in the UK in 1990. (FCO)

Anglo-German Foundation

24. The Anglo-German Foundation helps to promote Anglo-German contacts and joint studies. We have recently increased UK funding for the Foundation from £125,000 per

year to £175,000. German government funding (hitherto £250,000 per year) is, however, at risk. The Bundestag budget committee have recently declined to guarantee funding to the Foundation for more than one year (contrary to their normal practice of 5 year votes) and have made clear that they expect to see adjustments to the AGF's priorities on spending. They seek in particular an enhanced AGF profile in Germany, more funding for Anglo-German contacts, and less for pure research. These are aims which the FCO broadly supports.

Action

- a) Encourage AGF to make the necessary changes (primarily in presentation). (FCO)
- b) Seek recognition of the AGF at the Summit in February. (FCO)

Parliamentary and Party Links

25. Relations between the two Parliaments are close. Links between the British Conservative Party and the German CDU have been fostered by the effective and active office of the Konrad Adenauer Foundation in London. The SPD related Friedrich Ebert Foundation has also recently opened an office in London which may do something to raise the low level of contacts between the SPD and the Labour Party. Contacts between the Liberal Parties are limited by their size. The CSU-related Hanns Seidel Foundation sees links with the Conservative Party as a priority and organised a successful seminar in summer 1988 in London. Links between Parliamentarians are also fostered by the Koenigswinter Conference, the COI Sponsored Visit Programme and annual meetings between the Bundestag German-British parliamentary Group and the Westminster Anglo-German Parliamentary Group.

Action

Assist, as appropriate, the maintenance of links. (FCO to extent possible)

Regional Affairs/Civic Links

26. We should not overlook the Federal/Länder dimension.

The Länder have the power to block Federal initiatives: they can affect UK interests (eg on trans-frontier broadcasting or BFG training facilities). Town twinnings, of which there are now 404 pairs, are one way to improve Anglo/German understanding at the local level. The new FRG Ambassador has expressed interest in trying to make twinnings more active. There are moves in prospect to arrange a regional twinning between Wales and Baden-Württemberg.

Action

Cultivate prominent figures from the Länder Governments (eg Lothar Späth). They can be politicians of some standing in their own right, and potential Federal leaders - worth receiving at Ministerial level, and very occasionally by the Prime Minister. (The proposed regional link with Wales will, for example, provide a useful peg for a visit to Britain by Späth in the second half of 1989). (FCO, NIO, Scottish Office, Welsh Office)

Work of British Council/Cultural diplomacy

27. The British Council's budget for the FRG is £4.6m (1987/88), and it will receive a share of the extra £1.5m pa allocated to Western Europe in the 1988 Survey. This makes it the largest British Council operation (excluding ELT) in Europe. The bulk of the funds are used to promote interchanges between scientists, academics, doctors and technical experts across a wide range. The Council has offices and libraries in Cologne, Berlin, Hamburg and Munich and runs an extensive information effort. The extra funds are expected to permit greater emphasis on high-profile artistic events and more technical/scientific exchanges.

Action

- a) To deploy the extra resources to maximum advantage.
(FCO/British Council, DES, DTI)
- b) To continue to foster high-quality exchanges with influential scientific and technical figures in the FRG.
(FCO/British Council, DES, DTI)

Youth Exchanges/Scholarships

28. The UK has more Youth Exchanges with the FRG than with any other country and devotes more resources to them (over £230,000). There are already many educational exchanges and an agreed plan to expand them. In addition to officially sponsored exchanges the flow of informal and spontaneous exchanges continues at a high level.

Action

Maintain the momentum (and funding) of this programme.
(FCO, DES)