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Foreign and Commonwealth Office

London SW1A 2AH

Sir Patrick Wright KCMG
Permanent Under-Secretary of State

23 January 1989

Sir Robin Butler KCB CVO
Cabinet Office

cc - Mr. Powell (No 10)
✓ m. Weston
m. Lavelle

+ attachments

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23 JAN 1989	
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My dear Robin.

ANGLO-GERMAN SUMMIT: 20-21 FEBRUARY

1. This letter sets the scene for the next Anglo-German Summit, which is due to be held in Frankfurt on 20-21 February. Because of the postponement of last February's plans and recurring difficulties in agreeing dates, this will be the first Summit since September 1986, although the Prime Minister and Chancellor Kohl have had a number of bilateral meetings since then. Their most recent meeting took place in the margins of the European Council at Rhodes on 2 December 1988. A Summit on similar lines with the French will take place a week later in Paris (on 27 February).

2. Participation at the Anglo-German Summit is likely to include Foreign, Defence and Home Secretaries and Ministers from the Department of Trade and Industry and the Ministry of Agriculture, Fisheries and Food. The format is more elaborate than usual, including an overnight stay and a concert and reception on the first evening. The main talks will take place on the morning of 21 February and will conclude with a press conference, lunch and a brief sight-seeing tour.

3. I enclose with this letter a draft paper on Anglo-German relations commissioned by the Cabinet Office, which takes a snap-shot of the present state of the relationship, but is designed primarily to examine the means at our disposal for sustaining it and for bringing our influence to bear most effectively. It may be of help to those engaged in briefing Ministers for the Summit, and the intention is that it be considered at a Cabinet Office meeting (MISC 76) on 9 February alongside the main draft briefs.

Objectives

4. Not least as this will be the first Summit for over two years, one of our major aims will be presentational. We

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need to show off the warmth and breadth of Anglo-German relations, to counteract a misleadingly grudging press in both countries. The Germans share this aim. The public events surrounding the Summit, and the Press Conference by the two Heads of Government will, we hope, help convey the right picture.

5. On matters of policy and substance our objectives will include:

- encouraging German Ministers to give public support to the continued need for Western defence readiness and training;
- steering the Germans towards our views on SNF: we hope too that the Summit will include a joint meeting of Foreign and Defence Ministers;
- achieving a meeting of minds on East/West issues, and putting it to a wider German audience - which is prone to "Gorbophoria";
- influencing German views on current Community business, in particular on Single Market-related issues and monetary co-operation, the GATT round and the need to avoid unnecessary trade friction with the US;
- encouraging the Germans to do more by way of structural reform of their economy;
- registering the continuing need for export-led growth in countries with a current account deficit and for domestic demand-led growth in countries with a trading surplus;
- comparing and co-ordinating views on a number of main international issues (Middle East, Gulf, South Africa) and encouraging a firm German position over terrorism and the countries that support it.

Internal

6. The position of the CDU/CSU/FDP coalition remains strong. The FDP anyway cannot switch coalition partners before the federal election in December 1990, since an SPD/FDP coalition would not have a majority in the present Bundestag. On present prospects, the Coalition is likely to continue in existence after the 1990 election, though it cannot be ruled out that the FDP might consider switching partners some time between that election and the next one.

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7. Both the FDP and the CSU gained new leaders in 1988. The death of Strauss and his replacement by Theo Waigel have strengthened Kohl's position, freeing his right flank, which used to come under regular fire from Strauss. Kohl will also have welcomed the election of Graf Lambsdorff as leader of the FDP, since he stands to the right of the Party and is known for strongly free-market views.

8. After the elections in Berlin on 29 January, where the present CDU/FDP coalition is expected to be returned comfortably, there will be no Land elections in the FRG until 1990, though there are elections to the European Parliament in 1989.

9. The prospect is therefore for a pretty secure Government under Kohl, albeit an unimaginative one with a somewhat ineffectual image. The Government should be able to keep German politics generally on a sound course, though it will be under pressure from a public opinion prone to bouts of "Angst" and optimism, whether over defence policy, the environment or relations with the East.

Economy

10. Growth was unexpectedly robust in 1988 - provisionally estimated at 3.4%, the highest since 1979. It was driven mainly by a marked increase in fixed capital investment and led by the strength of exports in the second half of the year. Inflation edged up to 1.2%, and unemployment fell slightly. Although imports rose sharply, export growth was sufficiently fast to give a record trade surplus in the region of DM 125 billion, an increase of about DM 7 billion over 1987. This would imply that the current account surplus may show a small rise in 1988 as a percentage of GDP.

11. Most forecasts for 1989 suggest slower growth, around 2.5%, partly induced by fiscal tightening. The accompanying slow-down in domestic demand implies a further rise in the nominal trade surplus. Inflation also is forecast to rise further to 1.75%-2%, mainly because of consumer tax increases.

Arms Control/Defence

12. The most contentious issue in the Alliance in the coming months will be the handling of SNF. Kohl wants a decision to modernise SNF to be included in a Comprehensive Concept for security and arms control, to be adopted by a NATO Summit in April or May. Genscher wants to delay the modernisation decision until after the 1990 election. The

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signs are that Kohl may prevail but the latest Soviet announcement on SNF will probably require a further effort to steady the Germans. Kohl is meanwhile concerned to avoid fuelling public preoccupation with this issue in Germany. Both Kohl and Genscher want to incorporate a move on SNF arms control into NATO's Comprehensive Concept.

13. There is intense public concern in Germany about low-flying by the Bundeswehr and Allied air forces, following a series of accidents, some involving civilian deaths. We have made clear to the Germans that we are prepared to look at ways of reducing the impact on the public of low-flying training, but that the training carried out now in Germany is the minimum to maintain the credibility of deterrence. We have insisted that the Germans consult us before forming definite views. The German government have recently shown reluctance to defend the need for military training, and we have been trying to persuade them to play a more active and committed part in justifying the presence and activities of Allied forces in their country. (Paragraphs 3b-c and 19 of the enclosed paper refer to some additional defence related issues which might be touched on.)

Tornado

14. The German failure to provide official credit for the sale of Tornado to Jordan has implications both for the sale of this aircraft and for other sales collaboratively-produced defence equipment to countries outside NATO. It needs a long-term solution.

European Community

15. The Summit will be an opportunity to discuss future work on the Single European Market and to explain again our concerns about the Social Dimension. The Germans remain unconvinced of our position on Tax Approximation and it would be useful if the Prime Minister explained it again to Chancellor Kohl. We shall also want to emphasise the need for a step-by-step, practical, approach to Monetary Co-operation on the lines advocated by the President of the Bundesbank. We shall urge the Germans to take a restrictive line on this year's CAP price-fixing. On external EC issues, with the notable exception of agriculture, the Germans are in general strongly supportive of our view on the need for the Community to remain open and non-protectionist.

Regional Issues

16. Recent developments in the Middle East and Libya in particular will make this Summit a timely opportunity to

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take stock over a range of regional problems; also to stiffen Chancellor Kohl's resistance to further measures against South Africa. We should take the opportunity to thank the Germans for their contribution to the international aid package for Nigeria, and point out that external finance is likely to be required in support of Nigeria's adjustment efforts for several years.

Terrorism

17. Practical co-operation with the Germans on counter-terrorism is good. The Summit will be a chance to re-affirm our tough stance and impress on them the need to take a firm line over state-supported terrorism, on which they sometimes seem less resolute.

Public Handling

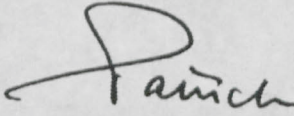
18. We propose to agree with the Germans on announcing the Summit about 10 days in advance. We shall arrange a pre-Summit briefing at the FCO of London correspondents. The meetings in Frankfurt will conclude with a press conference which we can expect to attract major coverage. Some proposed themes are set out at Annex A to this letter.

19. I should welcome any comments from other Departments on these themes and suggestions of any other "good news" items to which the Prime Minister might refer.

Briefing

20. Briefing for the Prime Minister will consist of a Steering Brief, which the Cabinet Office intend should be discussed in draft at a meeting of the MISC 76 Committee on 9 February. I should be grateful to know of any subjects Departments think the Steering Brief should cover in addition to those listed in this letter and Annex B, or on which separate briefs may be required.

21. I am sending copies of this letter to colleagues on the attached list.

ms. tw.

 Patrick Wright



DISTRIBUTION:

Sir Peter Middleton GCB, HM Treasury
Sir Clive Whitmore GCB CVO, Home Office
Sir Michael Quinlan KCB, Ministry of Defence
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Sir Christopher France KCB, Dept of Health
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Sir David Hancock KCB, Dept of Education and Science
Sir Alan Bailey KCB, Dept of Transport
Richard Francis Esq, British Council

ANNEX B

LIST OF TOPICS FOR STEERING BRIEF

1. East/West Relations including developments in Soviet Union and Eastern Europe.
2. Arms Control/Defence.
3. EC Issues.
4. Regional Issues
 - (a) Arab/Israel
 - (b) Gulf
 - (c) Libya
 - (d) South Africa.
5. Terrorism.
6. Bilateral.
7. Tornado.
8. Economic Issues.

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.

3. 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, 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 & 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

CSCE. Policy towards Eastern Europe (including economic cooperation). German pressure to liberalise Cocom.

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

Completing the Single European Market without stifling enterprise - avoiding "Fortress Europe". Further reform of the CAP. Scepticism on "social dimension" and other social engineering concepts. Practical steps towards monetary cooperation, avoiding unrealistic commitments to central bank/currency. Undesirability of tax harmonisation and of helping criminals by abolishing all frontier controls.

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 commissions, North Sea pollution etc.

4. 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

5. 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 forcibly 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.

6. Following Milan, MISC 76 was 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. Since 1986, MISC 76 has made progress to this end.

7. 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 CONTACTSHigh-level contacts

8. The first Anglo-German Summit for 2½ years will be held

in Frankfurt on 20-21 February 1989. 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".

9. The Foreign Secretary's bilateral with Herr Genscher on 27 January in Bonn will help prepare for the Summit and provide an opportunity to engage Genscher in a discussion of SNF modernisation and the possibilities for (and limitations of) SNF arms control. The US has shown a singular reluctance to engage with the Germans on this subject during the transition between administrations, and the UK can help to fill this lacuna.

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 in Ministries where the Cabinet

Minister comes from a party different from their own.

11. Other Ministerial contacts scheduled for 1989 include:

- a) The visit of Professor Scholz (Defence) to the UK, 30 January to 1 February, and plans for visits early in the year by Haussmann, Töpfer (Environment) and Riesenhuber (Research). Other probable visitors in 1989 are Professor Lehr (Youth, Family, Women and Health) and Möllemann (Education).
- b) The visit by the Secretary of State for Northern Ireland to Bonn and BAOR, 13-14 March, and the possibility of a visit to Baden-Württemberg and Bonn by the Secretary of State for Wales.
- c) Lord Caithness is to visit the FRG at the end of January to discuss housing. He also intends paying a major visit to discuss environmental protection questions (probably in May or June).

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 will attend 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 a Cabinet Minister 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. May 1989 sees the 40th anniversary of the founding of the Federal Republic. Chatham House have invited Herr Genscher to address a seminar on this occasion (and there are plans for him to host an anniversary reception in

London). The German Ambassador has also indicated that Chancellor Kohl might try to come to the UK at around the same time. These visits, if they come off, would be a very welcome public sign of the German Government's commitment to improved relations with the UK.

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;
- b) Encourage Bonn to go ahead with the high-level visits to the UK planned for May 1989;
- 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.

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. 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.

- b) Encourage British officials, where interests are close, to get to know their German counterparts personally.

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.
- 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.

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. It has tended to be under-publicised. An exchange between the FCO and the Auswaertiges Amt has been in operation for two years.

Action

- a) Give more publicity to the Cabinet Office exchange scheme and ensure that departments release good people to take up the places;
- b) Keep up the FCO/Auswaertiges Amt exchanges;
- c) Consider scope for increasing contacts and exchanges with Länder officials - Baden-Wurttemberg have expressed interest in this.

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.

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. The Joint Study Group set up in October 1988 between the MOD and the Federal Ministry of Defence provides a good vehicle for addressing these problems. Its recommendations should be ready in time for the Summit in February.

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.
- 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.

B. NON-GOVERNMENTAL CONTACTS

Media

20. 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;
- b) Continue to cultivate the Correspondents Group in London and increase public awareness of the annual prizes for journalism awarded by the Anglo-German Foundation.

Bilateral Trade Relations

21. UK non-oil exports to the FRG remain at about 7% market share, but FRG exports to 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.

- b) Continue to encourage British companies to take a less short-term approach to the German market.

Koenigswinter

22. 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
- (b) Ensuring that the FCO budget for Koenigswinter is at least maintained at its present level.

Anglo-German Foundation

23. 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);
- b) seek recognition of the AGF at the Summit in February.

Parliamentary and Party links

24. 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.

Regional Affairs/Civic Links

25. 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 Laender 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.)

Work of British Council/Cultural diplomacy

26. 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 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;
- b) To continue to foster high-quality exchanges with influential scientific and technical figures in the FRG.

Youth Exchanges/Scholarships

27. 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 also countless schools' exchanges. In addition to officially sponsored exchanges (over 7,000 in 1986/87) the flow of informal and spontaneous exchanges continues at a high level.

Action

Maintain the momentum (and funding) of this programme.

ANNEX A

PROPOSED THEMES FOR SUMMIT PRESS CONFERENCE, 21 FEBRUARY

(a) Welcome the results of the Bilateral Defence Study (some of which will have been made public following Professor Scholz's visit to the UK, 30 January - 1 February) and possibly mention:

- training in UK by elements of 27 Luftlandebrigade;
- proposal to form a joint auxiliary Skyguard/Oerlikon Point Air Defence Unit.

(b) Current international questions on which we act together:

- East/West: Agreement on need for active policy of negotiation backed by sure defence;
- draw attention to London Information forum;
- joint determination to achieve Single Market and agreement to prevent "Fortress Europe";
- terrorism;
- drugs.

(c) Research Collaboration: mention of work of the Anglo-German Foundation for the Study of Industrial Society and of provision of new money (£200,000 - £25,000 of which from the Anglo-German Foundation) to stimulate science and technology exchanges.

(d) Fortieth Anniversary in 1989 of Deutsch-Englische Gesellschaft.

(e) Environment: draw attention to UK initiative in organising a conference on the ozone layer, mentioning German Ministerial attendance.

(f) School Exchanges: draw attention to progress.

(g) Town-Twinning: The flourishing Frankfurt-Birmingham link could be held up as an example of less active links.

/(h) Next Summit

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(h) Next Summit: plan to hold the next one in 1990. Heads of Government and Ministers also expect to meet informally on several occasions before then. (Chancellor Kohl has already invited the Prime Minister to visit him at his home near Ludwigshafen in the spring.)

cc- M. Powell (No 10)

M. Weston

M. Lavelle



With the compliments of

The Private Secretary to the
Permanent Under-Secretary of State

attached
Re letter of 23 January to Sir R Butler about
the Anglo-German Summit.

With apologies - the attached is the last page
of Annex B. Could you please add it to the
above-mentioned letter.

FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH