

CONFIDENTIAL

FM BONN

TO DESKBY 271530Z FCO

TELNO 459

OF 271459Z APRIL 89

INFO IMMEDIATE WASHINGTON, PARIS, UKREP BRUSSELS, UKDEL NATO
INFO PRIORITY OTHER EC POSTS AND OTHER NATO POSTS *mt*

ADVANCE COPY

Too late

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL, 30 APRIL:

SCENE SETTER.

SUMMARY

1. KOHL IN POLITICAL DIFFICULTY. TRYING TO RECOVER THROUGH CABINET RESHUFFLE AND TODAY'S POLICY STATEMENT. LATTER CONFIRMED SOME POLICY CHANGES THAT WILL BE POPULAR. TOO SOON TO SAY WHETHER KOHL AND THE CDU CAN ACHIEVE RECOVERY.

2. ADVICE ON HANDLING SNF WITH KOHL, ON OTHER TOPICS WORTH MENTIONING IN THE TALKS AND ON HANDLING THE MEDIA.

DETAIL

3. KOHL'S DOMESTIC POLITICAL PROBLEMS, SINCE THE CDU'S ELECTION DISASTERS IN BERLIN IN JANUARY AND HESSE IN MARCH, WERE DESCRIBED IN MY TELNO 416. HIS BID TO GET OUT OF THE DOLDRUMS HAS TWO ASPECTS: THE RECENT CABINET RESHUFFLE AND SOME CHANGES OF POLICY INCLUDED IN TODAY'S MAJOR SPEECH IN THE BUNDESTAG (MY TELNOS 456-7). THE LATTER WAS STRONG AND CONFIDENT IN STYLE. IT CONTAINED POLICY REVERSALS ON WITHHOLDING TAX AND MILITARY SERVICE THAT WILL BE POPULAR, BUT NO SURPRISES. IT IS TOO SOON TO SAY WHETHER KOHL AND THE CDU CAN RECOVER POLITICAL DIRECTION AND SUCCESS. IF THE CDU DOES VERY BADLY IN THE EUROPEAN ELECTION IN JUNE, KOHL'S POSITION AS CHANCELLOR MAY BE IN DANGER: THE LIKELY SUCCESSOR WOULD BE SPAETH, MINISTER-PRESIDENT OF BADEN-WUERTTEMBERG.

SNF

4. THE CDU'S ELECTION FAILURES IN BERLIN AND FRANKFURT WERE ONE REASON WHY KOHL, HAVING EARLIER FAVOURED AN SNF MODERNISATION DECISION THIS YEAR, LOST HIS NERVE IN FEBRUARY. ANOTHER FACTOR WAS THAT GERMAN PUBLIC OPINION, GREATLY IMPRESSED BY GORBACHEV, HAVE NO STOMACH AT PRESENT FOR DIFFICULT DEFENCE DECISIONS, SO THAT GENSCHER'S SNF POLICY ACCORDED WITH THE PUBLIC MOOD.

5. KOHL REMAINS A BETTER INTERLOCUTOR FOR US ON SNF THAN GENSCHER OR

THE NEWLY APPOINTED STOLTENBERG. IN HIS BUNDESTAG SPEECH TODAY, HE DECLARED WILLINGNESS TO TALK WITH ALLIES ABOUT SNF. THE PRIME MINISTER'S MEETING WITH HIM IS THE FIRST CHANCE TO TEST HOW MUCH THIS MEANS. KOHL MUST REALISE THAT, WHILE THE GERMANS MAY BE IN A POSITION TO PREVENT A MODERNISATION DECISION BY THE ALLIANCE THIS YEAR, THEY CANNOT FORCE THE AMERICANS INTO NEGOTIATIONS ABOUT SNF.

6. THE PRIME MINISTER COULD SAY TO KOHL THAT SHE REGRETS THE GERMAN POSITION ON MODERNISATION AND ON NEGOTIATION, AND REGRETS THAT IT WAS LEAKED (23 APRIL) BEFORE ALLIES OTHER THAN THE AMERICANS WERE INFORMED (LATE ON 26 APRIL), BUT THAT WHAT MATTERS NOW IS TO TALK ABOUT ELEMENTS FOR A JOINT NATO POSITION. THERE WOULD BE NO HARM IN TELLING KOHL THAT WE ARE WILLING IF NECESSARY TO SORT OUT THIS PROBLEM AT THE SUMMIT ITSELF. THAT WILL DRIVE HOME THAT HE MUST ULTIMATELY TAKE RESPONSIBILITY FOR THE GERMAN POSITION. HE WILL NOT LIKE THE IDEA OF HAVING TO ARGUE, WITH SUPPORT ONLY FROM MINOR ALLIES, AGAINST THE PRIME MINISTER, BUSH, LUBBERS AND POSSIBLE MITTERRAND AT THE SUMMIT.

7. KOHL OPPOSES A THIRD ZERO AND IT SHOULD BE POSSIBLE TO PERSUADE HIM, DESPITE GENSCHER'S VIEWS, THAT THE AGREED NATO POSITION MUST INCLUDE THIS POINT. ON MODERNISATION, REITERATION OF NATO'S 'UP-TO-DATE' POSITION OF MARCH 1988 IS A MINIMUM WHICH KOHL CAN HARDLY REFUSE. HE MIGHT ALSO BE BROUGHT, AGAIN DESPITE GENSCHER'S VIEWS, TO AGREE THAT NATO MUST DECLARE ITS NEED FOR LAND, SEA AND AIR-BASED NUCLEAR SYSTEMS IN EUROPE FOR THE FORESEEABLE FUTURE. WE SHOULD PRESS FOR MORE THAN THIS, BUT MAY NOT GET FAR.

8. KOHL WAS KEEN, EVEN BEFORE FEBRUARY, ON INCLUDING IN THE COMPREHENSIVE CONCEPT SOME MOVE TOWARDS NEGOTIATIONS ON SNF. SUPPORT FOR THE IDEA HERE IS LONG-STANDING AND VERY WIDESPREAD. KOHL WILL WANT NATO TO GO FURTHER THAN THE POSITION OF MARCH 1988 THAT REDUCTIONS TO EQUAL CEILINGS SHOULD COME 'IN CONJUNCTION WITH THE ESTABLISHMENT OF A CONVENTIONAL BALANCE AND THE GLOBAL ELIMINATION OF CHEMICAL WEAPONS'. HE WILL PROBABLY ARGUE THAT TO CALL FOR 'EARLY' NEGOTIATIONS ALLOWS FLEXIBILITY AND THAT NATO COULD SET UP A WORKING GROUP TO CONSIDER A MANDATE WITHOUT A DEADLINE FOR RESULTS. THAT WILL SEEM TO HIM A MODEST PROPOSAL, BY COMPARISON WITH GENSCHER'S WISH FOR 'IMMEDIATE' NEGOTIATIONS. THE PRIME MINISTER, I SUGGEST, SHOULD STRESS NOT ONLY THE SUBSTANTIVE ARGUMENTS, BUT ALSO THAT THERE IS NO CHANCE OF THE UNITED STATES OR THE UNITED KINGDOM (OR PRESUMABLY FRANCE) AGREEING TO THE GERMAN POSITION. KOHL WILL BE HARD TO MOVE. TELTSCHIK, WHO IS ALWAYS OPTIMISTIC ABOUT WHAT THE GERMAN POSITION WILL BE, TELLS ME KOHL COULD ACCEPT AT THE

SUMMIT A STATEMENT THAT THE NORMAL ALLIANCE COMMITTEES SHOULD CONSIDER THE QUESTION OF NEGOTIATIONS ON SNF.

OTHER TOPICS.

9. I HOPE IT MAY PROVE POSSIBLE FOR THE PRIME MINISTER AND KOHL TO DISCUSS ONE OR TWO OTHER MATTERS AS WELL AS SNF. SOUTH AFRICA IS ONE WHERE HARMONY SHOULD PREVAIL. DEALING WITH GORBACHEV WILL BE ON KOHL'S MIND. SO WILL EUROPEAN MONETARY UNION. THE INFLATION RATE IN THE FRG HAS REACHED 3 PER CENT. IN A COUNTRY ACUTELY SENSITIVE TO THE VALUE OF THE CURRENCY, THIS IS NOT A GOOD BACKGROUND FOR ANYTHING OTHER THAN A WHOLLY RESPONSIBLE HANDLING OF MONETARY POLICY. THE PRIME MINISTER SHOULD BE ABLE TO PLAY ON THIS IN ARGUING THAT IT WOULD BE RASH AND UNREASONABLE TO COMMIT OURSELVES TO MONETARY UNION BEFORE EMBARKING ON MORE MODEST STEPS. THERE ARE FURTHER COMMENTS ON THESE MATTERS IN MY TELNO 447.

MEDIA

10. NO-ONE HERE WILL BE SURPRISED IF THE PRIME MINISTER, IN TALKING TO THE PRESS, SETS OUT FIRMLY THE BRITISH POSITION ON SNF. A STATEMENT OF THE ASPECTS WHERE WE AND THE GERMANS DO AGREE, ON THE LINES OF THE ONE ISSUED AT FRANKFURT, WOULD BE HELPFUL. IF THE TALKS IDENTIFY SCOPE FOR PROGRESS TOWARDS AGREEMENT ON ASPECTS OF SNF, IT MIGHT BE AS WELL TO REVEAL THIS SO AS TO REDUCE THE RISK OF KOHL RENEGING LATER UNDER PRESSURE FROM GENSCHER. IT WILL BE IMPORTANT TO SAY THAT DISCUSSION WILL CONTINUE BETWEEN THE TWO GOVERNMENTS AND IN THE ALLIANCE ABOUT THE POSITION TO BE TAKEN AT THE SUMMIT ON SNF. IT WILL BE HELPFUL IF THE MEDIA CAN BE TOLD THAT OTHER MATTERS WERE DISCUSSED, SO AS TO SHOW THAT BRITISH-GERMAN RELATIONS GO WIDER THAN THE SINGLE ISSUE AND THAT ON MANY THINGS THERE IS AGREEMENT.

MALLABY

YYYY

DISTRIBUTION

2

ADVANCE

2

HD/WED

RESIDENT CLERK

PS/NO. 10