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PRIME MINISTER

● MEETING WITH THE GERMAN DEFENCE MINISTER

You are to see Herr Stoltenberg in your room in the House after Questions tomorrow for about half an hour. He has been in Scotland for a NATO Defence Minister's meeting. The main purpose of seeing you is to maintain contact at the highest level between the British and German government in this somewhat trying period. You do, of course, know Herr Stoltenberg well; he has been at the top of the Christian Democrat Party for more than 20 years, most recently as Finance Minister from 1982-89. He has always been seen as a rival to Chancellor Kohl, and a cleverer and more substantial man. But he lacks the political base, coming from the relatively small Land of Schleswig Holstein: and his somewhat cold and formal manner have made him a bit out of place in the gemutlich style of German politics in which Chancellor Kohl excels.

As Defence Minister, Herr Stoltenberg will have a key role in working out German policy on defence and NATO in the period leading up to and after unification. His instincts on this are generally sound: but, as you will have seen from the telegrams, he received a sharp set-back from Genscher when he suggested that units of the regular German army could be stationed in the former GDR after unification. Chancellor Kohl seems to be siding with Genscher in creating the presumption that, at most, only reservists will be allowed there. This is unhelpful.

I think the points you will want to get across to Stoltenberg are:

- you hope he will assure Chancellor Kohl that you are not opposed to unification but determined to see the consequences for the rest of Europe properly discussed before unification takes place. The agreement in Ottawa to establish the Four plus Two mechanism was a major step forward, as is the agreement on an EC Summit. There will also need to be discussions in NATO.
- we regard it as essential that Germany should stay in NATO. The Russians cannot bring themselves to accept this explicitly yet, and we shall have to devote a lot of effort to bringing them round. This will mean we must show

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ourselves ready to take account of their security interests, by allowing Soviet forces to remain in the GDR for a transitional period.

- in the meantime, we should not make any concessions about how former GDR territory will be defended after unification until there has been proper discussion in the Four plus Two group and in NATO.
- we also attach the highest importance to maintaining American troops and their nuclear weapons in the FRG after unification. You hope Stoltenberg supports this.
- we think that the Polish government are justified in seeking a legally-binding guarantee of their border. This is another of the matters which will need to be discussed in the Four plus Two group.

It is possible that Herr Stoltenberg will suggest that NATO should start to prepare for SNF negotiations. Our view is that we should stick strictly to NATO's Comprehensive Concept, which said that negotiations can begin once an agreement on conventional forces is being implemented. This is still some way off: and the most that we could envisage in the way of preparatory work might be some discussion in NATO of technical problems which will eventually have to be confronted in negotiations, such as verification. [We do not want to get drawn into discussion of NATO's negotiating position, or the issue of LANCE will be raised.]

You might take the opportunity to say to Herr Stoltenberg that we would like to see the FRG take a more robust line on South Africa. All our previous careful co-operation with Chancellor Kohl seems to have slipped away, now that the moment for action has come.

C.D.P.

C. D. POWELL

21 February 1990

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P.S. There may be some further briefing from a defence secretary. — now received & in folder.





Foreign and Commonwealth Office

London SW1A 2AH

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20 February 1990

See Charles,

Call by the FRG Defence Minister

Dr Stoltenberg is in the UK to attend an IEPG meeting. He is seeing the Lord President, the Secretary of State for Defence and the Foreign Secretary. I enclose a personality note. Stoltenberg was appointed last April, having previously been Finance Minister.

The main subject will be German unification. Stoltenberg has a key role to play in speaking up within the FRG for a responsible approach to future security arrangements. The Prime Minister might underline our support for unification, and welcome the agreement at Ottawa on a framework for resolving the external aspects of Germany unity.

It is clear from the public disagreement between Stoltenberg and Genscher over the weekend that German thinking on the details of future security arrangements for Germany remains at an early stage. Stoltenberg has been trying to establish how the Bundeswehr would defend the territory of the GDR. Genscher has said that the matter was undecided. But latest reports are that Stoltenberg and Genscher have made a joint statement that Bundeswehr forces should not be stationed in the territory of the former GDR. The statement, however, leaves the question of what security arrangements there will be for negotiations with the GDR and the Four Powers. The Prime Minister might take the line that:

- crucial that Germany stays in NATO;
- Allied opinion seems to be coalescing around the proposition that NATO would forswear deployment of non-German forces on territory of former GDR. We should not concede anything about the defence status of the former GDR territory until there has been intensive discussion in the Four plus Two and NATO;
- but the Soviet Union have not yet reconciled themselves to Allied thinking. We will all need to pursue with tact, assuring them that we have their security interests in mind;
- NATO now needs to flesh out its thinking. Important for Western Four to work jointly at finding the answers in weeks ahead;

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- a crucial aspect will be transitional arrangements for Soviet forces. Once we have reached a common view among the Western Four, we will need to consider how to take this forward in the Two plus Four structure.

The Bundeswehr's current active strength of 456,000 cannot be maintained for demographic reasons. Proposals for a restructuring, under the umbrella title 'Bundeswehr 2000', have evolved substantially since they first became known in 1988. Provided a CFE treaty is concluded soon, the Bundeswehr's active strength will fall to about 400,000 by 1995. Wartime strength would be maintained through increased reliance on reserves. The Germans have kept their NATO allies fully informed of their plans, and appear to have taken some account of their concerns. We recognise the demographic pressures on the Bundeswehr, and accept realistic measures to counter them, provided they do not undermine the Western position in the run-up to CFE. Political pressure for deeper cuts will continue. The Prime Minister could say:

- grateful to have been kept in touch with plans. Appreciate need to address future demographic constraints: clearly important to plan well in advance;
- hope any reductions will be consistent with progress in arms control.

The Prime Minister might commend NATO's recent moves to give impetus to the CFE negotiations (the US/Soviet bilateral ceiling for Central Zone of 195,000; amended aircraft and helicopter proposals and an amended tank definition that have all been expressly designed to meet Soviet concerns) and point to the substantial UK role in achieving this. On the subject of CFE Follow-Up, the Prime Minister might say that a further parity-based bloc to bloc negotiation is unlikely to be feasible, and that we shall need to consider among the Allies, and then in the CSCE context, how to take the process forward after CFE.

Both Herr Genscher and Dr Stoltenberg have recently raised the question of SNF negotiations. In January Dr Stoltenberg proposed that NATO should begin preparations for SNF in the course of this year. The Comprehensive Concept says that negotiations aimed at partial reductions in US and Soviet short-range nuclear missiles can begin once a CFE agreement is being implemented. The conditions are therefore likely to be fulfilled in the not too distant future; and before then NATO will need to decide on its negotiating position. Our aim should be to try to restrict NATO's preparations before the German elections to a discussion of technical issues such as verification (which will be a particularly difficult aspect of SNF negotiations). If we allowed ourselves to be drawn into a discussion of the

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Alliance's negotiating position as a whole, the issue of LANCE would probably resurface before the German elections.

If, therefore, Dr Stoltenberg raises the question of preparation for SNF negotiations, the Prime Minister might say:

- that we stick by the Comprehensive Concept;
- we should only start preparatory work on SNF negotiations in the Alliance when the CFE agreement is on the verge of being concluded;
- we shall want to consult bilaterally with both the US and the FRG before opening this topic in the Alliance later in the year.

I am copying this letter to Tim Sutton (Lord President's Office), Simon Webb (MOD) and Sonia Phippard (Cabinet Office).

*James,*  
*Stephen Wall*

(J S Wall)  
Private Secretary

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STOLTENBERG, DR GERHARD HON GCMG

Federal Minister for Defence (CDU). A Deputy Chairman of the CDU.

Born 1928 in Kiel, the son of a clergyman. War Service 1944-45. Studied history, social science and philosophy at Kiel University, taking his doctorate in 1954 with a thesis on the work of the First Reichstag. Thereafter worked as an assistant at Kiel University. Appointed Lecturer in Modern History in 1960, his special topic being Tirpitz and his naval policy. 1965 and again 1969-70, a Director of Friedrich Krupp, and Head of the company's Economic Policy Department.

He entered politics through the Young CDU, of which he was Federal Chairman from 1955-61. A member of the Schleswig-Holstein Land Parliament from 1954-57 and again 1971-82. A member of the Bundestag from 1957-71. 1965-69 Federal Minister for Scientific Research. Elected a Deputy Chairman of the CDU in 1969 and from 1969-71 was Vice Chairman CDU/CSU Parliamentary Party. He resigned from the Bundestag in 1971 to lead the CDU campaign in the Schleswig-Holstein Land Elections and became Minister-President, retaining the office until he returned to Bonn in 1982 to become Federal Minister of Finance. Re-elected to the Bundestag in the Federal election in 1983.

Stoltenberg was one of Kohl's main rivals for leadership of the Party in 1970s. He stood as Vice-Chancellor candidate alongside Strauss in the 1980 Federal election. For this, and his grasp of economic policy, he won increasing respect in the CDU. His contribution to CDU policies at a time of increasing economic difficulty for the FRG made him an obvious choice as Finance Minister when the CDU took office in 1982. His expertise and consistency of purpose in reducing the Federal budget deficit contributed very



substantially to the economic successes of the Kohl Government and his political stature grew accordingly. His position suffered after the 1987 elections when, perhaps to cut<sup>him</sup> down to size, Kohl publicly offered his job at the Finance Ministry to Strauss. Further damage to his personal and political reputation followed the disclosures of a dirty tricks campaign by the CDU in the run-up to the Schleswig-Holstein elections in September. Stoltenberg professed ignorance of the schemes of the then Minister-President, Barschel. There was widespread feeling however that, as Chairman of the local CDU, Stoltenberg may have known more than he admitted; or that, if he were not informed he should have been. Alongside these set-backs, he appeared indecisive at the Finance Ministry. His handling of decisions in 1987 and 1988 concerning the Federal budget and tax increases was marked by delay, coalition bickering and poor public presentation. The controversy surrounding his introduction of a Withholding Tax contributed to Kohl's decision to reshuffle his cabinet in April 1989. Stoltenberg was moved to the Defence Ministry, where he has earned respect for his thoughtful measured approach. He has steadied the volatile debate on defence and defence related issues in the FRG.

Stoltenberg is tall, well built and good-looking, with white hair. Reserved, not easily accessible, a little cool, but an effective speaker. He is normally courteous and friendly, but occasionally shows signs of impatience or a touch of arrogance. Has a North German's natural friendliness towards the UK, and visited the UK as the guest of HMG in 1974. Awarded Honorary GCMG 1978.

Protestant. Married. One daughter and son. His wife is quiet and takes little part in her husband's public life. He speaks good English.