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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

30 March 1990

See Steph.

ANGLO-GERMAN SUMMIT: PLENARY SESSION

I enclose a record of the plenary session of the Anglo-German Summit, which is very largely the work of Hilary Synnott of the FCO.

I am copying this letter and enclosure to John Gieve (HM Treasury), Simon Webb (Ministry of Defence), Martin Stanley (Department of Trade and Industry) and Sonia Phippard (Cabinet Office).

gun man,
[Signature]

(C. D. POWELL)

J. S. Wall, Esq.,
Foreign and Commonwealth Office.

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ANGLO-GERMAN SUMMIT, 30 MARCH 1990

RECORD OF THE PLENARY SESSION AT NO 10 DOWNING STREET,
10.45 AM

The Prime Minister summarised her discussions with Chancellor Kohl before asking the other four Ministers on each side to report on their own individual meetings.

The Prime Minister said that she and Chancellor Kohl had agreed on the importance of a united Germany being in NATO. Chancellor Kohl had given a detailed account of the processes and practicalities of unification, including the economic and financial aspects, the need to convert East German industry to modern technology, and the constitutional aspects.

There had not been a detailed discussion of the assimilation of the GDR into the European Community. But the EC would need to discuss such issues as agriculture, fisheries, trade, and the possible effects of different prices across the former Inner German Border. Chancellor Kohl had taken the view that the European Summit in Dublin on 28 April should not take decisions of substance but should focus on procedure. On Lithuania, there had been agreement on the need for both sides to keep calm: solutions should be brought about through dialogue and discussion. Language should be carefully chosen. For this reason we avoided reference to "negotiation", referring to "dialogue" instead. There had been a brief discussion of South Africa, given that she and Chancellor Kohl were both due to meet Mr De Klerk soon. Finally, Britain would announce a small initiative involving English Language Teaching in the GDR. The Prime Minister had also been very glad to agree to a suggestion from Chancellor Kohl that we should offer some scholarships for the GDR. This would be done through the British Council.

Chancellor Kohl agreed with the summary. He particularly welcomed the initiative over English Language Teaching and

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scholarships. This would be an important signal to the GDR, which was in a difficult psychological position after 40 years of Stalinism (the last democratic elections in Leipzig had occurred in November 1932). The East Germans had a deep wish to be part of Western society, with shared language, security and economies. As he had said at Erfurt, the diocese had been founded by St Boniface; Luther had been a priest there; and Goethe and Napoleon had met there.

On unification, Chancellor Kohl said that he wanted to progress hand in hand with Germany's friends. He did not want to face them with a fait accompli. It was necessary to integrate progress with the GDR over internal matters with that in other processes such as NATO, the 2+4 and the EC. He hoped that the 2+4 would finish their work before the CSCE Summit. Pan-German elections might take place in the second half of 1991. It was to be hoped that, in the second half of 1990 when the DM was the currency in East Germany, British companies would invest there, making use of the excellent workforce.

The Foreign Secretary then gave an account of his discussions with Herr Genscher, who had described the process of the formation of a government in the GDR, which might occur in about two weeks. It was agreed that the momentum of the 2+4 process should be kept up with, ideally, a meeting at official level in the first half of April and of Ministers in the second half. Discussion of German economic and monetary union had covered the timing, the difficulties and how to overcome them. Herr Genscher had said that all were agreed upon the Article 23 route towards unification. This would probably be taken by the GDR as a whole, although Lander would be created. On security issues, the importance that a united Germany should remain in NATO was agreed. In discussing the Soviet reaction, it was noted that the Russian position had hardened outwardly but inwardly there was questioning and uncertainty, leaving open possibilities for bargaining. It was hoped that the Russians would in due course accept Germany's membership of NATO if there were special arrangements for Soviet forces in the GDR and a timetable for their withdrawal. The Western Allies should agree upon security

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arrangements, including numbers of stationed forces, against the probability of Soviet proposals. It was noted that the Soviet Union attached importance to the orderly termination of post-war agreements and powers. There was discussion about the difficulties of a Peace Conference with many participants. But there was nonetheless a need for an orderly agreement with legal substance.

The Foreign Secretary said that there had also been discussion of Lithuania, South Africa and Namibia. Herr Genscher had noted that the personalities of both Mr de Klerk and Mr Mandela were such that they would be able to embark upon a dialogue with a good prospect of success. The need to help black South Africans had also been noted. Finally, there had been some discussion of bilateral issues.

Herr Genscher said that, on South Africa, he had been impressed by the degree of mutual respect between Mr Mandela and Mr de Klerk. The best use should be made of the present opportunities. On the 2+4 process, Herr Genscher said that it was agreed that questions of security and disarmament in Europe should not be taken up by the 2+4 but that legitimate questions by the Soviet Union should be replied to in the disarmament conference in Vienna. Hence discussion of troop levels in the GDR should not be discussed in the 2+4 since this would risk creating a special status for Germany. He noted that the Foreign Secretary had proposed that the Alliance should harmonise a position as soon as possible for use with the Soviet Union. As Herr Kohl had said, these issues should be dealt with before the CSCE Summit, which had been proposed by the Soviet Union to discuss a future order in Europe, not to discuss unification. The Soviet Union therefore also had an interest to complete discussion by then. If it was any later, difficulties would arise. A special conference on Germany should be avoided because it would come close to the concept of a Peace Conference.

The Prime Minister commented that Britain and Germany were probably on the same lines on these issues but she wished to clarify one point. Chancellor Kohl had stated that the question

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of borders other than the Oder-Neisse Line should not be discussed in the 2+4. The wider forum of the Helsinki Accord, which involved all NATO and Warsaw Pact countries, and which allowed for changes of borders only by agreement, was the only appropriate forum for such discussion. But meanwhile the 2+4 would be a good sounding-board with which to establish the views of the Soviet Union. This would provide ideas for the wider forum. Ultimately, therefore, we should work on the Helsinki Accords for the longer term. Chancellor Kohl and Herr Genscher indicated their agreement to this.

The Defence Secretary said that his discussion with Herr Stoltenberg had mirrored what had been said previously. Views of the MOD and the Federal Ministry of Defence on the general approach were close. He had strongly supported full membership by a united Germany of NATO. There could be no question of first- and second-class memberships. At the recent Warsaw Pact meeting, other Warsaw Pact members had shared none of Mr Shevardnadze's difficulties about Germany's membership of NATO. But there were difficult military questions. Full membership of NATO implied the application of Articles 5 and 6 of the North Atlantic Treaty to the former GDR. It had to be considered how they should apply when Soviet troops were present in the GDR for a transitional period. It was accepted that NATO troops should not be stationed in the GDR as a peacetime restraint; but it was necessary to ensure that NATO's undertakings maintained credibility. The Defence Secretary said that he was sensitive to the problems associated with military training in Germany, and was glad to note German appreciation of changes which had been made this year. But troops could not be confined to barracks. Finally, the Defence Secretary expressed warm appreciation on behalf of British forces in Germany for the help received from the German police over the terrorist threat.

Herr Stoltenberg underlined that there was excellent bilateral and Alliance-wide cooperation over large-scale exercises. The UK's contribution to this was important and helpful. The FRG's territory had the largest concentration of exercises in the Alliance because of the large Allied presence

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and the need for reinforcement in time of tension. There was a growing understanding on the part of the German population of the need for exercises, even against a background of increasing reductions in forces.

The Prime Minister referred to the importance of out-of-area defence, for instance in the Middle East, which would be the source of oil supplies for some time, and in relation to Iraq, which had been seeking nuclear-related equipment. Although this had not been an issue at the current meeting, the Prime Minister expressed the hope that discussion might be pursued further in bilateral contacts. She recognised the constraints which applied under the German constitution. But with so much changing in Europe, we should be ready to examine some of these matters afresh. The Defence Secretary added that this was also relevant to counter-terrorism, over which Britain was grateful for German cooperation.

Chancellor Kohl said that he intended to raise at the Dublin European Summit the connection between drugs and the Mafia. The Prime Minister of Spain was concerned that the Mafia was increasingly active in Europe, as in the United States. The question should be tackled more forcefully since, with open borders in 1992, the Mafia's role would be greatly facilitated. The European Summit might usefully receive reports from experts.

On economic and financial affairs, the Chancellor of the Exchequer said that Herr Waigel had given a comprehensive report on the problems and opportunities represented by GEMU. He had expressed confidence that the problems could be dealt with, including the establishment of a Deutschmark/Ostmark conversion rate; the need to maintain a prudent fiscal policy; the containment of upward pressure on inflation; and the creation of social market conditions in the GDR, allowing for free competition and proper price, wage and tax structures. The Chancellor said that it was desirable that the GDR should be fully integrated into the EC as soon as possible. The forthcoming informal meeting of ECOFIN would allow further discussion on EMU. It was agreed that the IGC should be neither

accelerated nor delayed.

Herr Waigel said that, taking account of the economies of the Lander and of the dealings of insurance companies, the FRG had a surplus which would allow a wide margin of manoeuvre in relation to GEMU. There was a good possibility of financing private investment in the GDR, which was well suited for such investment and had a good workforce. There should be a more equitable division of responsibility between the Federal, Lander and local governments. Local governments also had surpluses in 1989. It was also helpful that the FRG faced the prospect of a 4% growth rate. And there would be many opportunities for savings of the DM40bn which were currently spent by the FRG on Inner-German-related matters including Berlin, taxes, borders and the previous practice of purchasing emigration. Furthermore, the GDR would need to spend less this year than in 1989. Stocks of savings represent unused potential. Thus it would not be necessary for Germany to overdraw on international capital markets. There would be close cooperation with the Bundesbank. It would be possible to maintain calm without pressure on interest rates. The timetable of GEMU did not affect that of EMU. It was better that the GDR should be exposed to Europe sooner, through unification under Article 23, than later, when the GDR's economic situation might have deteriorated further.

The Trade and Industry Secretary said that there had been a good discussion on the effects of unification on trade and investment, including how British and German firms might cooperate. As regards the application of EC rules to the GDR, Mr Ridley said that Herr Haussmann would make representations to the GDR government when it was formed on monopolies and competition policy. Herr Haussmann had also given assurances about maintaining a strong control on trade over the Inner-German border so that trade regulations were complied with. On EC matters, there had been identical positions as regards the importation of Japanese cars. There would be no action in respect of imports of Japanese cars manufactured in the United States or in respect of such cars circulating freely in EC countries if they had been made in the EC. Nor should there be

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EC restrictions on imports into those EC countries which did not want such restrictions. It would therefore be necessary to find devices for such countries as France and Italy in relation to 1992. On the Single Market, a joint understanding had been reached on the question of the future of insurance which would allow entering negotiations in total agreement. It was expected to be possible to get directives on to the statute books soon. On the Uruguay round of GATT, both Ministers would encourage respective Agriculture Ministers to be more forthcoming during this round.

Herr Haussmann said that bilateral trade relations were favourable. Imports from Britain had increased by 14% and the FRG was Britain's biggest market. This year the FRG would increase demand and hence imports. The FRG wished to increase UK/FRG investment consortia in FRG markets. There was much demand also in the GDR for consumer goods, machinery, and in the construction and financial sectors. Insurance companies and banks would have EC cartel law applied so as to allow free EC access. COMECON must be handled so that imports did not affect Western European markets. Bilateral trade policy was good, with good mutual support in Brussels. The next GATT round must be successful.

The Prime Minister agreed on the importance of bringing trade barriers down. Britain and Germany should remain in close touch. At the Press Conference there would be an attempt to provoke divisions. This should be resisted.

Chancellor Kohl expressed his gratitude for the frank discussions. As the Prime Minister had said in Cambridge, friendship must include divergences which could be brought to an amicable conclusion. FRG/UK relations were a cornerstone of German policy. BAOR demonstrated this. Germany's 40 years of freedom had only been possible as a result of British support, of which the airlift was an example. Chancellor Kohl said he knew what terrorism against British soldiers meant. They had his personal sympathy. He expressed a wish that Britain and Germany should move ahead together in the new developments in Europe.

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There would be differences, but these could be solved. It was an hour of triumph for Western policy brought about through Mr Gorbachev and the stability of the West and of Western policies. Germany wished to continue in partnership with Britain.

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Foreign and Commonwealth Office

London SW1A 2AH

30 March 1990

Dear Charles,

Anglo-German Summit: Plenary Session

I enclose Hilary Synnott's draft record of the plenary session at 10 Downing Street this morning.

Yours,
Stephen Wall

(J S Wall)

Private Secretary

C D Powell Esq
10 Downing Street

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ANGLO-GERMAN SUMMIT, 30 MARCH 1990

RECORD OF THE PLENARY SESSION AT NO 10 DOWNING STREET,
10.45 AM

The Prime Minister summarised her discussions with Chancellor Kohl before asking the other four Ministers on each side to ^{report on} ~~summarise~~ their own individual ~~discussions~~ ^{meetings} which had occurred that morning.

The Prime Minister ^{said} ~~thought~~ that there had been a large measure of agreement with Herr Kohl on the question of NATO and the implications of German unification. The fact that a united Germany would be a member of NATO was not in doubt. The Prime Minister ^{Chancellor} ~~said~~ that Herr Kohl had given a detailed account of the processes and practicalities of unification, including the economic and financial aspects, the need to convert East German industry to modern technology, and the constitutional aspects.

There had not been a detailed discussion of the assimilation of the GDR into the European Community. But the EC would need to discuss such issues as agriculture, fisheries, trade, and the possible effects of different prices across the former Inner German Border. ^{Chancellor Kohl} ~~Herr Kohl~~ had taken the view that the European Summit in Dublin on 28 April should not take decisions of substance but should focus on procedure. On Lithuania, there had been agreement on the need for both sides to keep calm: solutions should be brought about through dialogue and discussion. Language should be carefully chosen. For this reason ^{we} ~~HMG~~ avoided reference to "negotiation", referring to "dialogue" instead. There had been a brief discussion of South Africa, ^{since} ~~since~~ Herr Kohl was due to meet Mr De Klerk. Finally, Britain would announce a small initiative involving English Language Teaching in the GDR. The Prime Minister had also been very

glad to agree ^{to} upon a suggestion from Herr Kohl ^{to} to offer some scholarships for the GDR. This would be done through the British Council.

^{Chairman} Herr Kohl said ~~that he~~ entirely agreed with the summary. He particularly welcomed the initiative over English Language Teaching and scholarships. This would be an important signal to the GDR, which was in a difficult psychological position after 40 years of Stalinism (the last democratic elections in Leipzig had occurred in November 1932). The East Germans had a deep wish to be part of Western society, with shared language, security and economies. As he had said at Erfurt, the diocese had been founded by St Boniface; Luther had been a priest there; and Goethe and Napoleon had met there.

^{Chairman} On unification, Herr Kohl said that he wanted to progress hand in hand with Germany's friends. He did not want to face them with a fait accompli. It was necessary to integrate progress with the GDR over internal matters with that in other processes such as NATO, the 2+4 and the EC. He ^{expressed} ~~expressed the wish~~ that the 2+4 ^{should} ~~should~~ finish their work before the CSCE Summit. Pan-German elections might take place in the second half of 1991. ~~There would be problems but they were capable of solution.~~ It was to be hoped that, in the second half of 1990 when the DM was ^{the} ~~was~~ currency in East Germany, British companies would invest there, making use of the excellent workforce.

The Foreign Secretary then gave an account of his discussions with Herr Genscher, who had described the process of the formation of a government in the GDR, which might occur in about two weeks. It was agreed that the momentum of the 2+4 process should be kept up with, ideally, a meeting at official level in the first half of April and of Ministers in the second half. Discussion of German economic and monetary union had covered the timing, the difficulties and how to overcome them. Herr Genscher had

said that all were agreed upon the Article 23 route towards unification. This would probably be taken by the GDR as a whole, although Länder would be created. On security issues, the importance that a united Germany should remain in NATO was agreed. In discussing the Soviet reaction, it was noted that the Russian position had hardened outwardly but inwardly there was questioning and uncertainty, leaving open possibilities for bargaining. It was hoped that the Russians would in due course accept Germany's membership of NATO if there were special arrangements for Soviet forces in the GDR and a timetable for their withdrawal. The Western Allies should agree upon security arrangements, including numbers of stationed forces, against the probability of Soviet proposals. It was noted that the Soviet Union attached importance to the orderly termination of post-war agreements and powers. There was discussion about the difficulties of a Peace Conference with many participants. But there was nonetheless a need for an orderly agreement with legal substance.

The Foreign Secretary said that there had also been discussion of Lithuania, South Africa and Namibia. Herr Genscher had noted that the personalities of both Mr de Klerk and Mr Mandela were such that they would be able to embark upon a dialogue with a good prospect of success. The need to help black South Africans had also been noted. Finally, there had been some discussion of bilateral issues.

Herr Genscher said that, on South Africa, he had been impressed by the degree of mutual respect between Mr Mandela and Mr de Klerk. The best use should be made of the present opportunities. On the 2+4 process, Herr Genscher said that it was agreed that questions of security and disarmament in Europe should not be taken up by the 2+4 but that legitimate questions by the Soviet Union should be replied to in the disarmament conference in Vienna. Hence discussion of troop levels in the GDR should not be discussed in the 2+4 since this would risk creating a special status for Germany. He

noted that the Foreign Secretary had proposed that the Alliance should harmonise a position as soon as possible for use with the Soviet Union. As Herr Kohl had said, these issues should be dealt with before the CSCE Summit, which had been proposed by the Soviet Union to discuss a future order in Europe, not to discuss unification. The Soviet Union therefore also had an interest to complete discussion by then. If it was any later, difficulties would arise. A special conference on Germany should be avoided because it would come close to the concept of a Peace Conference.

The Prime Minister commented that Britain and Germany were probably on the same lines on these issues but she wished to clarify one point. ^{Deu} Herr Kohl had stated that the question of borders other than the Oder-Neisse Line should not be discussed in the 2+4. The wider forum of the Helsinki Accord, which involved all NATO and Warsaw Pact countries, and which allowed for changes of borders only by agreement, was the only appropriate forum for such discussion. But meanwhile the 2+4 would be a good sounding-board with which to establish the views of the Soviet Union. This would provide ideas for the wider forum. Ultimately, therefore, we should work on the Helsinki Accords for the longer term. ^{Deu} Herr Kohl and Herr Genscher indicated their agreement to this.

The Defence Secretary said that his discussion with Herr Stoltenberg had mirrored what had been said previously. Views of the MOD and the Federal Ministry of Defence on the general approach were close. He had strongly supported the full membership by a united Germany of NATO. There could be no question of first- and second-class memberships, while ~~fears elsewhere should be avoided.~~ At the recent Warsaw Pact meeting, other Warsaw Pact members had shared none of Mr Shevardnadze's difficulties about Germany's membership of NATO. But there were difficult military questions. Full membership of NATO implied the application of Articles 5 and 6 of the North Atlantic Treaty. It had to be considered how

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to the former GDR

they should apply when Soviet troops were present in the GDR for a transitional period. It was accepted ~~as a possibility~~ that NATO troops should not be stationed in the GDR as a peacetime restraint; but it was necessary to ensure that NATO's undertakings maintained credibility. The Defence Secretary said that he was sensitive to the problems associated with military training in German, and was glad to note German appreciation of changes which had been made this year. But troops could not be confined to barracks. Finally, the Defence Secretary expressed warm appreciation on behalf of British forces in Germany for the help received from the German police over the terrorist threat.

Mr Stoltenberg underlined that there was excellent bilateral and Alliance-wide cooperation over large-scale exercises. The UK's contribution to this was important and helpful. ^{the} FRG ^{Germany} still had the largest concentration of exercises in the Alliance because of the large Allied presence and the need for reinforcement in time of tension. There was a growing understanding of the need for exercises on the part of the German population, even against a background of increasing disarmament. ~~was~~ ^{reduction} i

The Prime Minister referred to the importance of ~~defence, and minimum deterrence in matters outside the NATO domain also, including Out of Area, for~~ instance in the Middle East, which would be the source of oil supplies for some time, and in relation to Iraq, which had been seeking nuclear-related equipment. Although this had not been discussed, the Prime Minister expressed the hope that discussion might be pursued, ~~perhaps through NATO~~. The Defence Secretary added that this was also relevant to counter-terrorism, over which Britain was grateful for German cooperation.

Herr Kohl said that he intended to raise at the Dublin European Summit the connection between drugs and the Mafia. The Prime Minister of Spain was concerned that the Mafia was

increasingly active in Europe, as in the United States. The question should be tackled more forcefully since, with open borders in 1992, the Mafia's rôle would be greatly facilitated. The European Summit might usefully receive reports from experts.

On economic and financial affairs, the Chancellor of the Exchequer said that ~~time did not allow his useful discussions with Herr Waigel to be completed. They might resume again in London or Bonn.~~ Herr Waigel had given a comprehensive report on the problems and opportunities represented by GEMU. He had expressed confidence that the problems could be dealt with, including the establishment of a Deutschmark/Ostmark conversion rate; the need to maintain a prudent fiscal policy; the containment of upward pressure on inflation; and the creation of social market conditions in the GDR, allowing for free competition and proper price, wage and tax structures. The Chancellor said that it was desirable that the GDR should be fully integrated into the EC as soon as possible. The forthcoming informal meeting of ECOFIN would allow further discussion on EMU. It was agreed that the IGC should be neither accelerated nor delayed.

Herr Waigel said that, ~~since 1982 there had been a constant consultation process on budgetary matters.~~ Taking account of the economies of the Länder and of the dealings of insurance companies, the FRG had a surplus which would allow a wide margin of manoeuvre in relation to GEMU. There was a good possibility of financing private investment in the GDR, which was well suited for such investment and had a good workforce. There should be a more equitable division of responsibility between the Federal, Länder and local governments. Local governments also had surpluses in 1989. It was also helpful that the FRG faced the prospect of a 4% growth rate. And there would be many opportunities for savings of the DM40bn which were currently spent by the FRG on Inner-German-related matters including Berlin, taxes, borders and the previous practice of purchasing emigration.

Furthermore, the GDR would need to spend less this year than in 1989. Stocks of savings represent unused potential. Thus it would not be necessary for Germany to overdraw on international capital markets. There would be close cooperation with the Bundesbank. It would be possible to maintain calm without pressure on interest rates. The timetable of GEMU did not affect that of EMU. It was better that the GDR should be exposed to Europe sooner, through unification under Article 23, than later, when the GDR's economic situation might have deteriorated further.

The Trade and Industry Secretary said that there had been a good discussion on the effects of unification on trade and investment, including how British and German firms might cooperate. As regards the application of EC rules to the GDR, Mr Ridley said that Herr Haussmann would make representations to the GDR government when it was formed on monopolies and competition policy. Herr Haussmann had also given assurances about maintaining a strong control on trade over the Inner-German border so that trade regulations were complied with. On EC matters, there had been identical positions as regards the importation of Japanese cars. There would be no action in respect of imports of Japanese cars manufactured in the United States or in respect of such cars circulating freely in EC countries if they had been made in the EC. Nor should there be EC restrictions on imports into those EC countries which did not want such restrictions. It would therefore be necessary to find devices for such countries as France and Italy in relation to 1992. On the Single Market, a joint understanding had been reached on the question of the future of insurance which would allow entering negotiations in total agreement. It was expected to be possible to get directives on to the statute books soon. On the Uruguay round of GATT, both Ministers would encourage respective Agriculture Ministers to be more forthcoming during this round.

Herr Haussmann said that bilateral trade relations were

favourable. Imports from Britain had increased by 14% and the FRG was Britain's biggest market. This year the FRG would increase demand and hence imports. The FRG wished to increase UK/FRG investment consortia in FRG markets. There was much demand also in the GDR for consumer goods, machinery, and in the construction and financial sectors. Insurance companies and banks would have EC cartel law applied so as to allow free EC access. COMECON must be handled so that imports did not affect Western European markets. Bilateral trade policy was good, with good mutual support in Brussels. The next GATT round must be successful.

The Prime Minister agreed on the importance of bringing trade barriers down. ~~Discussions would continue over lunch.~~ Britain and Germany should remain in close touch. At the Press Conference there would be an attempt to provoke divisions. This should be resisted.

Amally
Herr Kohl expressed his gratitude for the frank discussions. As the Prime Minister had said in Cambridge, friendship must include divergences which could be brought to an amicable conclusion. FRG/UK relations were a cornerstone of German policy. BAOR demonstrated this. Germany's 40 years of freedom had only been possible as a result of British support, of which the ~~A~~irlift was an example. *Amally*
Herr Kohl said he knew what terrorism against British soldiers meant. They had his personal sympathy. He expressed a wish that Britain and Germany should move ahead together in the new developments in Europe. There would be differences, but these could be solved. It was an hour of triumph for Western policy brought about through Mr Gorbachev and the stability of the West and of Western policies. Germany wished to continue in partnership with Britain.



DRAFT PRESS RELEASE

English Language Training in the GDR

- The Prime Minister was pleased to inform the Chancellor that the United Kingdom would be organising an important English Language Training initiative in the GDR with support from the Know How Fund. (Note: Poland, Hungary and Czechoslovakia are the other countries to which the Know How Fund has already been extended).

- The programme of English Language Training support will be managed by the British Council. Its overall aim will be to help establish English as the vehicle for the transfer of management and other skills. Russian has been the principal second language in the GDR up to now: there is an enormous demand for English, in particular from the business and scientific community. It is intended to develop the programme in close collaboration with the new GDR Government. Key elements are likely to include:

- (a) training and professional upgrading of teacher-trainers;
- (b) teaching managers and industrialists;
- (c) appointment of British experts to universities and other teacher-training institutions;
- (d) advice on strategies for meeting the specific English language needs of business, commerce and the professions;
- (e) provision of teaching materials in-service training etc;

