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GENSCHER'S VISIT TO YOU AND THE PRIME MINISTER : 29 AND 30 JULY

SUMMARY

1. GENSCHER LIKELY TO URGE SPEED AND SUSTAINED EFFORT ON THE LONG AGENDA TO BE ACCOMPLISHED BEFORE UNIFICATION. CHANCE TO SORT PRIORITIES AND TO LOOK AT LONGER TERM NATO AND EC ISSUES ESPECIALLY. GOOD OPPORTUNITY TO STRENGTHEN ANGLO-GERMAN COOPERATION.

DETAIL

2. THIS OVERNIGHT VISIT OF GENSCHER ON 29 JULY TO YOU AT CHEVENING PROVIDES A RARE OPPORTUNITY FOR RELAXED FREE RANGING DISCUSSION AND PROBING OF THE MAN'S MIND. HE WILL BE IN GOOD FETTER IN THE KNOWLEDGE THAT GERMAN VOTERS RECOGNISE THAT HE WAS LARGELY THE ARCHITECT OF THE TRIUMPH THAT KOHL ENJOYED IN MOSCOW. WITH LUCK HE WILL BE IN RECEIVING MODE AS WELL AS TRANSMITTING.

THE ISSUES: UNIFICATION: EXTERNAL ASPECTS

3. UNIFICATION AND ITS RAMIFICATIONS IS VIRTUALLY THE ONLY SUBJECT ON GENSCHER'S MIND. FOLLOWING UNEXPECTED PROGRESS IN MOSCOW, GENSCHER NOW WANTS TO WRAP UP THE CONSEQUENTIAL BUSINESS AS QUICKLY AS POSSIBLE AND IS PREOCCUPIED BY THE AMOUNT OF BUSINESS TO BE GOT THROUGH. THIS FALLS INTO TWO BROAD CATEGORIES: STRICTLY TWO PLUS FOUR BUSINESS WHERE GENSCHER WANTS THE MOSCOW TWO PLUS FOUR MINISTERIAL MEETING TO CLINCH THE COMPONENT PARTS OF THE FINAL SETTLEMENT (INCLUDING TEXTS), AND ISSUES DERIVING FROM UNIFICATION (BUT NOT PART OF TWO PLUS FOUR) WHERE THE TIMESCALES VARY AND ARE IN A NUMBER OF CASES CONSIDERABLY LONGER. THESE ISSUES THEMSELVES DIVIDE INTO THREE AREAS:

- THOSE WITH THE SOVIET UNION. NEGOTIATIONS ON THE FINANCIAL CONSEQUENCES FOR THE SOVIET UNION OF THE INTRODUCTION OF THE DEUTSCHMARK INTO THE GDR AND ON THE TERMS OF THE TREATY OF WITHDRAWAL ARE BEGINNING. THE BILATERAL TREATY ON LONG TERM COOPERATION IS SCHEDULED FOR COMPLETION BY NEXT EASTER. (SEE MIFT FOR OUR LATEST INFORMATION ON THE WIDE RANGING COOPERATION THAT IS UNDER CONSIDERATION).

- THOSE WITH THE THREE WESTERN ALLIES. THE AGENDA INCLUDES THE TERMS OF THE FUTURE STATIONING OF THE BERLIN GARRISON, AS WELL AS BERLIN AVIATION.

- THOSE AFFECTING THE ALLIANCE AS A WHOLE. THESE INVOLVE THE CONCLUSION OF CFE (INCLUDING DECLARATIONS ON NATIONAL FORCE LEVELS), THE WARSAW PACT/NATO MEMBER STATES DECLARATION AND THE DEVELOPMENT OF THE CSCE. FINALLY, THERE IS THE FUTURE OF STATIONED FORCES IN GERMANY.

4. WITH BILATERAL NEGOTIATIONS WITH THE RUSSIANS GETTING UNDER WAY NOW, GENSCHER WANTS A TURN OF SPEED FROM THE ALLIES INCLUDING ONE PLUS THREE PREPARATION OF TWO PLUS FOUR ISSUES. THE DESIRE TO GET ALL THE OTHER BITS IN PLACE IN TIME FOR THE CSCE SUMMIT IN NOVEMBER LIES AT THE ROOT OF - BUT DOES NOT EXCUSE - LACK OF CONSULTATION OVER, FOR INSTANCE, THE GERMAN PROPOSAL ON A CSCE CONFLICT PREVENTION CENTRE. GENSCHER WILL NO DOUBT PLEAD WITH YOU FOR THE NECESSARY BUREAUCRATIC EFFORT ON THE FULL RANGE OF ISSUES. YOU CAN ASSURE HIM THIS WILL BE FORTHCOMING. HAVING WILLED THE END OF UNIFICATION AND HAVING GOT OVER THE HUMP OF SOVIET ACQUIESCENCE, THE ALLIES WILL NOT STAND IN THE WAY OF THE CONCLUSION OF UNIFICATION. BUT FENCE RUSHING AND NON-CONSULTATION CAN BE COUNTER PRODUCTIVE, ESPECIALLY IN THOSE AREAS WHERE THE GERMANS NEED THE SUPPORT OF THE CLOSE ALLIES IN WIDER FORA IF THEY ARE TO GET A SATISFACTORY PACKAGE FOR THE CSCE SUMMIT. YOUR TALKS PROVIDE AN OPPORTUNITY TO PUT TO GENSCHER OUR VIEWS ON WHAT REALLY NEEDS TO BE DONE BETWEEN NOW AND THE TERMINATION OF FOUR POWER RIGHTS, AND WHAT CAN BE LEFT FOR LATER (EG THE ELABORATION OF A NEW STATUS OF FORCES AGREEMENT FOR ALLIED TROOPS IN WEST GERMANY).

UNIFICATION: INTERNAL

5. GENSCHER MAY WELL BE WORRIED ABOUT THE FRAGILITY OF THE GDR GOVERNMENT WHICH, EVEN IF IT SURVIVES THE PRESENT CRISIS, LOOKS ILL-EQUIPPED TO HANG ON UNTIL DECEMBER COPING CONVINCINGLY IN THE MEANTIME WITH THE RAPIDLY DETERIORATING ECONOMIC SITUATION. THE CHAIRMAN OF THE FDP, LAMBSDORFF, TAKES THE VIEW THAT FROM THE STRICTLY ECONOMIC POINT OF VIEW, A QUICK ACCESSION UNDER ARTICLE 23 WOULD BE A GOOD THING, GIVING BONN DIRECT CONTROL. GENSCHER KNOWS THAT PREMATURE UNIFICATION WOULD COMPLICATE HIS TASK AND MUST HOPE THAT BOTH POLITICAL AND ECONOMIC COLLAPSE IN THE GDR CAN BE AVOIDED. LAMBSDORFF, HAVING HIMSELF MATERIALLY HEIGHTENED THE CURRENT DRAMA OVER THE LAW FOR ALL GERMAN ELECTIONS, IS NOW SHOWING SIGNS OF BEING MORE ACCOMMODATING. THE COMPROMISE WHICH MAY EMERGE - IF THERE IS

ONE - (SEE MIPT) DOES NOT LOOK ESPECIALLY ADVANTAGEOUS FROM THE FDP'S ELECTORAL POINT OF VIEW: A CASE POSSIBLY OF THE BITER BIT. MEANWHILE, THE GREATER THAN ADVERTISED COST TO THE FRG TAXPAYER OF UNIFICATION IS BEGINNING TO EMERGE AS A MAJOR ISSUE. THE QUESTION IS BEING ASKED: DID THE GOVERNMENT NOT KNOW OR NOT ADMIT OR A BIT OF BOTH? KOHL IS WELL AHEAD OF LAFONTAINE IN THE OPINION POLLS, BUT THIS IS THE ISSUE ON WHICH LAFONTAINE COULD MAKE REAL INROADS INTO THE COALITION'S OTHERWISE VERY GOOD PROSPECTS OF VICTORY IN DECEMBER.

EUROPEAN AFFAIRS

6. THE COMMUNITY IS NOT CURRENTLY AT THE TOP OF GENSCHER'S AGENDA, BUT IT IS ALWAYS ON HIS MIND. YOU WANT THE COMMUNITYU FINANCE MINISTERS TO HAVE A GOOD CRACK AT EMU BEFORE FOREIGN MINISTERS GET THEIR HANDS ON IT. THIS VISIT IS HOWEVER AN OPPORTUNITY TO REGISTER SOME FUNDAMENTAL POINTS. THE TEMPTATION MUST BE QUITE HIGH FOR THE GERMANS TO RECONCILE SATISFYING FRENCH PRESSURE FOR PROGRESS WITH THE BUNDESBANK'S ABSOLUTE REQUIREMENT FOR PRICE STABILITY BY GOING DOWN THE ROAD, WITH FRANCE AND THE BENELUX OF A MINIMAL RISK SMALL MEMBERSHIP EMU. GENSCHER MAY BE OPEN HOWEVER TO ACCEPTING THE UNWISDOM OF FORCING A SPLIT ON A CORE ISSUE IN THE COMMUNITY WHICH BEING CALLED UPON TO BEAR A LOT OF WEIGHT IN EUROPE AS A WHOLE.

ANGLO-GERMAN COOPERATION

7. COMMENT IN THE GERMAN PRESS ON MR RIDLEY'S 'SPECTATOR' INTERVIEW ON THE CHEQUERS SEMINAR MEMORANDUM RUMBLES ON BUT IN LOW KEY. GENSCHER, LIKE KOHL, HAS MADE IT CLEAR THAT THESE INCIDENTS WILL NOT AFFECT ANGLO-GERMAN COOPERATION. THIS VISIT IS A GOOD OPPORTUNITY FOR YOU TO REPEAT YOUR REMARKS ON THE CENTRALITY FOR BRITAIN ON THE RELATIONSHIP WITH FRANCE AND GERMANY AND TO PUT THE ACCENT THE LONGER TERM, ESPECIALLY IN THE COMMUNITY AND NATO. THE ISSUES INCLUDE WORKING TOGETHER ON NEW FORCE STRUCTURES FOLLOWING CFE REDUCTIONS, AND THE RESPECTIVE ROLES OF NATO AND OF THE CSCE. THE FULL EXTENT OF GENSCHER'S AMBITIONS FOR THE LATTER WOULD BE WORTH PROBING.

8. REACTIONS TO MR KING'S STATEMENT ON OPTIONS FOR CHANGE HAS BEEN MUTED. POLITICAL AND OFFICIAL BONN IS LARGELY ON HOLIDAY. GENSCHER WOULD NOT, I GUESS, BE DISMAYED BY THE SCALE OF THE PROPOSED REDUCTIONS IN BRITISH FORCES GERMANY AND HE WILL CERTAINLY SEE THE ELECTORAL ADVANTAGES OF A FIRM PROSPECT IN THE REDUCTION OF THE BURDEN OF TRAINING. THE ROLE OF THE GARRISONS IN BERLIN MAY BE A MORE URGENT PRIORITY FOR HIM. HERE HE WILL WANT TO ENSURE THAT ARRANGEMENTS WITH THE ALLIES DO NOT BREACH GERMAN UNDERSTANDINGS

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WITH THE RUSSIANS, THE FULL EXTENT WE HAVE PROBABLY YET TO DISCOVER.
YOU MAY HAVE A CHANCE TO PROBE GENSCHER'S THINKING ON THE TICKLISH
ISSUE OF WHAT SHOULD HAPPEN TO THE SECURITY STATUS OF EAST GERMANY
WHEN THE SOVIETS DEPART FROM GERMAN SOIL WHICH, IF IT TAKES AS LONG
AS FOUR YEARS, WILL COINCIDE WITH ANOTHER FEDERAL ELECTION. THE
ABSORPTION OF THE GDR WILL NOT BE EASY OR CHEAP AND THE GOVERNMENT
OF THE DAY COULD BE UNDER PRESSURE IN 1994.

NEVILLE-JONES

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