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PRIME MINISTER

MEETING WITH CHANCELLOR KOHL

You are going over to Bonn on Monday for a talk with Chancellor Kohl followed by lunch. He is determined to treat you proper, so when you arrive at the Federal Chancellery there will be a Guard of Honour to inspect and a band. I did my best to dissuade them but he likes that sort of thing. You then have about an hour and a quarter to talk, followed by another hour over lunch (with any luck it will be one of his favourite delicacies like pig's stomach, and he will be deeply disappointed if you fail to have at least two helpings). The idea is that the two of you will then do a brief press conference of 15 minutes before you helicopter away to visit the families of British forces.

As you well know, Old King Kohl really is a merry old soul and will certainly be in an expansive mood for your meeting. For expansive read also discursive. You may have to work quite hard to get all the points in that you want to make. He lives and breathes politics, so it is best to concentrate on the broad political aspects and the issues rather than get down into the sub-clauses.

There is some full, indeed overfull briefing, from the FCO in the folder, together with the records of the Foreign Secretary's recent meeting with him, and a telegram from our Ambassador.

I think the main issues you will want to cover are those set out below in approximate order of priority.

The Gulf

You will want to start by thanking him once more for Germany's generous financial support, which we very much appreciate and which has been well received in Britain.

You might then take him into your confidence with a full briefing about the present situation in the Gulf and our intentions, particular as regards the beginning of a land campaign. You

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might also let him in on your thinking about how the conflict might need and future security arrangements in the area. All this is something which you have to offer him.

Europe

There are actually quite a lot of differences between us and the Germans on the substance of the two IGCs. They are difficult on EMU, and you will find that Kohl tends to shy away from talking about the substance on this. They are over-ambitious on political union, notably on increased powers for the European Parliament and on a common foreign and security policy.

I suggest that you make the main themes of your approach to him: first our willingness and desire to work very closely with the Germans, as evinced at Rome: and secondly your political need not to be rushed during the IGCs. We want to take them nice and slow. You might also sketch out for him in political terms the sort of approach you envisage to economic and monetary union i.e. opting-in: it is the sort of thing he readily understands.

Soviet Union

The Germans have a severe attack of the jitters about developments in the Soviet Union. They have invested a great deal of political capital in relations with Gorbachev. Now they see a real risk that their investment will be lost and that the arrangements they have negotiated with him e.g. for getting Soviet troops out of East Germany will be called into question. Their response is to cling to nurse, and they are not at all keen on interrupting assistance to the Soviet Union or any other signal of disapproval for what is happening in the Baltics.

You might say that you believe in sustaining Gorbachev the Reformer, but not the Gorbachev the Oppressor and tool of the army and KGB. We have got to act very skilfully over the next few months to give Gorbachev and the Soviet machine generally every incentive to stay on the path of reform and avoid overt repression in the Baltic Republics and elsewhere. You might tell

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him about your own intended visit to Moscow in early March, with this strategy in mind.

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OF THE PUBLIC RECORDS ACT

Turkey

Temporarily retained (Wayland, 22/6/77)

Kohl told the Foreign Secretary that he would like to talk to you about Turkey and the Foreign Office have obligingly written you a long letter on the subject. There is not a lot definitive that can be said. We know that Turkey is important, particularly in NATO. We want it to be westward looking rather than drawn too close into the Muslim world. We need Turkey's cooperation to solve the Cyprus problem. All these are good reasons to be nice to Turkey.

And the Greeks are determined to make the EC's relations with Turkey just about as difficult as possible. This is a hard circle to square: we want a lot from Turkey but don't have much to give. The best you can do, I think, is agree that we both continue to consult very closely on the handling of Turkey and try to manipulate developments in the EC so as to avoid putting Turkey's nose out of joint.

South Africa

This warrants a brief exchange. Kohl is generally sound about sanctions while Genscher is distinctly wobbly. You want to get Kohl firmly aboard for a big push to get rid of all the remaining economic, trade and people sanctions.

[EC taking of legit. or approval]

GATT

You will want to enlist Kohl's help to lean on President Mitterrand to make progress in the GATT negotiations.

European People's Party

You will want to mention that you had been intending to see Dr. Klepsch in London on Monday (he is a friend of Kohl's) but will now see him later in the month). The EDG are keen to join

the EPP Parliamentary Group in the European Parliament. You would be very grateful for any help Kohl could give with other party leaders: the Dutch and Belgians tend to be particularly difficult.

The Initiative

I have been thinking whether there is any particular proposal you can make, which will appeal to Kohl, about closer cooperation. We already have the sort of contacts with his office on a systematic basis which we are now instituting with the French. What I think he would most like would be an invitation to stay somewhere in the UK with you one weekend when the weather is better in the spring, plus wives. Somewhere attractive, picturesque even, with some good food and a local town where he could walk about (he is a great walker). Somewhere like Devon or the Lake District. You might at least suggest the weekend if not yet the precise site.

C.D.P.

Sharrow Bay Hotel,
Lake District.

CHARLES POWELL
8 February 1991

c:\foreign\kohl (ecl)

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*Very interesting but
P.3. is A.W.O.C.*
ADVANCE COPY*482***PRIME MINISTER'S MEETING WITH KOHL: 11 FEBRUARY****SUMMARY**

1. KOHL'S GOVERNMENT STRONGLY PLACED BUT FAILING TO TAKE ADVANTAGE OF THIS. THE DOMESTIC CHALLENGE - DEVELOPMENT OF EAST GERMANY - IS NOT BEING GRIPPED AND THE FOREIGN POLICY CHALLENGE, THE GULF, WAS GRIPPED LATE. GERMANS ARE CONSCIOUS OF THE INEPTITUDE OF HAVING ALIENATED ALLIES SO SOON AFTER RECEIVING MUCH HELP OVER UNIFICATION. THOUGH PUBLIC OPINION AND THE GOVERNMENT ARE NOW CLEARLY BEHIND OPERATION DESERT STORM, THERE COULD BE FURTHER WOBBLES. ANGLO-GERMAN RELATIONS AT GOVERNMENT LEVEL GOOD, BUT UNHAPPINESS HERE AT BRITISH MEDIA CRITICISM OF GERMANY.
2. OPPORTUNITY ALSO TO PUT ACROSS UK VIEWS ON COMMON EUROPEAN FOREIGN AND SECURITY POLICY AND ON GATT. KOHL WILL WANT TO COMPARE NOTES ON SOVIET UNION.

DETAIL

3. KOHL HEADS A GOVERNMENT WITH GREAT ADVANTAGES - THE ACHIEVEMENT OF UNIFICATION, THE RECENT ELECTION VICTORY AND AN EXPANDING ECONOMY. BUT THE PERCEPTION HERE IS THAT THE GOVERNMENT IS NOT PERFORMING WELL. TOO LONG WAS TAKEN TO NEGOTIATE THE POLICIES AND PERSONALITIES OF THE COALITION. IT HAS BARELY GOT DOWN TO TACKLING THE BIG DOMESTIC ISSUE - THE DEVELOPMENT OF EAST GERMANY. THE ECONOMIC SITUATION THERE IS BECOMING CRITICAL. THE CABINET'S DECISION ON 6 FEBRUARY TO INTRODUCE A LAW TO FACILITATE THE HANDLING OF PROPERTY CLAIMS WAS A NECESSARY BUT INSUFFICIENT MOVE TO ACCELERATE INVESTMENT IN THE EAST.

ANGLO-GERMAN RELATIONS

4. KOHL IS DELIGHTED AT THE GOOD START TO HIS RELATIONSHIP WITH THE PRIME MINISTER, AND WILL BE KEEN THAT THIS MEETING SHOULD DEVELOP IT FURTHER AND BE SEEN TO DO SO. HE WAS QUICK WITH HIS

MESSAGE OF SYMPATHY ON 7 FEBRUARY CONCERNING THE TERRORIST ATTACK ON NUMBER TEN. AT GOVERNMENT TO GOVERNMENT LEVEL, BILATERAL RELATIONS ARE GOOD. KOHL'S REMARK IN HIS GOVERNMENT POLICY STATEMENT ON 30 JANUARY THAT RELATIONS WITH THE UK WERE OF 'OUTSTANDING IMPORTANCE' WAS NOVEL AND A DELIBERATELY FRIENDLY GESTURE DESIGNED TO UPGRADE PUBLICLY THE IMPORTANCE OF THE RELATIONSHIP. ON THE OTHER HAND, THE SHARP CRITICISM IN THE BRITISH PRESS OF GERMANY'S BEHAVIOUR OVER THE GULF HAS BEEN VOLUMINOUSLY REPORTED HERE AND CONSIDERABLY RESENTED, EVEN THOUGH MANY PEOPLE REGRET THE PERFORMANCE OF THEIR GOVERNMENT. THE GULF

5. A LEADING GERMAN NEWSPAPER COMMENTED ON 6 FEBRUARY THAT THE GERMANS, WHO BADLY WANT TO BE EVERYBODY'S FRIEND, ARE CURRENTLY ON EVERYBODY'S BLACKLIST. THE GOVERNMENT HAS FACED REAL DIFFICULTY AND HANDLED IT CLUMSILY. ON THE ONE HAND, GERMAN PUBLIC OPINION INITIALLY SHOWED STRONG DISAPPROVAL OF THE COUNTER ATTACK ON IRAQ AS WELL AS A WISH THAT GERMANY SHOULD REMAIN MILITARILY UNINVOLVED. ON THE OTHER HAND THERE WERE THE DEMANDS BY BONN'S ALLIES FOR A CONTRIBUTION BEFITTING GERMANY'S WEALTH AND PAST BENEFITS FROM NATO AND PRESENT INTERESTS IN STABILITY IN THE GULF. A FEW DAYS INTO DESERT STORM, POLLS SHOWED PUBLIC OPINION SWINGING TO ITS SUPPORT. THEN SOME LEADER WRITERS CALLED FOR ACTS OF SOLIDARITY FROM THE GOVERNMENT. THERE WAS A DEBATE ON WHETHER AN IRAQI ATTACK ON TURKEY WOULD ACTIVATE THE NATO OBLIGATION OF MUTUAL DEFENCE, WITH DEPLORABLE SUGGESTIONS WITHIN GOVERNMENT AS WELL AS FROM THE OPPOSITION THAT US AIR FORCE OPERATIONS FROM TURKEY (IN FULFILMENT OF UN RESOLUTIONS) MADE THAT OBLIGATION INAPPLICABLE. THEN, ON THE 13TH DAY AFTER THE START OF THE COUNTER ATTACK ON IRAQ, THE FEDERAL CABINET DECIDED TO PROVIDE MONEY TO THE USA AND BRITAIN AND ARMS TO TURKEY AND ISRAEL. KOHL AND GENSCHER SPOKE FIRMLY FOR OUR CAUSE. SO GERMANY BELATEDLY DID WHAT IT COULD TO SUPPORT DESERT STORM, BUT REMAINS UNABLE TO PARTICIPATE IN THE WAR BECAUSE MANY PEOPLE HERE BELIEVE (THOUGH KOHL HIMSELF DOES NOT) THAT THE CONSTITUTION EXCLUDES THE DEPLOYMENT OF THE BUNDESWEHR OUTSIDE THE NATO AREA. THE DOMESTIC BACKGROUND REMAINS FRAGILE. THE POLLS CONTINUE TO SHOW A BARE MAJORITY OF WEST GERMANS IN FAVOUR OF THE BUNDESWEHR HELPING TO DEFEND TURKEY, WITH A LARGE MAJORITY OF EAST GERMANS AGAINST. THERE IS A WORRYING RISE IN THE NUMBER OF CONSCIENTIOUS OBJECTORS. THE SPD IS CALLING FOR A CEASEFIRE IN THE GULF AND WITHDRAWAL OF THE BUNDESWEHR FROM TURKEY. IF THERE IS MUCH BLOODSHED IN THE LAND BATTLE GERMAN PUBLIC OPINION COULD WELL SWING AGAIN.

TO BE PRIME MOVERS IN THE DEBATE RATHER THAN HAVING TO REACT TO THE PROPOSALS OF OTHERS.

SOVIET UNION AND THE BALTICS

9. THE FEDERAL GOVERNMENT IS MUCH PREOCCUPIED BY THE STATE OF THE SOVIET UNION. IN A SPEECH AT DAVOS ON 3 FEBRUARY GENSCHER DEVOTED THREE TIMES AS MUCH SPACE TO GORBACHEV AS TO THE GULF, ARGUING THAT THE SOVIET LEADER STILL DESERVED TO BE GIVEN THE BENEFIT OF THE DOUBT. WITH SOVIET RATIFICATION OF THE 2+4 TREATY NOT CERTAIN AND A MASSIVE SOVIET ARMY STILL IN EAST GERMANY, THE GERMANS HAVE STRONG INCENTIVES, FOR THE MOMENT AT LEAST, TO GO ON SAYING THAT. PRIVATELY THEY ARE HOWEVER WORRIED - AND REALISTIC - ABOUT GORBACHEV'S SWING TOWARDS REACTION AND ITS POSSIBLE CONSEQUENCES. I SUGGEST THAT THE PRIME MINISTER SHOULD STRESS OUR KEENNESS TO LIAISE CLOSELY OVER POLICY TOWARDS THE SOVIET UNION.

GATT

10. ON THIS THE PRIME MINISTER IS LIKELY TO FIND KOHL ON THE DEFENSIVE: HIS OFFICIALS SAY HE MAY NOT WANT TO DISCUSS IT THOUGH HE WILL BE BRIEFED. THE GERMANS WOKE UP BELATEDLY TO THE RISKS FOR US-EUROPEAN RELATIONS AND FOR WORLD TRADE IF THE URUGUAY ROUND COLLAPSES, AND SAY THEY ARE KEEN TO FIND A SOLUTION. THE PRIME MINISTER COULD SAY THAT A ROW ON THIS WITH THE USA IS THE LAST THING GERMANY OR EUROPE SHOULD COURT AT PRESENT. KOHL IS THOUGHT LIKELY TO BE UNWILLING TO SIGNAL IN ADVANCE HOW GERMANY WOULD VOTE IN THE COUNCIL OF MINISTERS, IF IT CAME TO THAT, BUT OFFICIALS ARE CONFIDENT THAT HE WILL NOT BLOCK A SOLUTION IF ONE EMERGES. THE POINT NEEDS TO BE MADE HOWEVER THAT UNLESS HE EXERTS HIMSELF, NO SOLUTION WILL EMERGE. GERMAN OFFICIALS STILL THINK THAT AN EMERGENCY EUROPEAN COUNCIL MAY IN THE END BE NEEDED TO CLINCH A DEAL.

MALLABY

YYYY



Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

8 February 1991

Dear Charles,

Prime Minister's Visit to Bonn: 11 February 1991

The delay in forming a new government after the all-German elections on 2 December slowed German reactions to events in the Baltics and the Gulf. But increasing press criticism and the shock of the SCUD attacks on Tel Aviv led Chancellor Kohl to restate support for the international coalition and offer a greater financial contribution. The polls now show 70% support for armed intervention against Iraq, after 80% opposition before the 15 January deadline. But a majority remain opposed to German military involvement (and the traditional pre-Lent carnival and unofficial holiday on 11 February has been cancelled because of the war). The new Government (formed 18 January) is now mending fences with its friends. Kohl will be keen to talk to the Prime Minister - and to be seen to do so. We have an opportunity to deepen our dialogue with the Germans, increase our influence on key issues and show that press accounts of a rift over the Gulf are wrong.

Bilateral

The German Government policy statement of 30 January included an unprecedented reference to Anglo-German relations as of "outstanding importance". I enclose a record of the Foreign Secretary's call on Kohl on that day. The next Anglo-German Summit will be in Bonn on 11 March. Chancellor Kohl will receive an honorary degree at Edinburgh University on 23 May. The Prime Minister might like to:

- stress our keenness to involve British business in helping to integrate the former GDR and to encourage English-language training.

The Prime Minister will not wish or be able to discuss all the topics listed below, but they provide a quarry for the meeting.

/Gulf

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Gulf Crisis

The German financial commitment to the allied forces is some DM15.6 billion, including DM800 million (£275 million) pledged to the UK. The Germans earlier gave us equipment worth DM60m (£20m) and have also agreed to help meet our request for artillery ammunition and a Boeing 707 for medical evacuation between Cyprus and the UK. They have committed large sums to the US, Israel, Egypt, Jordan and Turkey.

The Prime Minister might wish to:

- thank the Germans again for their assistance. (If Chancellor Kohl raises the possibility of using the DM 800 million for support activities only (as the SPD might like), the Prime Minister might say that this would cause us some difficulty. We need help towards the cost of the conflict. Japan has already made this condition, and there is a limit to how much can be spent in support activity.);
- underline the importance of a collective effort to underpin the security of the Gulf after the conflict (the Foreign Secretary explained our thinking to Genscher on 30 January, but Genscher said little);

Soviet Union/Baltics

x 11 German analysis of the situation in the Baltics has not been greatly different from ours, and they have gone along with the measures designed to bring home our concern to the Russians. But their response has been coloured by concern about Soviet ratification of the 2+4 Treaty and the remaining Soviet forces in Germany. We do not have details of any recent contacts between the German and Soviet leaderships, but Gorbachev has apparently telephoned Chancellor Kohl since the crackdown in the Baltic States.

Gorbachev's priorities are the integrity of the USSR and re-asserting central control. Recent Soviet interlocutors (including the new Soviet Foreign Minister and Gorbachev's Foreign Policy Adviser) have stressed that Gorbachev remains committed to reform, but a series of measures have been designed to strengthen the position of the Security forces and are likely to reduce further the prospects of real economic reform.

The Prime Minister might concentrate on how the West can use its limited influence to persuade the USSR to return to the path of reform. He could draw on the following points:

- International response so far has struck right note.

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? G. gulf warning to keep us
off Baltic comments ??

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- should keep public attention on issue (eg by parliamentary visits). Need to look at wider implications of recent events (eg for CFE ratification), and how West should respond. Need to keep USSR on side over Gulf and ensure withdrawal from Eastern Europe goes ahead on schedule.

- Mixed signals coming from Moscow. Gorbachev/Soviet leadership seem reluctant to carry through the crackdown. Still looking for political way out: delegations sent to Baltic States. May have been swayed by strength of our reaction.

- But worrying signs also: greater powers for KGB; joint army/police patrols; more active intervention by Government/Party in media affairs. Wider intentions of central Soviet leadership still not clear.

✓ - Must continue trying to convince Soviet leadership that political and economic liberalisation offer only real answer; delay can only make their introduction more difficult. Main victims of reaction would be USSR and its people - not the West.

✓ - Should in parallel continue to make clear that we genuinely support real reform directed at making the Soviet Union work: not our intention to undermine or dismantle USSR.

- This will be my message during visit to Moscow (now fixed for 5/6 March, but not yet announced publicly).

GATT

In the run up to their elections, the Germans supported the restrictive French position on agriculture. Since then, Chancellor Kohl has recognised the need for more EC flexibility.

The US game-plan remains uncertain. They continue to maintain that some significant progress, including movement by the EC on agriculture, will be needed by 1 March if Congress are to agree to extend the fast track. Herr Kohl is said to favour a Special European Council to put pressure on President Mitterrand and give himself cover domestically. We see no need for this. Progress on CAP reform is now further delayed by the negative response in Agriculture Council to the Commission's proposals. This makes it even more important to make separate progress in GATT.

The Prime Minister might say:

- Successful GATT Round vital. Failure would be very damaging to transatlantic relations. These need to be in good repair as we face challenge of Gulf and Soviet Union.



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- Time is very short. Rapid agreement in EC interest: need to keep up momentum. And even if US Administration ready to propose extension of fast track, they will need substantial progress in advance if Congress to be convinced.
- Must not be distracted by internal discussion of CAP reform. Commission must negotiate flexibly in GATT, to make immediate progress on the two areas of key concern to GATT partners: export subsidies and import access.
- Know you have given some thought to possible role of European Council. Do not see a case for a Council at this stage. But would not rule it out if negotiations stall. Risk that meeting would tie Commission's hands more firmly. Could we be sure that the French would agree to a more flexible position?

EC/Turkey (see separate letter)

EC Internal Issues

The EC is central to German domestic and foreign policy. But there are real differences in UK and German views on some key areas of current EC business: eg EMU, political union, frontiers, and the CAP and social dimension. The Prime Minister could make the general points that:

- UK and FRG should examine areas of business (eg Single Market) where they can make common cause.

✓ 11 On the EMU IGC, we need to convince the Germans that Stage II will be substantial. The Prime Minister may wish to say that:

- UK convinced we will come to an agreement of twelve. Happy to see others (French, Spanish) building on our EMF/hard ecu proposals to meet their aspirations.
- ✓ 11 - Both we and Germans want arrangements that are anti-inflationary and have tough economic convergence criteria for moves between stages.
- Rome I Conclusions advocated a substantial Stage II (at least 3 years) with a central institution given real monetary responsibilities: UK ideas would meet German concern for convergence and price stability without confusion of monetary roles.
- 11 - [If necessary] German proposals for binding rules on budget deficits cause us real problems: must find a way of preventing excessive deficits while making it perfectly clear that responsibility for economic policy rests with national authorities.



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Germany's objective in the political union IGC is to make concrete progress towards their goal of a decentralised federal European Community based firmly on the principle of subsidiarity. Chancellor Kohl is particularly concerned to increase the powers of the European Parliament. The Germans share many of our concerns on a common foreign and security policy and future European defence arrangements (see comments below on the Alliance issues). Our aim is to maximise common ground. The Prime Minister might like to draw on the following points:

- we must develop greater unity in our views on foreign and security issues. But we must be realistic. As common interests develop, so will common policies. Majority voting is not right for foreign policy decisions, and all member states need to retain the freedom to take national initiatives when necessary.
- We share German views on importance of subsidiarity and should work together to establish a clear definition in the Treaty.
- Where the Community acts, it must do so efficiently. We have therefore proposed measures to improve the implementation of Community law and compliance with it. Hope Germany will support.
- We recognise the need to strengthen the European Parliament in some areas (to improve financial accountability, for example), but believe the role of national parliaments in the European process must also be recognised. The two should collaborate, not compete.

Alliance Issues

On future European security arrangements, the Germans and the French have circulated a joint paper to follow up the Kohl/Mitterrand letter of December. It contains good language on the continuing role of the Alliance, and the need to build up the European pillar within the Alliance, and on the WEU's role as a channel of co-operation between the Twelve and NATO. But it diverges from our own approach in specifying a longer-term objective of establishing common European defence as part of the "Common Foreign and Security Policy" of the Twelve, and strongly reflects French views on merging the WEU into the European "Union".

The Prime Minister might say:

- Like France and Germany, we emphasise the continuing importance of the Alliance, and the WEU's role as a channel of co-operation between the Political Union and NATO.



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- Our main point of difference is over the long term objective of bringing European defence into the "Union".
- Our common purpose should be to achieve a new synthesis of the European defence identity and the transatlantic relationship, to provide a durable and practical collective defence for the post-Cold War era.
- IGC must be looked at together with NATO Review. A package which successfully achieved this, with related decisions at IGC and NATO Summits late this year, would be a big prize. Britain and Germany should work together to bring this about.
- Danger (for example in proposals for de facto merger of WEU and Twelve) of creating separate military structures outside NATO which would weaken the Alliance. Alliance must remain the primary military structure for European defence.
- Great deal of common ground in UK/German thinking. Would also see advantage in more tripartite UK/German/French policy making.

I am copying this letter to Martin Stanley (DTI), Simon Webb (MOD) and John Gieve (HM Treasury).

*Yours ever,
Christopher Prentice.*

(C N R Prentice)
Private Secretary

Sir Charles Powell
10 Downing Street

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FROM PRIVATE SECRETARY

SECRETARY OF STATE'S TALKS WITH CHANCELLOR KOHL : BONN,
30 JANUARY : SUMMARY

1. THE SECRETARY OF STATE SPENT AN HOUR AND A QUARTER WITH KOHL LATE ON 30 JANUARY. THE CHANCELLOR WAS EXUBERANT, KEEN TO TALK OPENLY, AND TO ESTABLISH A BILATERAL DIALOGUE ON SOME DIFFICULT SUBJECTS. EARLIER IN THE DAY HE HAD SPOKEN IN THE BUNDESTAG FOR 2 AND A HALF HOURS AND THEN ADDRESSED THE PRESIDENTS OF THE LANDERS. BUT HE SHOWED NO SIGN OF WEARINESS. OVERALL HE GAVE THE IMPRESSION OF A LEADER WHO HAD ACCOMPLISHED MANY OF THE GOALS OF HIS POLITICAL CAREER AND CONSIDERED THE JOB WELL DONE, BUT WHO HAD A FEW ITEMS LEFT ON HIS AGENDA.

2. ON GULF BURDENSARING THE CHANCELLOR REGRETTED THAT HIS HANDS WERE TIED BY THE PROVISIONS OF THE CONSTITUTION, SO THAT HIS GOVERNMENT COULD NOT SEND TROOPS TO THE GULF. BUT HE WAS STILL THE SAME MAN WHO HAD SEEN THROUGH NATO'S DOUBLE DECISIONS ON INF. PERHAPS THIS POINT COULD BE MADE TO THOSE IN BRITAIN WHO WROTE SILLY THINGS ABOUT HIM. KOHL TOLD THE SECRETARY OF STATE THAT GERMANY WOULD GIVE THE UK DM800 MILLION TOWARDS COSTS IN THE GULF. IN ADDITION THE GERMANS WOULD MEET A REQUEST THE UK HAD JUST MADE FOR MILITARY MATERIAL. THE CONTRIBUTION AND THE DECISION TO SUPPLY THE UK WITH MILITARY EQUIPMENT COULD BE ANNOUNCED THAT EVENING. ON THE MIDDLE EAST THE SECRETARY OF STATE SPOKE OF THE DANGER OF A MIDDLE EAST CONFERENCE WHICH FAILED. KOHL BELIEVED THAT THE OUTCOME OF THE CONFERENCE WOULD HAVE TO BE SETTLED IN ADVANCE. BUSH AND BAKER WERE MORE INCLINED TO TAKE A CONSTRUCTIVE ATTITUDE TO THE PALESTINE QUESITON THAN THEIR PREDECESSORS. KOHL AGREED THAT THE UK AND GERMANY MIGHT KEEP IN TOUCH, AFTER THE GULF HOSTILITIES, AS THEY ENCOURAGED THE AMERICANS TO EXERT THE RIGHT SORT OF PRESSURE ON THE ISRAELIS.

3. ON THE SOVIET UNION KOHL THOUGHT THAT GORBACHEV WOULD ADVANCE THE WITHDRAWAL OF SOVIET TROOPS FROM THE FORMER GDR FROM 1994 SINCE LEAVING THEM THAT LONG WOULD CREATE MORE TROUBLE THAN WAS WORTHWHILE. KOHL SAID HE HAD WARNED GORBACHEV THAT HE WOULD NOT BE ABLE TO PREVENT THE SECESSION OF THE BALTIC STATES. ONE OR TWO OTHER REPUBLICS SUCH AS ARMENIA MIGHT BE IN A SIMILAR POSITION, BUT IN GENERAL (AND WITH THE POSSIBLE FURTHER EXCEPTION OF THE ROMANIAN/HUNGARIAN BORDER), BORDERS SHOULD BE REGARDED AS SACROSANCT.

4. ON DOMESTIC GERMAN POLITICS, THE CHANCELLOR CLAIMED TO BE EVEN BETTER OFF THEN IF HE HAD WON AN ABSOLUTE MAJORITY IN THE ELECTION IN DECEMBER 1990. HIS COALITION PARTNER HAD NOWHERE ELSE TO GO.

5. ON TURKEY OZAL WAS A GOOD FRIEND BUT MADE MISTAKES AND KOHL DID NOT TRUST HIM TO DO THE RIGHT THING FOR THE KURDS. KOHL HAD TO WATCH THE POLITICAL CONSEQUENCES OF THE PRESENCE OF 2 MILLION KURDS IN GERMANY. HE AGREED WITH THE SECRETARY OF STATE THAT FINDING THE RIGHT APPROACH TO TURKEY AFTER THE GULF HOSTILITIES WOULD BE DIFFICULT AND FAVOURED A UK/GERMAN DIALOGUE ON THE BEST WAY FORWARD. HE HAD TALKED FIRMLY TO OZAL ON CYPRUS.

6. SEE MY 4 IFTS (NOT TO ALL).

HURD

YYYY

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Foreign and Commonwealth Office

CONFIDENTIAL London SW1A 2AH

8 February 1991

Dear Charles,

Prime Minister's Meeting with Chancellor Kohl: Turkey

The Foreign Secretary suggests that the Prime Minister's visit to Bonn on 11 February provides a good chance to follow up Chancellor Kohl's recent suggestion to the Foreign Secretary that we should build up a dialogue on the future of Turkey. This is a crucial and neglected question. Given the Chancellor's broad-brush approach, it is probably best to start by getting him to agree on a few key propositions:

- Turkey will remain of vital importance to the West, however irritating Turkish tactics sometimes are;
- Turkey will require very sensitive handling in the next few years;
- the UK and Germany need to speak up together to ensure that Turkey's relations with the EC and WEU are not soured..

We could seek to warn the Germans of two dangers which they underrate:

- (i) that Franco-German proposals on Political Union would favour Greece at the expense of Turkey vis à vis the WEU;
- (ii) that Turkey's links with the Community are constantly snagged by the Greek factor.

This exchange could be built on through later contacts between Private Secretaries (a feature of the Franco-German relationship).

Background

Turkey's links with the West are clouded by uncertainties over Greece/Turkey, Cyprus, relations with the EC and WEU and human rights. The Gulf crisis has placed a severe strain on the economy: losses from August 1990 to the end of 1991 are estimated at \$5-7 billion (7% of GDP).

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Beneath Ozal's panache, Turkey is sensitive and unsure of itself. Greece plays a spoiling role. The uncertainties encourage anti-Western forces in Turkey. The Turks look to us as a friend within the Community, where we are all too often a lone voice.

The Germans share our wish to steady Turkey. But they have their own difficulties: Turkish gastarbeiter; and Kohl's warmer relationship with Mitsotakis than with Ozal.

Greece/Turkey

Real antipathy, based on historical antagonism and recent rivalry, regularly surfaces in NATO, the EC, CSCE, Council of Europe etc. Sensitivities are heightened by the Gulf crisis: Greeks fear Turkey will be strengthened as a result of her forward role: Turks believe Greece may be tempted to make some defiant gesture in the Aegean.

The Prime Minister could get the Chancellor to agree to work with us to steer policy in the EC and NATO/WEU with the aim of reducing bilateral tension.

EC/Turkey

Turkey applied for EC membership in 1987 and remains determined to join. The Commission's 1989 Opinion concluded that the application was premature, but left open the possibility of accession at some later date. None of the Twelve favours Turkish membership, but all except the Greeks are ready to support the Commission's proposals for strengthening relations (completion of Customs Union, industrial/technological co-operation, aid and political/cultural links).

The main problem is to persuade the Greeks to unblock the Fourth Financial Protocol (worth 600 mecu over five years) which they have linked to the removal of Turkish troops from northern Cyprus. The Dutch, French, Italians and Germans have now made an informal link between unblocking the Protocol and an EC 2.2 becu balance of payments loan for Greece. (We have already promised Greece our support for their loan.) The Greeks also seek to exclude the Turks from the 230 mecu facility for regional and environmental projects in the Community's new Mediterranean policy.

The Prime Minister might suggest discussion of how we can encourage Greece to lift obstacles, possibly involving some movement by Turkey.

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Cyprus

The key to progress is for the two communities to agree on future constitutional and practical arrangements. The UN Secretary General's mission of good offices provides the framework. Greek and Greek Cypriot tactics of internationalising the problem, e.g. through the EC, evade the central issue, annoy the Turks, and encourage Denktash's intransigence. The EC cannot ignore the problem: both Cyprus and Turkey have applied for membership. But the Community should use its weight in support of the UN, and not cut across existing efforts, or allow itself to be manoeuvred by the Greeks.

The Prime Minister may wish to emphasise the Secretary General's role, and suggest that we and Germany should stand firm against further Greek attempts to involve the EC in a biased way.

NATO/WEU

NATO membership is Turkey's crucial link to Western Europe and to the US. Although the Turks have the second largest armed forces in NATO, most are poorly equipped, and hope to receive more modern equipment from their allies.

As a result of their full support for the Gulf coalition, the Turks may be vulnerable to Iraqi attack, e.g. by Scuds. NATO has deployed its Ace Mobile Force (Air) composed of German, Belgian and Italian air defence aircraft, despite some German reluctance. We have offered surplus AIM9 air defence missiles.

The Turks also sought confirmation that, in the event of an attack by Iraq, the mutual defence obligation in the NATO Treaty (Article 5) would apply. After wobbling badly, Chancellor Kohl assured the Prime Minister on 22 January that he would do his duty. The Germans have deployed air defence missile batteries to Turkey. But a precipitate Turkish request for Article 5 cover could still cause problems in NATO, particularly if it followed a minor Iraqi attack with few casualties.

The Prime Minister might:

- welcome Chancellor Kohl's assurance and agree that any attack on Turkey will need to be met by a prompt signal of political solidarity, plus further aid/reinforcements if necessary.
- suggest that we should reflect on how best to reassure Turkey as she becomes less secure than other allies.

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WEU

The approach to future European security arrangements set out in the latest Franco/German paper just tabled in the IGC, would give Turkey a second-class status. The Turks (like the Greeks) have applied to join the WEU: all such applications are on hold at present. The Franco-German paper (building on the earlier Kohl/Mitterrand letter) proposes that those members of the EC who are not yet in the WEU (ie. including the Greeks) should be free to join while other European (ie. including Turkey) would have to settle for close contacts with the WEU. The French and Germans do not yet seem to have faced up to the implications for Turkey of their proposals to take the WEU's mutual security commitment into the Union Treaty. This would oblige WEU/Union members to defend Greece against Turkey. It makes no sense in strategic terms and is very unwelcome to the US.

The Prime Minister might say to Chancellor Kohl that it would be politically unwise to discriminate between Greece and Turkey. We need to think together about how we want Turkey's relations with Western Europe to evolve up to 2000. Meanwhile we should leave the outcome open by flexibly involving all non-members in the work of the WEU and using the latter as a bridge to both NATO and the EC.

Human Rights

There is an active public and Parliamentary lobby in the UK on Turkey's human rights performance, which remains imperfect even though the record has improved. There is also the problem of minority rights for Kurds. We regularly raise human rights with the Turks at ministerial level, with the accent on support and encouragement rather than lecturing.

The Prime Minister might:

- ask Chancellor Kohl to encourage the Turks in their efforts to comply fully with the provisions of the UN and European Conventions which they have ratified.

I am sending copies to Simon Webb (MOD), John Gieve (Treasury), Martin Stanley (Department of Trade) and Sonia Phippard (Cabinet Office).

*Yours ever,
Christopher Prentice.*

(C N R Prentice)
Private Secretary

Sir Charles Powell
10 Downing Street





*ce pc
c/o
GR*

Treasury Chambers, Parliament Street, SW1P 3AG
071-270 3000

8 February 1991

Sir Charles Powell
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Prime Minister

COS 9/2



Dear Charles,

PRIME MINISTER'S VISIT TO BONN: 11 FEBRUARY 1991

Christopher Prentice's letter of today provides some briefing on economic and monetary union for the Prime Minister's visit to Bonn. In the light of Chancellor Kohl's letter of 29 January it may be useful for you to have some supplementary material. I attach a short note.

...

I am copying this letter to Richard Gozney (FCO) and Sonia Phippard (Cabinet Office).

Tenured Tarkowski

T TARKOWSKI
Private Secretary

with exp.

attached

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CHANCELLOR KOHL'S LETTER ON EMU OF 29 JANUARY 1991

Background

I Kohl's letter reflects the central dilemma of the Germans over economic and monetary union. They favour a single currency and a European Central Bank as political symbols of Germany's commitment to the Community. But they are also worried by the prospect of sacrificing the Bundesbank and its proven track record for a new and untried institution whose Governing Board, by definition, will be dominated by non-Germans.

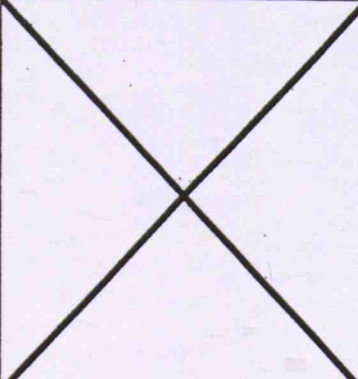
Hence, Kohl's letter emphasises the need for independence of the institution and checkpoints ('control stations') along the way to currency union.

Speaking Note

- Grateful for Kohl's letter of 29 January. Acutely aware of German concerns about EMU.
- Given Bundesbank's record, can understand Germany's emphasis on independence of monetary institution. Note that other Member States, eg France, ambivalent on this issue. As he knows, UK still considering question: in our EMU Treaty texts put forward two formulations, one very close to Bundesbank's position.
- Also in complete agreement that convergence is an essential precondition for closer monetary integration.
- Cannot risk a premature move to single currency. Have noted Herr Tietmeyer's sage remarks on this, in light of experience of currency union with former GDR.

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- But political pressure will build up in IGC for immediate results: hence, need for substantive Stage 2, and our proposals for a new institution and common currency. Room for discussion about technical details: not a blue print. Would welcome German ideas for improving our proposals. But underlying political reality is if we do not have a Stage 2 with content, others will force the pace on Stage 3 with potential disastrous results. In both of our interests to develop Stage 2. Hope our officials can stay in close contact.

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PRIME MINISTER

*A. put in briefing
for Roddy,*

EDG: MEETING WITH KOHL

You will remember that if you had not been visiting Kohl you would have seen Dr Egon Kelsch and Mr Raf Chanterie (respectively Chairman and Vice-Chairman of European Parliamentary Party of the European People's Party).

I understand the Kohl and Kelsch are close and therefore it is worthwhile mentioning to Kohl that you will be seeing Kelsch and Chanterie later in the month (26th February), and Mr Forlani on 25th.

Amedee Turner tells me that Kohl has seen Martens and has promised he will speak to Andreotti and to Lubbers about the EDG becoming allied members of the European People's Party. Amedee Turner also gave me a copy of the enclosed letter he had written to the Chairman.

JCH

JUDITH CHAPLIN

7 February 1991

PP

Conservative and Unionist Party, GB
Det konservative folkeparti, DK



EUROPEAN PARLIAMENT
EUROPEAN DEMOCRATIC GROUP

Chief Whip

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6 February 1991

Dear Chris

I am so pleased we were able to discuss the question of the European Democrats joining the EPP's European Parliamentary Group, and I am most grateful to you for providing the time.

My first news is that Signor Forlani, (Party Leader of the Italian Christian Democrats) will be in London to see the Prime Minister on Monday, 25 February 1991 and we would very much appreciate it if at some time on that day, or possibly during the previous weekend, you could see him too.

For your guidance in talking to Volker Ruhe tomorrow perhaps it would be helpful if I put on paper what I said yesterday, that our only objective is belonging to one group with the EPP in accordance with the rules of the European Parliament. In other words, any arrangement which fell within the European Parliament rules for a group is entirely satisfactory to us.

We should be very interested indeed to hear from you Volker Ruhe's reactions to this aspect of the matter.

The only other point that arose out of our meeting of yesterday, when you said that you would be unable to visit leaders outside Britain for the time being, is that I did mention to you that Thomas Jenssen, Secretary General of the EPP/EUCD (immediately below Mr Martens) who is visiting you on 18 February, will invite you to Brussels to lunch with Prime Minister Martens. Of course, from our point of view, it is important that this should take place before the critical period of the end of March, when Mr Martens will be presiding at the Party Leaders' meeting attended by Chancellor Kohl, Signor Andreotti and Mr Lubbers and the rest, where the issue will be decided.

for even
Amedee

Amedee Turner Q.C. M.E.P.
Chief Whip