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FILE TITLE: Chancellor Kohl's Visit to the UK	SERIES: GERMANY
	PART: II A
PART BEGINS: April 1990	PART ENDS: 6 November 1992.
	CAB ONE: [redacted]

PREM 19/3766

TOP SECRET

Printed in the UK for HMSO Dd 4569073 7/94 C15 59064

PART

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cc-RB
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Foreign &
Commonwealth
Office

London SW1A 2AH

6 November 1992

Dear Stephen,

ANGLO-GERMAN SUMMIT, 11 NOVEMBER 1992

Agenda/Objectives

The objectives for the Summit are to show the two leaders at work together and to conduct business in preparation for the Edinburgh European Council. We have prepared a statement on cooperation between the two Foreign Ministries (my letter of 3 November); we will also have notes for use with the press on a number of positive developments in British-German cooperation (draft enclosed).

On EC business, the Prime Minister will want to secure German support for our ideas on openness and subsidiarity, and to assure Kohl of the Government's determination to proceed with the Maastricht bill in the Commons. The Prime Minister might wish to explain our plans on handling the issue before and at Edinburgh. The Prime Minister might also set out our case on future financing/the British rebate (the Treasury will write further about this in the light of the Prime Minister's meeting on 5 November). He may also raise the German wish for an increase in German MEPs, on which we can respond positively.

[GATT - to be supplied]

The Prime Minister will want to secure German support for a decision at Edinburgh to launch accession negotiations with the EFTAn applicants.

The Defence Secretary hopes (his minute to the Prime Minister of 2 November) that the Prime Minister will raise the European Fighter Aircraft (EFA). Kohl will be sensitive to the risk of losing an important European collaborative project. The Foreign and Defence Secretaries and the

President of the Board of Trade will be briefed to talk to their counterparts on EFA.

The Prime Minister may wish to discuss with Kohl the world economy. He might also discuss developments on Yugoslavia since the London Conference and to give Kohl an account of Yeltsin's visit.

The Foreign Secretary will be briefed, for his meeting with Kinkel, to range more widely, over current topics particularly Yugoslavia, CSCE, Czechoslovakia, the Middle East peace process, Iran and Turkey.

The Home Secretary will seek German acquiescence in the arrangements we are developing with the Commission on frontier controls, without being drawn into a detailed debate on Article 8a of the Treaty of Rome. He also aims to convince the Germans that inter-governmental cooperation is achieving good results on interior and justice issues and that there is no need for Community competence, as the Germans believe.

This is the first bilateral meeting between the President of the Board of Trade and his German counterpart, Moelleman. The President's objectives will be to prepare for the forthcoming Industry and Energy Councils and to support British companies seeking major contracts in Germany. There is a substantial agenda which we share with the Germans; one or two contentious issues, including state aid for the coal industry, will also be discussed.

The Defence Secretary intends to seek an understanding with Rühe on the proposed reorientation of the EFA proposal to complete development and production of a family of aircraft based on the current EFA design. He will seek also to agree a public line emphasising joint determination to adopt the most cost-effective solution to the requirement for a new fighter and underlining the cost savings identified by the four-nation industry study.

The Chancellor of the Exchequer and the German Finance Minister, Waigel, will not attend the Summit because each has pressing business. Waigel will be represented by his State Secretary, Köhler. The Treasury are considering who should attend on our side; it will probably be Sir N Wicks.

Participation

Kohl will be accompanied by Dr. Hartmann, Dr. Neuer, his Private Secretary, Herr Bitterlich, his Press Spokesman, Herr Vogel and an interpreter. He would like Hartmann to participate in the Prime Minister's tête-à-tête talks, with either Bitterlich or Neuer taking the note. The FCO can provide the note-taker for our side. Catherine Stenzl, whom you have used before, will interpret.

Plenary Session - Preparations for the Press Conference

Other Ministers will join the Prime Minister for the plenary session at 12.15. At this the Prime Minister may wish to summarise his discussions with Kohl before asking other Ministers to report on the main points of their own individual meetings, and agree on what is to be said at the Press Conference.

Kohl would like Vogel and Hartmann at the plenary with Neuer or Bitterlich taking their note. We suggest that other Ministers should be accompanied by one official with a Private Secretary sitting behind. We suggest that Köhler and Sir N Wicks should occupy their ministers' seats at the plenary and should attend the ministers' lunch. The FCO will provide a note-taker at the plenary.

Background: FRG Internal

The main pre-occupations are economic tensions arising from unification and resentment of immigration. These are fuelling discontent with the governing coalition. Kohl has celebrated ten years as Chancellor and has just been re-elected as Party Chairman of the CDU which he continues to dominate but criticism of his lack of leadership in the country is widespread. He remains as keen as ever on the process of European unification but the German people's attitude to Maastricht shows many of the doubts visible elsewhere.

The German economy is in a period of reduced growth, though probably not recession. Inflation and interest rates remain high despite the strength of the mark. Kohl has started to acknowledge - though his remarks are contradictory - that taxes will have to be raised to finance Government spending in the East. There is no sign of recovery in East Germany; the trough may have been reached but recovery will be very slow.

Immigration is a concern which deeply divides the country. This year it is running at 1,500 per day including refugees from the former Yugoslavia. The influx and the government's failure to do anything have caused deep domestic tensions. There has also been a disturbing wave of violence against foreigners. Leading politicians in all major parties including Chancellor Kohl have spoken out strongly about severely punishing the perpetrators of the violence.

Topics for discussion: EC issues

- Explain how, as Presidency, we intend to handle the problem of Danish ratification, and urge the need for flexibility on the part of Denmark's partners;

- Explain the UK ratification timetable;

- Ask the Germans to put all their weight behind the discussions in Brussels on subsidiarity so that we get a useful result out of Edinburgh;

- Encourage the Germans to be more positive about the proposals for greater openness in the Community, in particular on opening up Council proceedings;

- Bring the Germans into our confidence on our approach to the final stage of the future financing negotiation, and discourage them from continuing to attack the UK abatement;

- Discuss the need for Edinburgh to address the economic situation in the Community;

- Stress the need for an early start to enlargement negotiations if we get a good Edinburgh deal on other subjects;

- Discuss the way forward on the GATT Round;

- Discuss the questions of German MEPs and sites of institutions.

There are linkages here, and trade offs may be in German minds. We both want Maastricht ratified: the Germans will fear that delay here will cause them problems; but will know that has to be set against the risk of the whole thing failing if we try to go too fast. We and the Germans both want progress on subsidiarity and enlargement. We ought both to want a low future financing outcome, though the Germans will want to pay less for our abatement. The Germans want the European Central Bank in Germany and more MEPs: we ought to be able, as Presidency, to deliver the latter.

The Prime Minister may also wish to suggest that he and Chancellor Kohl should meet again just before Edinburgh. This would probably mean a visit to Bonn.

Maastricht Ratification

This will be an opportunity to explore German views on Denmark's proposals. Initial contacts with the German Foreign Ministry suggest that their principal concern is Denmark's desire for "legally binding agreements" which might necessitate reratification. Germany has a keen interest in defence (the Franco-German corps, in EMU (the heart of the Treaty) and in the transfer of areas from the interior/justice pillar into competence (notably asylum policy: a Maastricht Declaration looks forward to the Council considering this transfer during 1993).

The Prime Minister might make the following points:

- Proposals welcome: indicate consensus in Denmark in favour of moving towards ratification:

- Need careful handling in Community. Presidency in close touch with Danes. Senior officials contacting member states in parallel with Danish Foreign Minister's tour. Aim to produce proposals for Foreign Ministers in December;

- Legal form difficult. Want to avoid further round of parliamentary ratifications, still worse re-opening existing ratification processes. But Danes insistent on "legally binding" solution.

The Prime Minister might then let Kohl comment on substance. In reply, he might say:

- We shall need to consider whether it is possible to draw a distinction between the framing of a common defence policy (a Treaty commitment) and participation in a common defence (an aspiration);

- Danish position on transfers from interior/justice pillar into competence legally sound. But is it acceptable politically?

- Likewise on EMU; no legal objection to Denmark using her protocol right to opt-out of Stage III now;

- On citizenship problems more of appearance than substance. Denmark willing to grant rights, but won't be obliged to. Declaratory language should do the trick.

The Prime Minister will also want to explain the UK ratification timetable, stressing that we shall make a start on the Committee Stage later this month and are committed to ratifying this session.

Subsidiarity

Work on subsidiarity was given a boost by the Birmingham Declaration which called for decisions on procedures and guiding principles at Edinburgh. The Birmingham Council also looked forward to a first report at Edinburgh from the Commission, with examples, on its review of existing Community legislation. Work in the Council is concentrating on guiding principles or criteria for a subsidiarity test. Germany, which has been helpful on subsidiarity, tabled a good paper which was discussed on 8 October. This emphasised that the principle of subsidiarity embraces all three paragraphs of Article 3b, but inevitably hints at the application of subsidiarity within the member state (in deference to the Laender). We have, as Presidency, tabled our own paper on

criteria, to form the basis for COREPER's report to the Council in December. This draws on the German paper, and on one from the Commission. The task now is to see that solid decisions can be taken at Edinburgh including examples of legislation fit for amendment or repeal. The Prime Minister might say:

- Work going satisfactorily; but need to keep it at a political level. Good German paper and Commission contribution. Need decisions at Edinburgh, on procedures and on guidelines. Time is short - welcome your continuing support;

- Need examples of legislation requiring repeal/amendment for Edinburgh. Commission to take the lead - need to make their report as impressive as possible. Hope German Government will help Presidency on this. Could officials be in touch?

Openness

We need to ensure that this Birmingham initiative does not flag. The Foreign Secretary will remind colleagues in the Foreign Affairs Council on 9 November of the political commitment to greater openness made at Birmingham. The Prime Minister may also wish to take this up with Chancellor Kohl, on the following lines:

- We all agreed at Birmingham that we must find ways of opening up the work of the Community's institutions, including the possibility of some open Council discussion;

- Council too often seen by general public as a secretive body working behind closed doors. Need a good agreement at Edinburgh on ways of making it more open;

- Agree we should not open up negotiating phase of legislative debates. But believe in opening up initial and final debates on major proposals. Aim should be at least one open session per Presidency per Council. FAC could, for example, have six monthly debates on progress of Community;

- Hope you can instruct your officials to be more forthcoming on this. A solid Edinburgh result necessary for Danish and UK public opinion.

ERM

The Prime Minister will recall the German position on monetary issues at Birmingham: Kohl was not enthusiastic about the review process, but was satisfied by the general and relatively low-key nature of the review (eg not focusing solely on the ERM) and by the addition to the text of a statement supporting the EMS. Since then ECOFIN has asked the

Monetary Committee and the Central Bank Governors to take forward the review. The Monetary Committee had a first discussion on 23 October in Berlin. The Secretariat was asked to draw up a paper for discussion at the next meeting. The German delegation emphasised the need for a serious and thorough follow-up to the Birmingham remit.

Amato is understood to be keen for Italy to re-enter the ERM as soon as possible. The lira has strengthened against the deutschmark to 854/DM at 4.00 pm on 3 November, significantly closer to its 821/DM lower level prior to floating, having traded close to 1000/DM on 6 October. It is likely however that Amato will be advised that the markets will want to see more progress on the fiscal reform package before he can credibly commit Italy to an ERM parity again. This may well make the suggestion of a pre-Christmas timetable unrealistic.

Within the ERM, tensions have eased somewhat, partly because German money market rates have slipped below 9 per cent and are expected to fall further. The French were able to cut their interest rates on 2 November: their official rates are now ¼ below their pre-crisis level. The French also claim to have recouped the reserves they lost in September.

We will not wish to get into detailed discussions with the Germans on monetary issues, but if the subject is raised, the Prime Minister may wish to draw on the following points:

- We intend to re-enter the ERM in due course, but economic and political factors militate against an early re-entry.

- We have set out two conditions for re-entry:

  Requirements of German and UK monetary policy need to come closer into line; the wide differential between US and German rates needs to narrow.

  Reflection and analysis on recent market turbulence, called for by European Council, needs to be carried forward.

- It is also important not to rejoin until we can be sure that we can sustain our membership - to avoid a repeat of September's events.

- On the political level, it may be some time before the broad consensus which accompanied the UK's entry to the ERM in 1990 can be re-established.

- I believe it would be unwise for UK and Italy to try and co-ordinate re-entry to ERM. Best for each country to decide when it would be most appropriate for their currency to re-join. Would not want UK timing to be determined by when Italy believes time is right for lira to re-join. Timing must depend on when conditions are right for the UK.

- We consider it important that the ECOFIN work on developments in capital markets and European and world monetary systems should be thorough, and it is very likely it will continue into the Danish Presidency.

- It would be wrong to suppose the UK will approach ECOFIN's work with a shopping list for reform of ERM. We would not wish to prejudge the outcome of the process.

Community Economy

Annex A provides background on the Community economy, including the Commission's latest short-term forecast of economic growth. We will want to press the case for the Edinburgh European Council to address the state of Europe's economies (by asking Finance Ministers to carry forward work on promoting recovery based on Member States' national growth strategies), while encouraging the Germans and others to resist Delors' initiative on an infrastructure programme.

The Prime Minister may wish to say:

- People of Europe will expect us to pay attention to the economic situation.

- Prospects for economies of Community countries have deteriorated significantly in the last six months. Activity has been weaker than expected and business and consumer confidence have continued to decline. Recovery is not in sight. Prospect is for EC growth of only 1 per cent in 1993, the same as this year.

- It appears that the Commission's main contribution to economic debate will be to propose a big programme of infrastructure spending. Their proposal will need careful handling.

- UK has considerable reservations about the Commission's proposals. They would appear to have significant budgetary implications at a time when most EC countries are having to take tough decisions on their own public expenditure.

- If the Commission's proposal is unacceptable, we have to find a different way to move forward. In the UK policy is being rebalanced to take account of the diminished danger of inflation and the increased risk of prolonged recession. Without taking unnecessary risks with inflation, policy is aimed to support activity.

- Other countries have adopted various measures which they will wish to set out.

- Our preferred outcome at Edinburgh would be a remit to Finance Ministers to carry forward work on promoting recovery. This should be based on Member States own growth strategies, with co-ordination through multilateral surveillance by ECOFIN.

Future Financing

HM Treasury are briefing separately.

Migration

Migration remains a major concern for the Germans, with pressures from both the East and from former Yugoslavia. Over a quarter of a million asylum seekers have entered Germany so far this year and the total number of Yugoslav displaced persons there is now, according to German figures, some 250,000. This has led to racial tension, notably the riots in Rostock. The German Government are still considering whether an amendment to their constitution is necessary to tighten up on asylum. We imposed a visa regime on 6 November on former Yugoslav nationals other than from Slovenia and Croatia. This brings us into line with the Germans (the position of other partners varies).

Intergovernmental work on immigration and asylum, under the work programme agreed at Maastricht (separate from the Treaty), is making progress; Immigration Ministers should reach agreement on three recommendations, including one on manifestly unfounded asylum applications, at their meeting on 30 November. The Foreign Secretary is considering what more needs to be done to meet German concerns for action by the Twelve. Interior Ministers are also likely to agree on 1 December the provisional establishment of the Europol Drugs Unit, to be the first element of Europol, which was called for by Chancellor Kohl at the Luxembourg European Council. The Europol Drugs Unit will facilitate exchange of information on serious drugs crime. The UK Presidency is also taking forward the remit from the September Interior and Justice Ministers meeting on organised crime, by looking in detail at the problem in the member states, and considering the scope for additional joint action.

The Prime Minister might take the following line, if the subject is raised:

- Appreciate intense concern in Germany at effects of influx from East and from former Yugoslavia. Presidency will ensure that Foreign Ministers as well as Immigration Ministers remain engaged in urgent consideration of ways to tackle these problems.

German MEPS

A Maastricht Declaration requires that a decision should be taken during 1992 on an increase in the size of the European Parliament. This is a key institutional question for the Germans. All member states except France were ready at Maastricht to accept Treaty amendment giving Germany 18 additional MEPs, but leaving other allocations unchanged. Germany is now suggesting a solution on the lines of the EP's "de Gucht" report, giving 18 extra MEPs for Germany and 11 each for Italy, France and the United Kingdom. The key to solving the question remains a Franco-German agreement. As Presidency we will need to broker a deal, but need a steer from Germany quickly.

The Prime Minister might make the following points:

- Understand domestic pressures for an increase in number of German seats in time for 1994 elections. UK was ready to agree this at Maastricht. We remain keen to help. We will accept any solution which can command consensus, provided we retain parity with France and Italy;

- Key to any solution has to be a Franco-German agreement. Any agreement in sight? We plan to sound out other member states, but best way through would be to try to broker a Franco-German deal with the rest of the Community before Edinburgh.

Sites

If Chancellor Kohl asks about our plans for sites at Edinburgh, the Prime Minister might refer to Sir Rodric Braithwaite's mission as his personal emissary on sites. Substantive discussion on EC sites is probably best avoided until we have a clearer idea of what our options for Edinburgh are. The Prime Minister might like to say:

- Complicated dossier. Have appointed Sir Rodric Braithwaite to be my personal sites advisory. Hope you or someone who can represent your views will be able to see him for a detailed discussion in Bonn later this week;

- Will decide on the basis of Sir Rodric's findings how best the Presidency can take forward this dossier at Edinburgh.

GATT (not yet available)

Enlargement

The Germans are our closest allies on enlargement. Chancellor Kohl reaffirmed the need for early EFTA accession after the French referendum. He has toyed privately with dropping or inverting the Lisbon linkage to future financing (ie no future financing without an agreement on enlargement). His readiness to dilute the linkage to Maastricht ratification will depend on his assessment of the progress we and the Danes are making.

The Prime Minister might say:

- Agree on desirability of early EFTA accession. Preparations for accession negotiations going well. Aim to complete these by Edinburgh.

- At Edinburgh we should work together for agreement to launch negotiations. Hope to conclude future financing there. Maastricht will not be ratified by then. But process should be back on course.

- Beginning formal accession negotiations would send important political signal of Community's sense of purpose. Would also help final stages of Maastricht ratification. Fallback would be informal negotiations, to be formalised once Maastricht ratified.

EFA

The results of the four-nation industrial study into cutting costs of EFA released in late October showed that costs could be cut by up to 20% by organizing production on a more rational basis, and by up to a further 10% if particular nations were prepared to accept a lower equipment specification. These figures have been made public. Following their publication, there are indications that Rühe may be shifting his ground. He claims he was misled over figures by his officials, and has just dismissed the three key officials dealing with EFA in the German MOD.

Meanwhile, the Italian and Spanish Prime Ministers are considering sending messages to Kohl supporting the continuation of the project on a four-nation basis. (We have refrained from doing so, so that this should not be seen as a UK-inspired lobbying campaign.)

It is a good moment to try to secure Kohl's explicit support for a four-nation collaborative solution. Kohl is unlikely to contradict Rühe publicly, so we need to offer some political cover. This might be done by suggesting that the industrial study effectively points the way to a new fighter, which meets the German requirements as stated by Rühe over recent months, and which, if it helps the Germans

presentationally, could be given a new name. (The industrial study describes the family of aircraft available using the same basic airframe and engine as "New EFA".)

The Prime Minister might say:

- Pleased to note industrial study shows that Germany can procure a new fighter which is DM30m cheaper than current price, and which comes close to meeting Herr Rühe's cost ceiling of DM90m. Justifies our optimism that this could be achieved.

- Such a fighter meets Herr Rühe's requirement for a plane significantly below original EFA costs and with different specifications, but would still offer worthwhile capabilities. Starting again with a simpler, lighter aircraft would not be cost-effective; in fact, probably dearer.

- Production programme could start later and build up more slowly, requiring no expenditure beyond that planned for development for next three years.

- Believe therefore that way is now clear for Germany to stay in a recast programme. Gives Germany a very good deal. Hope you can give this your support.

- Understand political pressures on you and Herr Rühe. But would be tragedy if the largest single European collaborative defence project broke down, just when we have shown that it can work and when we are committed to building up a European Defence identity after Maastricht. Would be very damaging to all our aerospace industries. France supports the EFA concept for this reason.

- If helpful, could give aircraft new name to reinforce its difference from original programme (industrial study speaks of "New EFA" family).

The Prime Minister could also hand over a paper / reinforcing these points. A draft is enclosed.

Developing Relations with Central and Eastern Europe

Chancellor Kohl might be interested to have a report on the EC/V3 London summit on 28 October. The Prime Minister might say:

- Identified ways of strengthening EC/V3 links and further developing Association Agreements.

- V3 concerned to establish criteria and timetable for membership. Difficult to do this. But would be helpful at least to confirm at Edinburgh that V3 membership is also an objective for the Community.

Former Yugoslavia
[To be updated before 11 November]

Germany is bearing a large refugee burden from the former Yugoslavia and is therefore a strong advocate of burden sharing and militarily protected safe havens. The Home Secretary announced a visa requirement for ex-Yugoslav nationals, excluding Croatia and Slovenia, on 5 November. He also announced an offer to accept 150 ex-detainees and families from the Karlovac transit centre in Croatia, and a willingness to consider sympathetically future requests of this nature from UNHCR.

The Foreign Secretary's Personal Representative on Macedonia, Mr Robin O'Neill, will be in Bonn on 10 November. He will prepare a report for the Prime Minister on his latest round of talks in Athens and Skopje which are taking place later this week; and on his visit to Bonn.

The Prime Minister may wish to draw on the following:

- Balance of power in Belgrade seems to be slipping away from Panic and towards Milosevic.

- Still significant leaks in the sanctions regime. Essential, in order to maintain the authority of the international community, that sanctions breaches be eliminated.

- Croatia's expansionist ambitions in Bosnia becoming blatant (attacks on Muslims, tacit cooperation with Serbs in some areas). May need concerted EC political action to deter them.

- (If raised) Although we have introduced visa regime for former Yugoslav nationals, (excluding Croatia and Slovenia), have made clear to UNHCR/ICRC that we are prepared to take sympathetic view of their requests.

- (If raised) One function of UNPROFOR in central Bosnia is to help protect released detainees. But there is no proposal to establish militarily defended safe havens. Much better to concentrate help in areas which are safe (as envisaged at Birmingham).

- O'Neill working hard but may not find accommodation with Macedonians which will satisfy Greeks. Mitsotakis has stated he does not wish to discuss Macedonia at Edinburgh.Your views on how we should take this forward at Edinburgh Summit? May not be able to protect the Greeks for long from direct action by Macedonia at the UN.

Yeltsin's Visit

The Prime Minister will wish to give Kohl an account of his discussions with Yeltsin whose visit will just have ended.

Bilateral: Classified Communications Link

The Federal Chancellery have approached us about the possibility of establishing a classified fax link between No.10 and the Chancellery (my letter of 3 November). If the Prime Minister agrees we see no difficulty, subject to technical discussions with Bonn. This would give us the same facility that the Chancellery has with a number of other European capitals.

The Prime Minister might like to say:

- As suggested by the Federal Chancellery and discussed between officials, I would welcome the establishment of a classified fax link between No.10 and the Federal Chancellery.

Invitation to the Prime Minister to speak in Germany

The CSU have invited the Prime Minister to be the principal speaker at the annual Kraeuth Assembly of the CSU on 7-8 January 1993. This year's speaker was Cheney. All CSU members of the Bundestag will attend. So will Waigel and Streibl. The meeting receives considerable media attention. The views of the CSU and British Conservatives coincide on Europe and other matters. The Foreign Secretary sees this as an attractive opportunity for the Prime Minister, subject to Kohl's view (he may prefer a CDU forum for the Prime Minister's next speaking engagement in Germany, although the Prime Minister's last speech there was at the Adenauer House). He recommends the Prime Minister should sound Kohl out.

The Prime Minister may wish to say:

- Have been invited to speak to the CSU Kraeut Assembly. Think I might accept.

I am copying this letter to Jeremy Heywood (HM Treasury), John Pitt-Brooke (Ministry of Defence), Colin Walters (Home Office), Peter Smith (Department of Trade and Industry), David Rossington (MAFF) and Melanie Leech (Cabinet Office).

Yours ever,

Richard

(R H T Gozney)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

ANGLO-GERMAN SUMMIT, 11 NOVEMBER 1992

Points to Make

Topics for discussion: EC issues

- Explain how, as Presidency, we intend to handle the problem of Danish ratification, and urge the need for flexibility on the part of Denmark's partners;

- Explain the UK ratification timetable;

- Ask the Germans to put all their weight behind the discussions in Brussels on subsidiarity so that we get a useful result out of Edinburgh;

- Encourage the Germans to be more positive about the proposals for greater openness in the Community, in particular on opening up Council proceedings;

- Bring the Germans into our confidence on our approach to the final stage of the future financing negotiation, and discourage them from continuing to attack the UK abatement;

- Discuss the need for Edinburgh to address the economic situation in the Community;

- Stress the need for an early start to enlargement negotiations if we get a good Edinburgh deal on other subjects;

- Discuss the way forward on the GATT Round;

- Discuss the questions of German MEPs and sites of institutions.

Maastricht Ratification

- Proposals welcome: indicate consensus in Denmark in favour of moving towards ratification:

- Need careful handling in Community. Presidency in close touch with Danes. Senior officials contacting member states in parallel with Danish Foreign Minister's tour. Aim to produce proposals for Foreign Ministers in December;

- Legal form difficult. Want to avoid further round of parliamentary ratifications, still worse re-opening existing ratification processes. But Danes insistent on "legally binding" solution.

Substance (in reply)

- We shall need to consider whether it is possible to draw a distinction between the framing of a common defence policy (a Treaty commitment) and participation in a common defence (an aspiration);

- Danish position on transfers from interior/justice pillar into competence legally sound. But is it acceptable politically?

- Likewise on EMU; no legal objection to Denmark using her protocol right to opt-out of Stage III now;

- On citizenship problems more of appearance than substance. Denmark willing to grant rights, but won't be obliged to. Declaratory language should do the trick.

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- Work going satisfactorily; but need to keep it at a political level. Good German paper and Commission contribution. Need decisions at Edinburgh, on procedures and on guidelines. Time is short - welcome your continuing support;

- Need examples of legislation requiring repeal/amendment for Edinburgh. Commission to take the lead - need to make their report as impressive as possible. Hope German Government will help Presidency on this. Could officials be in touch?

Openness

- We all agreed at Birmingham that we must find ways of opening up the work of the Community's institutions, including the possibility of some open Council discussion;

- Council too often seen by general public as a secretive body working behind closed doors. Need a good agreement at Edinburgh on ways of making it more open;

- Agree we should not open up negotiating phase of legislative debates. But believe in opening up initial and final debates on major proposals. Aim should be at least one open session per Presidency per Council. FAC could, for example, have six monthly debates on progress of Community;

- Hope you can instruct your officials to be more forthcoming on this. A solid Edinburgh result necessary for Danish and UK public opinion.

ERM

- We intend to re-enter the ERM in due course, but economic and political factors militate against an early re-entry.

- We have set out two conditions for re-entry:

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- It is also important not to rejoin until we can be sure that we can sustain our membership - to avoid a repeat of September's events.

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- People of Europe will expect us to pay attention to the economic situation.

- Prospects for economies of Community countries have deteriorated significantly in the last six months. Activity has been weaker than expected and business and consumer confidence have continued to decline. Recovery is not in sight. Prospect is for EC growth of only 1 per cent in 1993, the same as this year.

- It appears that the Commission's main contribution to economic debate will be to propose a big programme of infrastructure spending. Their proposal will need careful handling.

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- If the Commission's proposal is unacceptable, we have to find a different way to move forward. In the UK policy is being rebalanced to take account of the diminished danger of inflation and the increased risk of prolonged recession. Without taking unnecessary risks with inflation, policy is aimed to support activity.

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German MEPS

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Sites

- Complicated dossier. Have appointed Sir Rodric Braithwaite to be my personal sites advisory. Hope you or someone who can represent your views will be able to see him for a detailed discussion in Bonn later this week;

- Will decide on the basis of Sir Rodric's findings how best the Presidency can take forward this dossier at Edinburgh.

Enlargement

- Agree on desirability of early EFTA accession. Preparations for accession negotiations going well. Aim to complete these by Edinburgh.

- At Edinburgh we should work together for agreement to launch negotiations. Hope to conclude future financing there. Maastricht will not be ratified by then. But process should be back on course.

- Beginning formal accession negotiations would send important political signal of Community's sense of purpose. Would also help final stages of Maastricht ratification. Fallback would be informal negotiations, to be formalised once Maastricht ratified.

EFA

- Pleased to note industrial study shows that Germany can procure a new fighter which is DM30m cheaper than current price, and which comes close to meeting Herr Rühe's cost ceiling of DM90m. Justifies our optimism that this could be achieved.

- Such a fighter meets Herr Rühe's requirement for a plane significantly below original EFA costs and with different specifications, but would still offer worthwhile capabilities. Starting again with a simpler, lighter aircraft would not be cost-effective; in fact, probably dearer.

- Production programme could start later and build up more slowly, requiring no expenditure beyond that planned for development for next three years.

- Believe therefore that way is now clear for Germany to stay in a recast programme. Gives Germany a very good deal. Hope you can give this your support.

- Understand political pressures on you and Herr Rühe. But would be tragedy if the largest single European collaborative defence project broke down, just when we have shown that it can work and when we are committed to building up a European Defence identity after Maastricht. Would be very damaging to all our aerospace industries. France supports the EFA concept for this reason.

- If helpful, could give aircraft new name to reinforce its difference from original programme (industrial study speaks of "New EFA" family).

Developing Relations with Central and Eastern Europe

- Identified ways of strengthening EC/V3 links and further developing Association Agreements.

- V3 concerned to establish criteria and timetable for membership. Difficult to do this. But would be helpful at least to confirm at Edinburgh that V3 membership is also an objective for the Community.

Former Yugoslavia
[To be updated before 11 November]

- Balance of power in Belgrade seems to be slipping away from Panic and towards Milosevic.

- Still significant leaks in the sanctions regime. Essential, in order to maintain the authority of the international community, that sanctions breaches be eliminated.

- Croatia's expansionist ambitions in Bosnia becoming blatant (attacks on Muslims, tacit cooperation with Serbs in some areas). May need concerted EC political action to deter them.

- (If raised) Although we have introduced visa regime for former Yugoslav nationals, (excluding Croatia and Slovenia), have made clear to UNHCR/ICRC that we are prepared to take sympathetic view of their requests.

- (If raised) One function of UNPROFOR in central Bosnia is to help protect released detainees. But there is no proposal to establish militarily defended safe havens. Much better to concentrate help in areas which are safe (as envisaged at Birmingham).

- O'Neill working hard but may not find accommodation with Macedonians which will satisfy Greeks. Mitsotakis has stated he does not wish to discuss Macedonia at Edinburgh.Your views on how we should take this forward at Edinburgh Summit? May not be able to protect the Greeks for long from direct action by Macedonia at the UN.

Bilateral: Classified Communications Link

- As suggested by the Federal Chancellery and discussed between officials, I would welcome the establishment of a classified fax link between No.10 and the Federal Chancellery.

Invitation to the Prime Minister to speak in Germany

- Have been invited to speak to the CSU Kraeut Assembly. Think I might accept.

European Fighter Aircraft

- The recent industrial study of the European Fighter Aircraft, conducted by Eurofighter and Eurojet, showed that Germany can procure a new fighter which is DM30m cheaper than current price, and which thereby comes close to meeting the German cost ceiling of DM90m.

- Such a fighter would meet the requirement for a plane significantly below EFA specification, but would still offer worthwhile capabilities.

- The industrial study shows that a new simpler and lighter aircraft would not be cost-effective; in fact, it would probably cost more.

- The production programme for the new fighter could start later and build up more slowly. This should require no expenditure beyond that planned for development for the next three years.

- The way is now clear for Germany to stay in a recast programme. Such a programme would give a very good deal, not just to Germany, but to the other participants.

- It would be disappointing if the largest single European collaborative defence project broke down, just when it has been demonstrated that it can work and when we are all committed to building up a European Defence identity. It would be damaging to all our aerospace industries.

- The fighter might be given a new name to reinforce its difference from the original programme. (It is noted that the industrial study describes the family of aircraft available using the same basic airframe and engine as "New EFA".)

DRAFT

ANGLO-GERMAN SUMMIT: 11 NOVEMBER

POSSIBLE PRESS CONFERENCE LANGUAGE FOR THE PM

EXCHANGES AND ATTACHMENTS

The Chancellor and I were glad to note that considerable progress is being made in extending the pattern of exchanges and attachments between British and German Ministries and other national organisations.

The Ministers of Defence have today reached agreement both on an exchange of central staff officers between their Ministries with effect from 1993 and on an increase in the number of exchange and liaison officers between military units and training establishments in our two countries. Exchanges between the two Foreign Ministries, which started in 1987, will be moving into a new phase in 1993. And there are also attachments, either already taking place or planned for 1993,

between the Ministry of Trade and Industry and the Ministry of Economics and between the respective Ministries of Health and Education. We intend to explore the possibility of organising exchanges between Ministries of Finance and Agriculture. Finally, we are pleased to note that in the context of multilateral/bilateral two-way secondments and a wider move to develop secondments between central banks within Europe similar arrangements are being made between the Bundesbank and the Bank of England.

CSCE "CODE OF CONDUCT"

A major item on the agenda of the CSCE's new Forum for Security Cooperation is the establishment of a "code of conduct" which will set out norms of behaviour in the field of security. Among other things, it will provide guidelines for the conduct of armed forces within and outside national boundaries; it will also suggest norms of behaviour for Governments in dealing with their own peoples. These are both crucial aspects of security in the new Europe. Building on our already close cooperation on this issue in the Twelve and NATO, Germany and the United Kingdom will continue to work together in developing proposals for the code of conduct.

CLEANING UP THE ENVIRONMENT IN EASTERN GERMANY

In connection with the cleaning up of contaminated sites in Germany, the United Kingdom has particular expertise in working with explosive substances. We would wish to explore further with the German authorities the potential for mutually beneficial cooperation in this area and the German side welcomed our interest.

EUROPOL

Excellent progress being made. On the basis of intergovernmental agreement Member States are working to establish the first stage of EUROPOL by 1 January next year.

This stage, a drugs intelligence unit, will comprise:

twelve liaison officers (one from each Member State)

working in accordance with their own national data protection legislation

and in support of national police forces.

EUROPOL will strengthen cooperation between Europe's police forces in their battle against crime.

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Ref: B.01208

MR WALL

cc Sir Robin Butler
Sir Rodric Braithwaite
Mr Pitt-Brooke (MOD)
Mr Gozney (FCO)

EFA: ANGLO-GERMAN SUMMIT: CONVERSATION WITH VICE ADMIRAL WEISSER

Vice Admiral Weisser, who is Head of the German Federal Ministry of Defence planning staff and a close adviser (and friend) of Mr Rühe, called on me today. He is paying an official visit to London organised by the MOD and will be present at the Anglo-German Summit. He gave me a read out on latest German thinking on EFA which affects the way the Prime Minister puts his points to the German Chancellor when he touches on EFA as I hope he will be able to. Kohl will have been briefed defensively. Mr Omand tells me that briefing for the Prime Minister reflecting Weisser's talks today in the MOD will come from the MOD probably on Monday. This note covers what seemed to me the most important of Weisser's points.

2. Weisser said that agreement could not be reached on the basis of continuing to talk about a "modified EFA". If bipartisan support were to be obtained in Germany for an aircraft (and this was essential given the timescale of the project and the electoral outlook in Germany), it would have to be sold as a new plane answering to an updated assessment of the requirement. The sales pitch would then go on to say that the new plane would draw as extensively as possible on the design and technology developed for EFA. The costings would need to be significantly cheaper than EFA and the procurement timescale start later than the EFA schedule. On that basis, a Eurofighter could be sold in the Bundestag.

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3. I asked a number of questions including whether, were the UK able and willing to do all this, Germany would then stick to the deal. We were scarred. The answer was yes. I also said that the operational requirement and the technology of the plane would need to suit UK as well as German requirements which were not identical in detail. They were asking a lot of us and in redrawing the rules of the game at this late stage, the Germans would need to show some flexibility. Weisser accepted all this in good part (I know him pretty well). He pointed out, not unfairly, that (as with Tornado) the UK and Germany could and probably would go for different variants.

4. I said I would pass the above on to you. On the substance, I have the following comments. Much of what Weisser said reflects a strategy cooked up over the last few weeks between MOD and German Defence officials which Rühe appears to have bought. So far, I understand that Mr Aitken has accepted the line: I do not know about Mr Rifkind. MOD officials are not confident that this revamping can be pulled off, but they think it is the only way that the Germans can be kept on board and that it can be made compatible with UK requirements. In reality, EFA technology will still be the greatest part of the new plane. There are some promising common elements already.

- The industry study has shown that reductions in cost of up to 30% are possible and that the alternative technologies likely to be required for a redesign can be made available.

- The common requirement for a "new plane for a new age" is now with UK and German Defence Chiefs and is thought likely to be agreed.

- The revised timescale quite suits us.

- It is assumed (I imagine correctly) that if the UK and Germany can agree, the other partners will buy.

5. Difficult elements will be getting everyone to say the same thing in public and, secondly, the drawing up of a revised metal bashing agreement (the MOD think we shall need this to tie the Germans down).

6. The MOD advice to Mr Rifkind, therefore, will be to go along with the "new plane for a new age" stratagem. I think this must be right, even if it means using language in public which makes it look as if the undeserving Rühe has scored more points than is really the case. The line in the FCO briefing letter for the Prime Minister to take with Kohl at Ditchley (as I write I have only seen a draft) is just about compatible with this, though in referring to a "recast [EFA] programme" etc, it verges too near old arguments that will be rejected on the German side. I also think that the note it is suggested the Prime Minister should hand over to Kohl should be somewhat amended (see attached).

7. As I shall be in Germany on Monday and Tuesday, Mr Bevan could, if you wish, follow up to ensure internal coherence and consistency in briefing on EFA.

Miss L P NEVILLE-JONES

6 November 1992

European Fighter Aircraft

- The recent industrial study of the European Fighter Aircraft, conducted by Eurofighter and Eurojet, showed that Germany can procure a new fighter which is DM30m cheaper than current price, and which thereby comes close to meeting the German cost ceiling of DM90m.

- Such a fighter would meet the requirement for a plane significantly below EFA specification, but would still offer worthwhile capabilities.

When in what Rühe needs to pretend he is getting

- The industrial study shows that a new simpler and lighter aircraft would not be cost-effective; in fact, it would probably cost more.

- The production programme for the new fighter could start later and build up more slowly. This should require no expenditure beyond that planned for development for the next three years.

i.e. still really EFA

- The way is now clear for Germany to stay in a recast programme. Such a programme would give a very good deal, not just to Germany, but to the other participants.

- It would be disappointing if the largest single European collaborative defence project broke down, just when it has been demonstrated that it can work and when we are all committed to building up a European Defence identity. It would be damaging to all our aerospace industries.

How does this help?

- The fighter might be given a new name to reinforce its difference from the original programme. (It is noted that the industrial study describes the family of aircraft available using the same basic airframe and engine as "New EFA".)

DIO.

CCSG
LDC

Foreign &
Commonwealth
Office

London SW1A 2AH

6 November 1992

Dear Stephen

ANGLO-GERMAN SUMMIT, 11 NOVEMBER: PRIME MINISTERS LUNCH

With limited space at Ditchley Park, we planned for the Prime Minister's lunch to be limited to Ministers plus yourself. We were asked to reconsider so that the British and German Ambassadors could be included. We have now found an alternative room that accommodates up to 18. With the Ambassadors there would be 15 (16 if Chancellor Kohl wanted someone like Hartmann with him).

I should be grateful for confirmation that the new arrangements are acceptable.

Yours ever,

Richard

(R H T Gozney)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

Ref: B.01207

MR WALL

cc Sir Robin Butler
Sir Rodric Braithwaite

ANGLO-GERMAN SUMMIT, 11 NOVEMBER

I held a meeting this morning to pull together preparations for next week's Summit meeting. The outcome will be reflected in briefing which the FCO will provide for the Prime Minister, but you may find it helpful to have a short report.

2. We identified the main objective of the Anglo-German Summit as being to demonstrate the strength and vitality of the relationship across a range of issues. We agreed that it would not be healthy to continue to plug in public presentation the need for further repair, though Herr Waigel's decision not to attend is not helpful in this context. We reckoned that the Federal Chancellor would want to show his support for the Prime Minister and that this offered opportunities for the UK side to obtain German co-operation.

3. In addition to the Prime Minister's agenda, we went over sectoral objectives and agenda. These seemed to me sensibly focussed and workmanlike. We identified those items which ought also to be either substantively covered in, or briefly alluded to, in the Prime Minister's talks with Chancellor Kohl. In addition to Maastricht and enlargement issues, other items for the Prime Minister's talks are as follows:

- **Future financing:** Finance Ministers' absence means that this will need to be covered if only briefly in the Prime Minister's talks.

- **German MEPs:** It is thought that Kohl will raise this.

- **European Fighter Aircraft:** Our aim will be to secure the continuation of the project on a 4-nation basis, taking advantage of the 20% cost reductions identified in recent studies. It is unlikely that the Defence Secretary will be able to move Herr Ruhe in this direction, but it may be possible for the Prime Minister to secure a degree of (tacit) support from Herr Kohl.

- **Economic issues:** The Treasury think that the international economy will need to be on the agenda at Edinburgh and, given Waigel's absence, would like the Prime Minister to get Kohl's support for this, explaining that this is not a back door way of getting at German monetary management. (There will be briefing.) The economic item should take in the latest position on GATT.

- **Yugoslavia:** A brief discussion of this biggest foreign affairs challenge to European policy making would be right.

- **Russia:** The Prime Minister may wish to brief Herr Kohl about his discussions with President Yeltsin with the aim of getting German support for debt rescheduling.

Initiatives

4. There are not many and they are not individually significant. I understand you have already seen the text of the Foreign Ministers' statement. That apart there are a range of exchanges between departments (including central banks) which rate a collective mention at the press conference, but not more. (The Embassy in Bonn has drafted language.)

5. I conclude that the UK side will be reasonably well co-ordinated and guided by sensible objectives. The FCO will reflect all this in their steering letter covering the briefing. As presently constructed, the Summit is however unlikely to leave any identifiable landmarks. No department has come up with
--- ideas. I attach one possibility concerning the teaching of German in the UK. This is mine. I floated the outline of it with Sir Christopher Mallaby a few weeks ago who liked and reported it. It has not however been taken forward by the FCO and there is now no time to do so. But if the Prime Minister wanted to pursue an initiative in this direction, he could seek Kohl's support for officials to explore the possibilities.

V. Leeton

PP **Miss L P NEVILLE-JONES**

4 November 1992

TEACHING OF GERMAN IN THE UNITED KINGDOM

Lack of German is a constant handicap to Britons in all walks of life seeking to do business or have contact with Germany. By contrast, the Germans' command of English give them a huge comparative advantage which it should be our aim to reduce. On the basis of the number of German speakers currently being produced by the UK education system the language gap will not be narrowed, let alone closed. Something more is needed. There is a relevant example from Germany.

In the new länder, the first foreign language has until unification been Russian. The British Council have been a leading element in a crash programme to displace it by English. This is a good background against which to get the German government to take an increased interest in the teaching of German in the UK and to pay for it, eg via government and German private enterprise sponsoring an accelerated programme of German language teaching in the UK. The Goethe Institute already sponsors German teaching in Britain, but there is plenty of room for other ways of approaching the issue, eg a long-term programme of teachers of German in UK schools; training teachers of German; the use of television for language teaching, the supply of language laboratories, etc. Education is a Land responsibility in Germany, which might provide, through twinning arrangement, a suitable basis for organisation and finance.

Whatever the precise form of the programme, what is needed is a push from the top of government to get methods of teaching and sources of finance examined seriously. The Germans are proud of their (not easy) language and sensitive about its international status. Kohl's vanity would probably be flattered by an initiative to give German greater status in the UK and might be willing to agree the principle that German resources - manpower and money - should be directed at promoting the teaching of German in Britain, with officials to explore ways and means against a deadline. The involvement of the länder in implementation could be an additional selling point with political attraction (subsidiarity, People's Europe, etc) as well as being a practical approach.

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Foreign & Commonwealth Office

London SW1A 2AH

3 November 1992

Summit Meeting with Germany : 11 November 1992

The Foreign Secretary suggests a discussion centring on EC business, particularly Maastricht, subsidiarity, immigration/asylum and EC relations with Central and Eastern Europe. It would be helpful if the Prime Minister could touch on EFA. He might also give Kohl an account of Yeltsin's visit. We will supply briefing on these subjects. The Foreign Ministers' meeting will range more widely.

The chief public element will be the joint press conference of Heads of Government and Foreign Ministers. We have trawled other Departments for "good news" items. It might be possible to announce the establishment of a secure classified fax link between No 10 and Kohl's Office. The Germans have asked for this (we think because of the delay in transmitting a message from the Prime Minister to Kohl in September). We will be writing to you about this separately.

The Foreign Secretary suggests that Foreign Ministers make a contribution, in the shape of a joint declaration building on the one issued at the last summit in Leipzig in 1991. As you asked (your letter of 22 October), I enclose the present draft. This addresses chiefly cooperation between the Foreign Ministries, in two main areas: policy (wider exchange of political reporting, cooperation over CSCE and at the UN) and management (co-location of Embassies, joint medical arrangements abroad, exchanges of staff and trainees).

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The Prime Minister's meeting with Chancellor Kohl is expected to begin at 10.45am. Other Ministers will meet their German counterparts individually at the same time. We suggest that the two Heads of Government convene a short plenary at 12.15pm, breaking for lunch at 1pm (Ministers only, plus yourself. Other officials will lunch separately, with Len Appleyard as host). The press conference, subject to confirmation of the arrangements is scheduled for 3pm.

The Prime Minister will not now be able to accompany Chancellor Kohl to Oxford to hear his speech. If the Prime Minister were content, the Foreign Secretary would be glad to offer, himself, to accompany Chancellor Kohl.

I am copying this letter to enclosure to Peter Smith (DTI), Jeremy Heywood (Treasury), John Pettie Bourn (MOD) and Melanie Leach (Cabinet Office)

Yours ever, Richard

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street

3-11

UK/FRG SUMMIT: NOVEMBER 1992

DECLARATION ON COOPERATION BETWEEN FOREIGN MINISTRIES AND EMBASSIES

1. At the German/British Heads of Mission Conference in Leipzig on 30 October 1991 the two Foreign Ministers agreed, with the focus at that stage primarily on the Soviet Union, that there should henceforth be closer cooperation between the two Foreign Ministries and the Embassies of the two countries, with a view to:

- increasing the exchange of Embassy reporting;

- ensuring regular bilateral discussion of matters of current importance;

- investigating the scope for the sharing and/or pooling between Embassies of support services and physical facilities.

2. Since then, the two Foreign Ministers have signed a Memorandum of Understanding providing for the colocation of their Embassies in Alma Ata. Agreement has also been reached for the British representative in Minsk to be based on the premises of the German Mission. There are discussions between officials on the possibilities for further colocation projects in the former Soviet Union and elsewhere, including the possibility of joint projects in Africa and Latin America.

3. Having noted with satisfaction the progress thus made towards the aims established at Leipzig, the two Foreign Ministers have concluded that further steps should now be taken to extend this developing pattern of cooperation - on

the basis, as before, of reciprocity ~~and~~ [Explanation for press: UK/FRG cooperation not exclusive. This growing cooperation does not exclude similar cooperation with other states. Good example of how EC member states can work together. Other EC member states welcome to join at any time. Suitable references to other member states already involved in joint activities - eg the French in Alma Ata.]

4. To that end they have agreed:

- that the exchange of Embassy reporting already taking place with regard to the former Soviet Union should now be extended to a wide range of foreign affairs;

- that in each main area of policy there should continue to be regular bilateral discussion between the two Foreign Ministries on matters of importance - these include the former Soviet Union, Eastern Europe and the former Yugoslavia, the Far East, Africa and the Middle East, issues before the UN, economic matters including with the G7 and OECD; that British and German Embassies should cooperate by means of regular exchanges of views and in other ways appropriate to local circumstances of posts, such as the production of joint reports, so as to benefit from a division of labour.

- that the Conference on Security and Cooperation in Europe has a vital role to play in defending human rights, democracy and the rule of law in Central and Eastern Europe, and they will cooperate closely to ensure that the CSCE is able to meet its new challenges in a timely and effective manner;

- to call (in common with European Community partners) for the creation at the Stockholm Council of Ministers, 13-14 December, of a post of CSCE Secretary-General, and to develop joint proposals for enhancing the efficiency of CSCE meetings, especially those of senior officials;

- that a further bilateral Heads of Mission Conference, on [FSU], [Eastern Europe] or [the Transatlantic Cooperation] should be held (in the UK) within the first half of 1993;

- that the developing pattern of cooperation over support services and physical facilities at posts abroad, particularly in the field of medical welfare, should continue to be taken forward wherever opportunity offers.

- that the programmes of inter-change of diplomatic staff and trainees between Foreign Ministries should be developed further [note for press: more exchanges are to take place in 1993. German diplomats now attend our induction courses and the German Embassy play host to our trainees].

- that all viable opportunities for further colocation should be exploited to the full.

(25)

LEIPZIG

BRITISH/GERMAN HEADS OF MISSION CONFERENCE ON THE SOVIET UNION

LEIPZIG, 30 OCTOBER 1991

JOINT STATEMENT

1. The first joint German/British Heads of Mission Conference was held in Leipzig on 30 October under the chairmanship of the two Foreign Ministers. The Conference was devoted to the Soviet Union, and was attended by the German and British Ambassadors at Moscow, the German Consul-General at Kiev and senior officials from the two Foreign Ministries.

2. Germany and the UK have worked closely together in their approach to the Soviet Union, within the framework of EC political cooperation and as NATO allies and participants in the Economic Summit. The Conference gave the two sides an opportunity to examine in detail a range of questions affecting their relations with, and policies towards, the Soviet Union.

3. The Conference participants concluded that the following were priorities for German and British policy towards the Soviet Union:

- the prevention of risks to European and international stability

- support for the growth of democracy and the enhancement of civil and political rights

- development of closer contacts with new centres of authority in the USSR and its Republics, matching the changes taking place within that country

- close cooperation with the Soviet Union in the handling of major international problems

- development of links between the European Community and NATO, and the Soviet Union and its Republics, and further development of the CSCE process

- maintenance of the integrity of international agreements on arms control and non-proliferation, and the promotion of further reductions in defence spending and in levels of armaments and armed forces

- assistance with economic reform, the development of a market economy, the maintenance of an integrated market in the Soviet Union, and integration into the European and world economies

- maintenance of the joint liability of the Union and its Republics for the external debt of the Soviet Union

- close cooperation in the area of energy, transport, communications and environmental protection to create Trans-European structures in these fields.

4. To these ends, the participants agreed that Germany and Britain, working closely with other participants, should offer the Soviet Union and its Republics all possible assistance and advice in the development of new political and economic structures, and that their efforts should be coordinated closely:

- British chairmanship of the 1991 Economic Summit and German chairmanship of the 1992 Economic Summit carried

special responsibilities. The Summit participants were making determined efforts both to provide advice on economic and financial questions and to coordinate a response to the urgent problem of food shortages.

- they welcomed the European Community's commitment to provide 1.25 billion ecu of contingency credit for food purchases and hoped that the necessary legal decisions would soon be adopted by the Council.

  Meanwhile they envisaged that the existing 500 mecu credit should be made available as soon as needs were identified.

- they emphasised the importance of the forthcoming NATO Summit in Rome in adapting the strategy of the Alliance to meet new circumstances. NATO's relations with the Soviet Union and the countries of Central and Eastern Europe, including military contacts, should be developed. They agreed, in their contacts with relevant authorities in the Soviet Union and its Republics, to reflect their concerns about the control of strategic forces and weapons, and about the integrity of international agreements.

- they welcomed the outcome of the meeting in Moscow of the CSCE Conference on the Human Dimension. They agreed that the CSCE must evolve to meet the new challenges set by the changed nature of Europe, and that it must remain a crucial forum for the development of relations between the participating States. They considered that the emphasis given by the Moscow meeting to human rights, fundamental freedoms, democracy and the rule of law represented a significant advance, and that Britain and Germany should

keep CSCE principles at the forefront of their developing relations with different parts of the Soviet Union.

- the participants recognised that exchanges in information, culture, education and science made a vital contribution to the promotion of democracy and economic reform. They wished to encourage contacts of all kinds on a personal and non-governmental basis. The two Governments would be ready to support proposals for joint efforts in these areas.

- the Conference participants looked at the possibilities for sharing facilities between their respective diplomatic posts in the USSR, and for extending further the practical cooperation which was traditional between EC partners. It was agreed that officials of the two Foreign Ministries would seek to identify specific opportunities.

5. This first Heads of Mission Conference was a valuable exercise. The Foreign Ministers agreed to look into the possibility of holding a similar Conference on another subject of common interest in the United Kingdom in 1992.

6. The Europe of the future faces new challenges. To avoid the divisions of the past, it is essential that all the nations of Europe should work very closely together, and should be bold and flexible in grasping fresh opportunities. This requires a coordinated Western approach to the historic changes taking place to the East. The Conference has underlined the role which Germany and Britain, acting in partnership, can play in an era of new relationships with the Soviet Union and its Republics.

FILE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 November 1992

Dear Christopher,

ANGLO-GERMAN SUMMIT: WEDNESDAY 11 NOVEMBER

Thank you for your letter of 30 October about the Anglo-German Summit on 11 November.

The Prime Minister is content with the outline programme. The Prime Minister will not be able to accompany Chancellor Kohl to Oxford. I will let Chancellor Kohl's office know this.

Once Pauline Neville-Jones has held her co-ordinating meeting, the Prime Minister looks forward to seeing an advance note of our objectives for the meeting, any initiatives planned and proposals for the actual handling of the meeting.

Yours,

Stephen

J.S. WALL

C.N.R. Prentice, Esq.,
Foreign and Commonwealth Office.

OK – do to Oxford.
Pl. refer re Friday briefing
– if it needed? J. 31.10.

PRIME MINISTER

THE ANGLO/GERMAN SUMMIT AND CHANCELLOR KOHL'S VISIT TO OXFORD

I attach the outline programme for the Anglo/German Summit. One remaining question is whether you go with Chancellor Kohl to Oxford in the evening.

Chancellor Kohl is due to make a 30-minute speech at St Antony's College Oxford at 1700. It is being organised by Sir Ralph Dahrendorf (Warden of the College) and Timothy Garton Ash. The speech is to be about Europe, the EC and wider. It will be followed by a discussion with students and then dinner. Chancellor Kohl plans to return to Bonn at 2100.

I rather doubt whether you will want to hang around for Chancellor Kohl's question and answer session with students or for the dinner. It hardly seems worth going just to listen to his 30-minute speech. I suggest therefore that I tell Chancellor Kohl's office that you will not be able to go with him to Oxford. I will say that you have to get back to London because of preparations for the Autumn Statement the following day. There will almost certainly in any case be work to do on the Lord Mayor's Banquet speech that evening.

Would you like a briefing meeting prior to the Anglo-German Summit? This could be organised on the afternoon of Friday, 6 November, bringing in the other Ministers involved.

J S WALL
30 October 1992

foreign\summit.sm

cc - RB
PC

Foreign &
Commonwealth
Office

London SW1A 2AH

30 October 1992

Dear Stephen,

ANGLO-GERMAN SUMMIT: WEDNESDAY 11 NOVEMBER

The German side have now confirmed the following Ministerial attendance in accordance with our proposals (your letter of 5 October): Chancellor Kohl, Herr Kinkel (Foreign), Herr Rühe (Defence), Herr Seiters (Interior), Herr Waigel (Finance) and Herr Möllemann (Economy).

/ I enclose a draft programme for the Summit based on a 10am arrival time (your letter of 3 August). I have written separately on 22 October about the possibility of the Prime Minister taking Kohl to Churchill's grave before, possibly, accompanying him to Oxford. Sir Christopher Mallaby hopes to attend Chancellor Kohl's speech and to return with him to Bonn.

with SSW/PM? →

On interpretation, we recommend that the Prime Minister use Mrs Catherine Stenzl, whom he has used before.

I am copying this letter to Jeremy Heywood (HM Treasury), John Pitt-Brooke (Ministry of Defence), Joan MacNaughton (Home Office), Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours ever,
Christopher Prentice.

(C N R Prentice)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

cc Detectives

ANGLO-GERMAN SUMMIT: WEDNESDAY 11 NOVEMBER

Draft Programme

10.00	Chancellor Kohl arrives at RAF Brize Norton
10.30	Chancellor Kohl arrives at Ditchley Park
10.35	Coffee
10.45-12.15	Bilateral meetings - Prime Minister and Chancellor Kohl - Other Ministers separately
12.15-13.00	Plenary with all Ministers
13.00-14.30	Lunch (there will be a separate lunch for accompanying officials)
15.00	Press conference (to be held nearby): the Prime Minister, Chancellor Kohl and the Foreign Ministers attend.

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CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 071-270 0402

2G/3151/40

29 October 1992

See Distribution

ANGLO-GERMAN MEETING AT DITCHLEY PARK 11 NOVEMBER 1992: COMMUNICATIONS FACILITIES

1. This Draft Plan describes the communications arrangements which are proposed and have been ordered for the Prime Minister and his staff for the Anglo-German meeting at Ditchley Park. Communications facilities for other parties are being arranged by the Foreign and Commonwealth Office. The proposals in this plan are subject to refinement and revision but changes are expected to be minor.

GENERAL

2. The meeting is to be held at Ditchley Park, Enstone, Chipping Norton, Oxfordshire, OX7 4ER. The temporary No 10 Private Office will be located in Bedroom 1 on the first floor. The Prime Minister will use Bedroom 4, also on the first floor as a retiring room.

TIMETABLE

3. The following timetable is for the installation and operation of the communications facilities:

TUESDAY 10 NOVEMBER	-	Communications Co-ordinator, Communications Engineer and equipment arrive from London. Commence installation of communications equipment.
WEDNESDAY 11 NOVEMBER	-	Complete installation of equipment and test all facilities.
SATURDAY 17 OCTOBER	-	Communications Co-ordinator and equipment return to London.

STAFF

4. Communications Co-ordinator, Cabinet Office
Communications Engineer, Cabinet Office

SECURE COMMUNICATIONS EQUIPMENT

5. a. Secure Facsimile;

b. Brahms Secure Speech.

AIRBORNE COMMUNICATIONS

6. Not applicable.

COMMUNICATIONS CENTRE

7. No Communications Centre is being provided. Secure facsimile will be used for all secure communications.

SECURE FACSIMILE

8. Secure facsimile, which may be used to exchange classified papers of any classification with No 10 Downing Street via the Cabinet Office, will be installed in the temporary No 10 offices.

BRAHMS SECURE SPEECH

9. Brahms Secure Speech will be available for use by No 10 staff and will be installed, when required, by the Communications Co-ordinator or the Communications Engineer.

TELEPHONE FACILITIES

10. The following facilities will be available:

a. A direct speech private wire between the switchboard in No 10 Downing Street and the temporary No 10 office will be located in Bedroom 1;

b. Additional Direct Exchange Lines (DELs) with International Direct Dial (IDD) access in the temporary No 10 Office (Bedroom 1), one of which will be a Manager/Secretary arrangement linked to the manager instrument in the Prime Minister's retiring room (Bedroom 4).

CELLULAR TELEPHONES AND PAGERS

11. Officials may use their existing cellular telephones at Ditchley Park. The ability to use existing pagers will depend upon the supplier (eg BT, Mercury or Vodapage) and the area(s) contracted for.

ADDITIONAL LINES

12. The following additional lines will be provided:

a. IN THE TEMPORARY NO 10 OFFICE (BEDROOM 1)

i. 1 x PW to No 10 Downing Street;

ii. 3 x DELs with IDD facilities, one of which will be connected to the "Secretary" instrument of the Manager/Secretary pair;

iii. 1 x insecure facsimile.

b. IN THE RETIRING ROOM (BEDROOM 4)

i. 1 x "Manager" instrument of Manager/Secretary telephone pair.

SUMMARY OF COMMUNICATIONS FACILITIES

13. The summary of secure communications facilities available is attached at Annex A.

P J COLLINS
Telecommunications Secretariat

Enc

Distribution: No 10 Downing Street:
Duty Clerk
Mrs J Richards
Mr P Bean
Supt T Butler

Cabinet Office:
Miss M J Leech
Mr C R Heaven
Mr R Bullen
Mr B F Dawson
Mr R Lawrence
DIO

FCO:
Mrs A Morrison
Mr P Fisher
Mr R Dray
Mr J E Dennis
Mr A Hobbs

Annex A to 2G/3151/40
Dated 29 October 1992

SUMMARY OF COMMUNICATIONS FACILITIES

COMMUNICATIONS CENTRE

1. There will be no secure Main Line Telegraph Communications Centre. Classified traffic may be passed by secure facsimile via the Cabinet Office Communications Centre.

FACSIMILE

2. Both secure and unclassified facsimile facilities will be available for use in the temporary No 10 Office.

SECURE SPEECH

3. Brahms secure speech equipment will be available for use by No 10 staff and will be installed on demand.

TELEPHONES

4. Additional telephones, with IDD facilities will be installed in the temporary No 10 Private Offices. A direct speech private wire to No 10 Downing Street will also be provided.

CELLULAR TELEPHONES AND PAGERS

5. Officials may use their existing cellular telephones in Oxford. The ability to use existing pagers will depend upon the supplier (eg BT, Mercury or Vodapage) and the area(s) contracted for.

Foreign &
Commonwealth
Office

London SW1A 2AH

22 October 1992

Dear Stephen,

CHANCELLOR KOHL'S VISIT TO OXFORD, 11 NOVEMBER

Thank you for your letter of 14 October to Richard Gozney. This has been amplified by what Chancellor Kohl said to the Prime Minister at their dinner in Birmingham (your letter of 15 October). But we have followed-up on the other points you raised.

Chancellor Kohl will be making a 30-minute speech at 5pm at St Antony's College, Oxford. The event is being organised by Sir Ralph Dahrendorf (who is the Warden of the College) and Timothy Garton Ash. The speech is about Europe, EC and wider. We do not yet know more. It will be followed by a discussion with students and then dinner. Chancellor Kohl plans to return to Bonn at 9pm that night.

We have, as you requested in your earlier letter, done some research into quotations from Churchill about reconciliation which might be used at the joint press conference. I enclose a selection. These are strong on Europe and would appeal to Kohl. But if they do not suit, we will continue to look. The Foreign Secretary does not favour using Churchill's phrase about a United States of Europe, which Kohl specifically renounced at Birmingham.

Chancellor Kohl holds Churchill in great respect. During a visit to Britain 10 years ago (he was then Chairman of the CDU) he visited Sir Winston Churchill's grave at Bladon. Continuing the Churchill theme, the Prime Minister may wish to invite him to visit Bladon again. It is only a few miles from Ditchley Park (both are in the Foreign Secretary's constituency). This could be fitted in at the conclusion of the Summit before the Chancellor goes to Oxford, possibly on his way there. The Prime Minister

might also wish to involve Nicholas Soames MP and Winston Churchill MP in some way, together with Sir David Wills who was the founder of Ditchley and finds most of the money.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

5 *September—The United States aircraft carrier* Franklin D. Roosevelt, *the United States cruiser* Little Rock *and several United States destroyers arrive at the Piræus.*

6 *September—Second instalment of American Loan is drawn by Britain.*

9 *September—Bulgarian plebiscite results in victory for the Republicans who poll 92.32 per cent. of votes cast. King Simeon leaves Bulgaria.*

9 *September—London Conference on Palestine opens at Lancaster House. Delegates from the Palestinian Arabs and the Jewish Agency decline the invitation to attend.*

12 *September—Mr. Henry Wallace U.S. Secretary of Commerce attacks "British Imperialism" in a speech at Madison Square Garden.*

14 *September—President Truman withdraws his support of the speech and requests Mr. Wallace's resignation.*

22 *September—Mr. Harriman succeeds Mr. Wallace as Secretary of Commerce.*

[19 *September* 1946

I wish to speak to you to-day about the tragedy of Europe. This noble continent, comprising on the whole the fairest and the most cultivated regions of the earth, enjoying a temperate and equable climate, is the home of all the great parent races of the western world. It is the fountain of Christian faith and Christian ethics. It is the origin of most of the culture, arts, philosophy and science both of ancient and modern times. If Europe were once united in the sharing of its common inheritance, there would be no limit to the happiness, to the prosperity and glory which its three or four hundred million people would enjoy. Yet it is from Europe that have sprung that series of frightful nationalistic quarrels, originated by the Teutonic nations, which we have seen even in this twentieth century and in our own lifetime, wreck the peace and mar the prospects of all mankind.

And what is the plight to which Europe has been reduced? Some of the smaller States have indeed made a good recovery, but over wide areas a vast quivering mass

of tormented, hungry, care-worn and bewildered human beings gape at the ruins of their cities and homes, and scan the dark horizons for the approach of some new peril, tyranny or terror. Among the victors there is a babel of jarring voices; among the vanquished the sullen silence of despair. That is all that Europeans, grouped in so many ancient States and nations, that is all that the Germanic Powers have got by tearing each other to pieces and spreading havoc far and wide. Indeed, but for the fact that the great Republic across the Atlantic Ocean has at length realised that the ruin or enslavement of Europe would involve their own fate as well, and has stretched out hands of succour and guidance, the Dark Ages would have returned in all their cruelty and squalor. They may still return.

Yet all the while there is a remedy which, if it were generally and spontaneously adopted, would as if by a miracle transform the whole scene, and would in a few years make all Europe, or the greater part of it, as free and as happy as Switzerland is to-day. What is this sovereign remedy? It is to re-create the European Family, or as much of it as we can, and provide it with a structure under which it can dwell in peace, in safety and in freedom. We must build a kind of United States of Europe. In this way only will hundreds of millions of toilers be able to regain the simple joys and hopes which make life worth living. The process is simple. All that is needed is the resolve of hundreds of millions of men and women to do right instead of wrong and gain as their reward blessing instead of cursing.

Much work has been done upon this task by the exertions of the Pan-European Union which owes so much to Count Coudenhove-Kalergi and which commanded the services of the famous French patriot and statesman, Aristide Briand. There is also that immense body of doctrine and procedure, which was brought into being amid high hopes after the first world war, as the League of Nations. The League of Nations did not fail because of its principles or conceptions. It failed because these principles were deserted by those States who had brought it into being. It failed because the Governments of those days feared to face the facts, and act while time remained. This disaster must not be repeated.

CHURCHILL · ZURICH ADDRESS, 19.9.46.

There is therefore much knowledge and material with which to build; and also bitter dear-bought experience.

I was very glad to read in the newspapers two days ago that my friend President Truman had expressed his interest and sympathy with this great design. There is no reason why a regional organization of Europe should in any way conflict with the world organization of the United Nations. On the contrary, I believe that the larger synthesis will only survive if it is founded upon coherent natural groupings. There is already a natural grouping in the Western Hemisphere. We British have our own Commonwealth of Nations. These do not weaken, on the contrary they strengthen, the world organization. They are in fact its main support. And why should there not be a European group which could give a sense of enlarged patriotism and common citizenship to the distracted peoples of this turbulent and mighty continent and why should it not take its rightful place with other great groupings in shaping the destinies of men? In order that this should be accomplished there must be an act of faith in which millions of families speaking many languages must consciously take part.

We all know that the two world wars through which we have passed arose out of the vain passion of a newly-united Germany to play the dominating part in the world. In this last struggle crimes and massacres have been committed for which there is no parallel since the invasions of the Mongols in the fourteenth century and no equal at any time in human history. The guilty must be punished. Germany must be deprived of the power to rearm and make another aggressive war. But when all this has been done, as it will be done, as it is being done, there must be an end to retribution. There must be what Mr. Gladstone many years ago called "a blessed act of oblivion". We must all turn our backs upon the horrors of the past. We must look to the future. We cannot afford to drag forward across the years that are to come the hatreds and revenges which have sprung from the injuries of the past. If Europe is to be saved from infinite misery, and indeed from final doom, there must be an act of faith in the European family and an act of oblivion against all the crimes and follies of the past.

Can the free peoples of Europe rise to the height of these resolves of the soul and instincts of the spirit of man?

If they can, the wrongs and injuries which have been inflicted will have been washed away on all sides by the miseries which have been endured. Is there any need for further floods of agony? Is it the only lesson of history that mankind is unteachable? Let there be justice, mercy and freedom. The peoples have only to will it, and all will achieve their hearts' desire.

I am now going to say something that will astonish you. The first step in the re-creation of the European family must be a partnership between France and Germany. In this way only can France recover the moral leadership of Europe. There can be no revival of Europe without a spiritually great France and a spiritually great Germany. The structure of the United States of Europe, if well and truly built, will be such as to make the material strength of a single state less important. Small nations will count as much as large ones and gain their honour by their contribution to the common cause. The ancient states and principalities of Germany, freely joined together for mutual convenience in a federal system, might each take their individual place among the United States of Europe. I shall not try to make a detailed programme for hundreds of millions of people who want to be happy and free, prosperous and safe, who wish to enjoy the four freedoms of which the great President Roosevelt spoke, and live in accordance with the principles embodied in the Atlantic Charter. If this is their wish, they have only to say so, and means can certainly be found, and machinery erected, to carry that wish into full fruition.

But I must give you a warning. Time may be short. At present there is a breathing-space. The cannon have ceased firing. The fighting has stopped; but the dangers have not stopped. If we are to form the United States of Europe or whatever name or form it may take, we must begin now.

In these present days we dwell strangely and precariously under the shield and protection of the atomic bomb. The atomic bomb is still only in the hands of a State and nation which we know will never use it except in the cause of right and freedom. But it may well be that in a few years this awful agency of destruction will be widespread and the catastrophe following from its use by several warring

nations will not only bring to an end all that we call civilisation, but may possibly disintegrate the globe itself.

I must now sum up the propositions which are before you. Our constant aim must be to build and fortify the strength of U.N.O. Under and within that world concept we must re-create the European family in a regional structure called, it may be, the United States of Europe. The first step is to form a Council of Europe. If at first all the States of Europe are not willing or able to join the Union, we must nevertheless proceed to assemble and combine those who will and those who can. The salvation of the common people of every race and of every land from war or servitude must be established on solid foundations and must be guarded by the readiness of all men and women to die rather than submit to tyranny. In all this urgent work, France and Germany must take the lead together. Great Britain, the British Commonwealth of Nations, mighty America, and I trust Soviet Russia—for then indeed all would be well—must be the friends and sponsors of the new Europe and must champion its right to live and shine.

COUNCIL OF THE EUROPEAN MOVEMENT

A SPEECH AT THE SALLE DES BEAUX ARTS, BRUSSELS
26 FEBRUARY 1949

16 *February—Announcement made in London and Washington of agreement for an additional loan of* $3,000,000 (£750,000) *to the UK under ERP bringing ECA loans to Britain in the first year of the Marshall Plan to* $313,000,000 (£78,250,000).

17 *February—Debate on the Supplementary Estimates for the Ministry of Health.*

18 *February—Total supplies flown to Berlin by the RAF and USAF air lift reaches* 1,000,000 *tons during the* 253 *days of blockade.*

22 *February—Economic Secretary to the Treasury states that the yield from purchase tax for the year* 1948 *amounted to* £300,000,000.

23 *February—Mr Christopher Mayhew, British Under-Secretary for Foreign Affairs, speaking at Lake Success, says that the United Kingdom is within sight of balancing its total overseas payments and that she has long passed the stage of talking about recovery.*

25–28 *February—Inaugural Session of the International Council of the European Movement held in Brussels.*

26 *February—Sir Stafford Cripps repudiates Mr Mayhew's speech at Lake Success and issues a statement pointing out that Britain's recovery is not complete and that she still needs US assistance.*

[26 *February* 1949

After each of the fearful wars which have ravaged the lives and homes of mankind, the hopes of humanity have centred upon the creation of an instrument of world government capable, at least, of maintaining peace and law among men. We have all been grieved and alarmed by the fact that the new United Nations Organization should have been so torn and broken. It has made a far less hopeful start in these first four years than its predecessor, the League of Nations.

In spite of the faithful efforts that have been made by the representatives of many countries, great and small, the new organization, to which we had looked for guidance in our problems and guardianship in our dangers, has already been reduced to a brawling cockpit where taunts and insults may be flung back and forth. An organization in this condition can not have the authority to preserve the approach of

a new war and is in danger of losing the confidence and even the respect of those who were most ardent for its creation.

The main cause of this disaster is, of course, the fact that the world is sundered by the aggression of the Communist ideology supported by the armed power of Soviet Russia. But there are also fundamental defects in the structure of the United Nations Organization which must be corrected if any progress is to be made. I had always felt during the war that the structure of world security could only be founded on regional organizations. Regional organizations are encouraged by the constitution of the United Nations, but they have so far played no effective part. In consequence, the supreme body has been cumbered and confused by a mass of questions, great and small, about which only a babel of harsh voices can be heard. Large regional units are the necessary elements in any scheme of world government. It is vain to build the dome of the temple of peace without the pillars on which alone it can stand.

Just as in a great army it is necessary to have army groups, just as in a division it is necessary to have battalions, so there must be these intermediate organizations to make coherent and effective action possible at the supreme summit. What would happen to a military system where there was nothing between the supreme HQ and the commanders of all the different divisions? What price could emerge from such a confused state? Such a method would only lead through chaos to defeat. Therefore, I believe that the creation of regional organisms is an indispensable part of the structure of world security.

It is the task and duty of the regional bodies to settle a vast number of regional questions among themselves so that their own circle and council representatives of the different countries may then unite in the supreme world instrument. Unless and until this is done the United Nations Organization will be a failure and a mockery.

Tonight we meet here, working patiently together for the building of one and, in some respects, the greatest of these regional organizations. We work here for European unity even for the creation of the necessary apparatus by which United Europe can become a principal factor in the life and peace of the world, and a worthy member of the world organization. If we are striving to raise Europe from the awful pit of misery and ruin into which we have been plunged, it is not only for the sake of Europe but for the sake of the whole world that we toil. It is not only to the regional organization but to the cause of world government that our loyalties are directed.

We are all encouraged by the progress which the European Movement has made. We feel that the enthusiasm force of the cause

we serve and the idea which guides us. It shines like a bright, steady light. In the confusion and exhaustion of our age it shines all the brighter because of the storms which gather. Although we are a regional organism, it is not only geography that unites us. We find our principle of union in the moral sphere. We take our stand on human rights, as set forth in the Charter of Human Rights proclaimed by the United Nations Organization. Any European country that sincerely accepts and adopts the principles there set forth will be welcomed by the European Union.

Alas, there are a number of ancient and famous European States which are no longer free to take their stand for those human rights of which they have so great need. The yoke of the Kremlin oligarchy has descended upon them and they are the victims of a tyranny more subtle and merciless than any hitherto known to history. We are glad to see them represented here by men and women who have escaped from the trap that has closed upon their fellow-countrymen. It is this moral bond which first of all unites us.

In the report of the Executive Committee, our principles are set forth with clarity: love of freedom; hostility to totalitarianism of every kind; the humble and conscientious search for truth; respect for the human personality and for the individual as an individual. These moral values, founded alike on Christian faith and charity and on the critical spirit of rationalism, are the message of our 2,000-year-old European civilization and culture. Let us make sure that, enjoying as we do this common inheritance, we take all necessary steps lest it be wasted or cast away.

At The Hague Congress in May, two proposals for practical action were made: the creation of a European Assembly; and the setting up of a European Court for the enforcement of Human Rights. The European Assembly is now on the point of being achieved. The responsible governments of all our countries have reached their agreements. We have now to take the second step forward and to try to establish, as the practical result of our meeting here, the setting up of a European Court of Human Rights. Such a court in no way challenges the authority of a world court, but it may well be that the principles laid down by the United Nations will be better and more effectively interpreted by courts in the more limited and homogeneous area of regional units: Let Europe judge Europe.

We have the Charter of Human Rights, and we must have a European means of defending and enforcing it. It must not be possible that, within the boundaries of United Europe, such a legal atrocity could be perpetrated as that which has confronted us all in the case of

Cardinal Mindszenty. Here you have the crime of religious persecution committed on an innocent man under the direct orders of Moscow, and carried through with all those features of police government with which we are familiar in trials under the Soviets.

There must be means by which such events in any of the countries with which we can consort can be brought to the test of impartial justice. We cannot rest content with the division of Europe into two parts—the free and the unfree. The Europe we seek to unite is *all* Europe; and in our Movement we must strive, by every means in our power, to help bring about conditions in which our fellow-Europeans, now living in the satellite States of Russia, will be united with us.

The task of our Movement is to foster, encourage and develop the sense of being Europeans, a pride in Europe and what she has stood for, and confidence in the greatness of our common mission in the future. These sentiments can only be brought about by Europeans in different countries learning to know each other better. In all this work the new European Assembly can play a vital part. By its discussions, which will be reported in the Press and on the radio, it can create and express a European public opinion, a common European point of view, and the sense of all that we have in common.

We are all agreed that our ultimate aim—the unity and freedom of the whole of Europe—can only be achieved by stages. Our first task is to unite the free countries which are working together under the Marshall Plan. We recognize that individual countries have special problems for which solutions must be found. In Switzerland, in Sweden, in Germany, there are special conditions which must be patiently studied. Great Britain is herself the centre of a free and world-wide commonwealth of States. We are sure in our country that a satisfactory solution can be found whereby we can develop our new association with Europe without in the slightest degree weakening the sacred ties which unite Britain with her daughter States across the oceans.

Europe, which we are to help to create, must be independent but not isolationist. We desire that our regional structure all be harmoniously fitted into a system of world government, but we stretch our hands out in gratitude and goodwill across the ocean to the other half of the free world, whose generous help has been forthcoming to assist our stricken continent on the path of recovery. We express our admiration of the great United States and of the part they are playing, not only in the restoration of European economy, but also in our security and defence.

The Brussels Pact united the five Western democracies in a bond of

of common defence, and we in Britain are glad once again to take our stand with the gallant Belgian Army against the perils of the future. The Atlantic Pact will give us all the guarantee that the cause of freedom in the Old World will not be aggressively assailed without effective aid from the great Republic across the ocean.

This, therefore, is the hour in which we should move forward with confidence, offering to all the men in all the lands the human rights and freedom which we ourselves enjoy and for the preservation of which if ever it should be necessary—we should be prepared to do our duty, whatever the cost might be.

NEW YORK

A SPEECH AT A DINNER GIVEN BY MR HENRY R. LUCE AT THE RITZ-CARLTON HOTEL 25 MARCH 1949

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27 February—Communist Party in London announce their intention of putting forward 100 candidates at the next general election.

1 March—Security Council at Lake Success approve Israel's application for membership of the United Nations by 9 votes to 1 and 1 abstention; the U.S.A., Soviet Union, France, China, Canada, Argentine, Norway, Cuba and the Ukraine voting in favour; Egypt opposing, and Great Britain abstaining.

Application for membership of the United Nations Organization by North Korea rejected by 8 votes to 2 (USSR and Ukraine).

Announcement from Moscow that M. Vychinsky is to succeed M. Molotov as Foreign Minister, and M. Gromyko is to succeed M. Vyshinsky as Deputy Foreign Minister.

6 March—Trial in Bulgaria of 14 pastors who have 'confessed' espionage for Britain and U.S.A.

12 March—British Note is issued to the Bulgarian Government protesting against the trial of the pastors and stating the 'confessions' are viewed as fictitious by HM Government.

13 March—Debate in the House of Commons on the East African Groundnut Scheme on an Opposition motion to reduce the Civil Vote on Account by £1,000,000. Motion defeated by 313 votes to 313.

15 March—Mr Bevan makes statement in the House of Commons, during which Mr. Morrison makes a statement on the policy of increasing the striking force of the R.A.F.

Closure resolution carried by 296 votes to 281.

16 March—Australian House of Representatives passes a Bill to be called the Commonwealth Scientific and Industrial Research Organization for the purpose of promoting the primary, secondary and defence services.

17 March—Signature of the North Atlantic Treaty at Washington.

20 March—The Western Military Governors in Berlin announce that the West Mark is to be the only legal tender in Western Berlin.

21 March—The Union Secretary, Mr Senator Fitz, announces the Government's decision to set up a Republican Police Force.

25.2.49 SPEECH TO INTERNATIONAL COUNCIL OF EUROPEAN MOVEMENT

A. EUROPEAN MOVEMENT. — Inaugural Session of International Council of the European Movement. - Mr. Churchill's Speeches. - Recommendations of Political and Juridical Committees. - Proposals for the European Assembly. - M. Jouhaux elected President of European Movement. - Formation of National Councils of European Movement in Great Britain, Belgium, and Switzerland.

The inaugural session of the International Council of the European Movement was held from Feb. 25-28 in Brussels at the *Palais des Beaux-Arts*, with M. Spaak, the Belgian Premier and Foreign Minister, and M. Winston Churchill as *presidents d'honneur*. The session was attended by delegates from a number of countries, including Great Britain, France, the Benelux nations, Italy, Denmark, Norway, Sweden, Switzerland, and Turkey, by representatives of Eastern European countries, and by U.S. and Portuguese observers; among those present were M. Guy Mollet, secretary-general of the French Socialist Party (representing M. Léon Blum, absent through illness) and Signor Ruini (representing the Italian Prime Minister, Signor de Gasperi).

M. Spaak, in his opening address, spoke of the development of the idea of European unity, and the growth of the European Movement, since the Hague Congress of 1948, and paid particular tribute to M. Ramadier, M. van Zeeland, and "the most respected and illustrious of all, Winston Churchill," for their work for United Europe since the Hague meeting.

Mr. Churchill, who followed M. Spaak, spoke as follows:

"The progress which our cause has made has been unceasing. That is because the conception of Europe as a united entity has proved itself to be a living truth in perfect harmony with the needs of the broad masses of the people in every part of the Continent. It rises above ordinary party and Parliamentary differences. Not only do we meet as Allies in a common struggle, but we welcome to our midst, as friends and comrades, representatives of the great States and races with whom we have been so lately locked in frightful conflict. That is indeed an example of the force of an idea triumphing over the fiercest passions of men and nations, to turn our thoughts from the past to the future, and to turn from deeds of hatred to new associations and brotherhoods, which we know are our only hope.

We also receive with warmest feelings of sympathy the representatives of European countries which are at present held in the grip of a tyranny more permanently devastating than that of Hitler. Our hearts are with them and our ultimate purpose is their deliverance.

In the Congress of Europe at The Hague last May we resolved to work for the creation of a deliberative European Assembly. Great Governments and powerful Ministers have espoused this plan or been converted to it, and what was in May last only the expression of an unofficial congress has now become the adopted and concerted policy of almost all the Governments of Western Europe. This is the hour for another positive forward step towards the structure of United Europe."

The conference then went into plenary session, presided over by M. van Zeeland; heard speeches from M. van Zeeland and Mr. Duncan Sandys (chairman of the international executive committee); and appointed two committees, political and juridical, under the respective chairmanship of Mr. Robert Boothby, M.P., and Prof. Dehousse (a Belgian legal expert), to draft recommendations.

On Feb. 26 speeches in support of European unity were made at an open-air meeting in Brussels addressed by Mr. Churchill, M. Spaak, and other leaders of the European Movement. Several hundred Communists—including several Belgian Communist senators and deputies—attempted, at the instigation of the Belgian Communist paper *Drapeau Rouge*, to interrupt the meeting, the police making some 60 arrests; the crowd of 7,000, however, gave a warm welcome to the speakers, and particularly to Mr. Churchill, who declared in his speech that "one half of Europe is to-day in prison and the other half on its guard and justified in taking precautionary measures." Mr. Churchill (who spoke in French), deplored, during his address, the present disharmony in the U.N. Organization and made a plea for the formation of regional associations, saying *inter alia*: "We have all been grieved and alarmed by the fact that the U.N. should have been so torn and broken. The new Organization has already been reduced to a brawling cockpit where insults may be flung back and forth. . . . The main cause of this disaster is the fact that the world is sundered by the aggression of Communist ideology, by the armed power of Soviet Russia. But there are also fundamental defects in the structure of the U.N. which must be corrected if any progress is to be made. The structure of world security can be founded only on regional organizations. Such organizations were encouraged by the constitution of the U.N., but they have so far played no effective part. The supreme body has been cumbered and confused by a mass of questions; only a babel of harsh voices can be heard. Large regional units are the necessary elements in any scheme of world government. It is vain to build the dome of the temple of peace without the pillars on which alone it can stand. The creation of regional organisms is an inseparable part of any structure of world security. It is the task and duty of the regional bodies to settle a vast number of questions among themselves within their own circle, and to send representatives of the highest authority from their units to the supreme world instrument. Unless [illegible] U.N. Organization will be a failure and [illegible]

Speaking of the work of the European [illegible] said that any European country that [illegible] of the U.N. Charter of Human Rights [illegible] would be welcomed by the European Union; there are a number of ancient European [illegible] free to take their stand for those human rights [illegible] great need! The yoke of the Kremlin [illegible] upon them, and they are the victims of a [illegible] merciless than any hitherto known to history.

At its concluding session on Feb. [illegible] Council elected M. Léon Jouhaux, the [illegible] leader and head of the Socialist *Force Ouvrière*, and M. André Philip, one of the leaders of the French Socialist Party, as its secretary-general, unanimously adopted the resolutions of the political committee, which are set out below.

Political Committee: The Political Committee on "Principles of European Policy" [illegible] recommendations with respect to the European Assembly:

(1) The Council of Ministers should [illegible] should sit for at least 45 days a year," and [illegible] the European community."

(2) The 300 or more members of the Assembly [illegible] by their respective national Parliaments [illegible] represent the vital forces in each country [illegible] however, be free to nominate only those [illegible] contribute loyally to the establishment of [illegible] in a united Europe."

(3) The parties in the various nations [illegible] "appropriately" represented, and the [illegible] not merely government *blocs* but [illegible] mentarians.

(4) Places should be reserved in the Assembly [illegible] countries which were at present not [illegible]

(5) Persons outside the national [illegible] "for their representative European [illegible] from the undemocratic States.

As regards Germany, a French proposal [illegible] that Western Germany, and as soon as [illegible] should be invited to become part of the [illegible] which all nations would have the same [illegible]

Juridical Committee: This committee [illegible] of a 9-member Court of Human Rights, [illegible] Human Rights Commission, to protect [illegible] rights and to implement on a European [illegible] elaborated in the U.N. Charter of Human [illegible] laid down that no State could be admitted [illegible] which was not willing to apply the principles [illegible] Rights Charter.

The recommendations adopted by the [illegible] of the European Movement would [illegible] clusion of the conference, be transmitted [illegible] pean Governments.

On Feb. 16 National Councils of the [illegible] were constituted in Great Britain, Belgium [illegible] headed respectively by Lord Layton, [illegible] President of the Swiss Confederation, and [illegible] Mr. Duncan Sandys will act as chairman [illegible] committee of the British National Council; [illegible] chairmen includes Mr. R. W. G. Mackay, [illegible] the British all-party Parliamentary Committee [illegible] unity.—(Le Vingtième Siècle, Brussels; [illegible] Times - Daily Telegraph - Manchester [illegible]

(Prev. rep., 9765 A; Hague Congress, [illegible] All-Party Cttee., 9820 E; European [illegible]

B. UNITED KINGDOM. — Postponement of Distribution.

Mr. Harold Wilson, President of the [illegible] announced in the House of Commons on [illegible] Government had decided to postpone [illegible] of distribution earlier ordered under the [illegible] Act, 1947, adding that during the past [illegible] received communications from M.P.'s [illegible] House, and from trade organizations [illegible] many engaged in the distributive trades [illegible] shopkeepers, had not become sufficiently [illegible] form the census would take or their connexion with it.—(Times - Daily Telegraph)

C. UNITED STATES. — Army.

The U.S. Army authorities announced on Feb. 25 that in the year beginning July [illegible] its forces in Europe would be slightly [illegible] doubled, and those in the Far East [illegible] this plan, the U.S. forces outside the [illegible] in Europe, 92,000, a reduction of 4,000; [illegible] an increase of 6,200; (c) in the Far East, [illegible] (d) in Trieste, unchanged at 5,000.—(New [illegible]

(Prev. rep. [illegible]

CHURCHILL = SPEECH TO INTERNATIONAL COUNCIL OF THE EUROPEAN MOVEMENT: 25.2.49.

PLENARY SESSION OF ASSEMBLY OF COUNCIL OF EUROPE 17 August 1949

1949

European Con- at Strasbourg. - Cultural Recom- nt Commission of n Economic Con- ation to U.S.A. - Rights Convention Paris Meetings of sent Commission Entry of Western f Europe.

of the European Con- ug. 10 (see 10149 A), k as President of the the Council of Europe the inaugural session, the following agenda consideration of any ture of Europe" so as member-nations; (2) of the Council in regard human rights; (3) economic field, taking organizations; (4) the among the member- field of social security. attempted to place on the best methods of member-States, and the promote the peaceful tion which, if adopted, discuss the partition four of the 10 votes

greed that the Assembly "the progressive unifica- gard to the legal status of ating a common European (2) the possibility of a carried out collectively by unification of patent law. s to the creation of six economic affairs, social matters, cultural and privileges—and decided affairs, economic affairs, ters should each consist ain, France, and Italy, and, Sweden, and Turkey, Luxemburg, and Norway); s would each be composed ain, France, and Italy, er-nations). It was laid specific question by the should be referred to the latter, after consideration, ations to the Assembly, in detail. At the same en of the various com- alist—as follows:

—chairman, M. Georges

—chairman, M. Paul Republican).

Committee—chairman, Sir rvative).

—chairman, Hr. P. J.

mittee—chairman, Senator

Committee—chairman, Sig. tian Democrat).

nary session of the Assembly the Assembly discussed the deration of any necessary so as to achieve greater "—of which Mr. Winston l sponsors.

for some form of European ding powers in certain fields, Hem M. André Philip (France, Agrarian), and Mr. Robert med suggesting the creation authorities manned by a the control of the Committee of Ministers. **Lord Layton** (U.K., Liberal), while agreeing that such a development was desirable, pointed out the existing obstacles to European federation at the present stage—notably the fact that several nations in the Council of Europe were not members of the Atlantic Pact, and the special nature of the relations between Britain and the Dominions—and urged member-States to concentrate for the time being on increasing their economic co-operation and on drawing up a European Charter of Human Rights. **Mr. William Norton** (the Eire Vice-Premier, and leader of the Irish Labour Party) raised the issue of partition, and in this connexion made an attack on Britain which was heard in silence by the Assembly. After affirming that the Irish delegation "denied the legal and moral right of Britain to occupy a single inch of Irish territory," he called on the nations represented to give Ireland their moral support in her fight to end partition, and declared *inter alia* that "in our relations with Great Britain we have tasted violence and persecution at the hands of the invader."

17-8-49

Mr. Winston Churchill and Mr. Herbert Morrison were among the principal speakers in the second day's debate. **Mr. Churchill** (U.K., Conservative) declared that Europe, through the efforts of the Council of Europe, could become one of the great continental pillars of world peace and security, not rivalling the U.N. but being a subordinate and essential element in its structure; in this connexion he expressed the hope that, eventually, continental units "will be represented in the World Organization collectively rather than by individual States as in the present system." As regards the functions of the European Consultative Assembly, he stressed that it should have the fullest freedom of debate in all matters except those relating to defence, and added: "We must assert our right to this freedom, and we must have our own Parliamentary officers to assist us in our debates. . . . But we do not possess executive power, and at this stage in our development we could not possibly claim it. Our foundation by selection by the Governments of the day from the various Parliaments is not such as to give us authority at this stage to take decisions. We claim, however, to make proposals. It is not for us to make decisions which would require executive authority." He supported the drawing up of a Bill of Human Rights for Europe, on the lines of, but in shorter form than, the U.N. Declaration, and hoped a European Court would be set up before which all cases of violation of human rights in the member-States could be brought for judgment. He also supported a proposal for the reservation of seats in the Assembly to those nations of Eastern Europe who were now "the political prisoners of the Kremlin," expressing the hope that the Assembly would one day be representative of "all Europe west of the Curzon Line." Turning to what he described as "the most important question before the Assembly," Mr. Churchill declared that without Germany a United Europe could not exist, and added: "We cannot part here at the end of this month on the basis that we do nothing more to bring Germany into our circle until a year has passed. That year is too precious to lose. If lost, it might be lost forever." He accordingly asked that the President of the Assembly should take up with the Committee of Ministers the possibility of convoking a special session of the Assembly, either in December or January, at which they could either receive Germany into the Council of Europe or debate the question of her admission.

Mr. Herbert Morrison (U.K., Labour) agreed on the need for greater unity in Europe to solve major economic problems which could only be solved in common, and to achieve security against totalitarianism, and pointed to the practical steps already taken towards that end, such as the O.E.E.C. and the Brussels Treaty organization. He laid stress, however, on the diversity of the European countries, emphasized that progress towards unity of action must be based on the consent of their free peoples and democratic Parliaments, and said that the Assembly must strike the right note between the collective well-being of Europe and the separate interests of the member-States; in the latter connexion, full regard must be paid to Britain's ties with the Commonwealth and to the responsibility she shared with France, Belgium, and Holland for the welfare of oversea peoples. Hitherto, he continued, the approach to unity of action had been functional as distinct from federalist, but he was not prepared to say that the functional approach was necessarily the final solution, and that some collective European authority might not in due course develop, with special powers to decide certain matters. After emphasizing that, at the present time, they had, however, to base themselves on facts and realities, Mr. Morrison concluded: "Very often in public affairs we have to choose between constructive evolution on the one hand and emotional and reckless jumps to we know not where on the other. For myself, I believe that constructive evolution—which need not and ought not to lack boldness—is the quickest and surest means of progress."

Among other speakers, **Hr. Terje Wold** (Norway, Labour) expressed the opinion that if the Council, within the present framework of its Statute, continued its practical work in ensuring closer collaboration in the spheres of economics, social affairs, and cultural matters, impetus would be given to the further closer association of the European nations. **Mr. Harold Macmillan** (U.K., Conservative) and **Mr. R. W. G. Mackay** (U.K., Labour) spoke in support of European federation, the former urging that the Committee of Ministers should develop as a corporate European body, with the right to put before the national Governments whatever proposals emanated from the Assembly, and where necessary to demand explanations from those Governments.

The rôle of the Council of Europe in the economic field was debated by the plenary session of the Assembly on Aug. 23–24.

CHURCHILL - ADDRESS TO PLENARY SESSION OF THE COUNCIL OF EUROPE 17-8-49.

PMG

10 DOWNING STREET

From the Private Secretary

22 October 1992

Dear Christopher,

ANGLO-GERMAN SUMMIT: INITIATIVE

I see from Berlin telno 120 that we are working up an initiative for the Anglo-German Summit on 11 November. It would be helpful to know soon what you have in mind so that the Prime Minister can be consulted. He will have views.

Yours,

Stephen

J. S. WALL

C.N.R. Prentice, Esq.,
Foreign and Commonwealth Office.

KW

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FROM PRIVATE SECRETARY

MY 2 IPTS: STATE VISIT: FOREIGN SECRETARY'S SECOND MEETING WITH HERR KINKEL IN BONN, 20 OCTOBER, NON YUGOSLAV ISSUES

BILATERAL ISSUES

1. THE FOREIGN SECRETARY AND KINKEL AGREED THAT THEIR OFFICIALS SHOULD WORK UP AN INITIATIVE FOR THE ANGLO-GERMAN SUMMIT ON 11 NOVEMBER, FOLLOWING ON FROM THE AGREEMENT BETWEEN THE FOREIGN SECRETARY AND GENSCHER AT LEIPZIG IN 1991. THE TWO FOREIGN MINISTRIES SHOULD DO MORE TO SHARE INFORMATION AND TO MAKE THEIR COOPERATION EVEN MORE REGULAR IN BONN, NEW YORK AND ELSEWHERE. (COMMENT: THE FOREIGN SECRETARY IS AWARE THAT WE ALREADY GIVE MUCH INFORMATION TO THE GERMANS.) KINKEL SAID THE CASE FOR BILATERAL COOPERATION WITH BRITAIN WAS ALL THE STRONGER BECAUSE HE FOUND THE FRENCH TENDED TO BE TOO INDEPENDENTLY-MINDED.

TURKEY
2. THE FOREIGN SECRETARY SAID HE WANTED TO MAKE PROGRESS AT THE EC-TURKEY COUNCIL ON 9 NOVEMBER BUT MUCH DEPENDED ON THE UN CYPRUS TALKS, WHICH RESUMED ON 26 OCTOBER. VASSILIOU AND THE GREEK GOVERNMENT WANTED A SETTLEMENT, AS DID THE SECRETARY GENERAL AND ANKARA, BUT DENKTASH WAS OBSTINATE. THE FOREIGN SECRETARY HAD THE STRONG IMPRESSION FROM CETIN THAT THE TURKS WERE NOT PRESSING DENKTASH HARD ENOUGH. THEY WERE THUS FAILING TO PROMOTE THEIR OWN INTERESTS: A SETTLEMENT WOULD UNBLOCK MUCH FOR THEM IN THE EC, WEU, ETC. KENKEL AGREED. HE WOULD SEND A MESSAGE TO CETIN.

FRANCO-GERMAN CORPS
3. THE FOREIGN SECRETARY SAID THAT THE RECENT TALKS BETWEEN NEUMANN

AND WOERNER WERE VERY SENSITIVE. HE HOPED THAT KINKEL WOULD KEEP AN EYE ON T HE ISSUE AND HELP TO AVOID SURPRISES.

GERMAN FOREIGN POLICY

4. KINKEL SAID THAT THE PRE-OCCUPATION WITH REUNIFICATION AND ITS CONSEQUENCES HAD LED GERMANY TO NEGLECT IMPORTANT REGIONS. HE WANTED TO DO MORE IN LATIN AMERICA, THE MIDDLE EAST AND SOUTH EAST ASIA. HE HAD RECENTLY CALLED IN THE ASEAN AMBASSADORS, AND THE LATIN AMERICAN AMBASSADORS. HE WAS DETERMINED TO GO TO THE EC ASEAN MEETING IN MANILA AND WOULD VISIT CHINA ON THE SAME TRIP.

BURTON

YYYY

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NNNN

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bc RB

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

14 October 1992

Dear Richard

ANGLO-GERMAN SUMMIT:
WEDNESDAY 11 NOVEMBER

Please refer to my letter of 3 August.

In that letter, I said that Chancellor Kohl had suggested that the Prime Minister might accompany him to Oxford where he is to make a speech that evening and that the Prime Minister was inclined to do so. I am pretty sure that I have not told the Germans, in any of my contacts with them, that the Prime Minister had planned to accompany Chancellor Kohl to Oxford. Could you let me know whether you or our Embassy have done so? The point at issue is that it would actually be rather easier for the Prime Minister not to go on to Oxford with Chancellor Kohl but the final decision will obviously depend in part upon what has been said to the Germans so far.

It would also be helpful to know exactly what event Chancellor Kohl is speaking at that evening and what the timings would be.

Chancellor Kohl's visit is of course on Armistice Day. That will not go unnoticed in the press. I have not yet discussed with the Prime Minister whether we slide over that fact or make something of it. I very much doubt whether the Prime Minister would want to go in for a joint wreath-laying or anything of that kind. It might, however, be an idea for the Prime Minister and Chancellor Kohl to say something at their joint press conference, eg. to note the extent of the reconciliation symbolised by the fact that they are meeting in a house which was used by Churchill in World War II. It would be good if we could find (as I am sure we can) a suitable quotation from Churchill about reconciliation, eg. in the Zurich Speech or other similar speeches. Perhaps someone could very kindly do some research.

Yours ever, Stephen

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

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Nor GR

~~PLSR~~

(2) I gather PM is ~~not~~ now keen to attend Kohl dinner in Oxford on 11 Nov. Is Summit meeting in Dirchley Park? OK for him not to attend dinner?

S 13/10

P.A.

Sandra
Thanks

Alex

To Str papers (particularly Stephen's letter of 3/8 ~~for~~ flap), + minutes to PM below it.

S 14/10

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10 DOWNING STREET

5 October 1992

From the Private Secretary

Dear Richard,

ANGLO-GERMAN SUMMIT: 11 NOVEMBER

Thank you for your letter of 2 October about participation in the Anglo-German Summit. The Prime Minister agrees that the Foreign, Defence and Home Secretaries, the Chancellor of the Exchequer and the President of the Board of Trade should take part in the Anglo-German Summit. I assume that Sir Christopher Mallaby will also be here for the event.

I am copying this letter to Jeremy Heywood (H M Treasury), John Pitt-Brooke (Ministry of Defence), Colin Walters (Home Office), Peter Smith (Department of Trade and Industry) and Melanie Leech (Cabinet Office).

Yours,

Stephen

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

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Foreign &
Commonwealth
Office

London SW1A 2AH

2 October 1992

Yes

Prime Minister

Are you content with this participation?

Dear Stephen,

Anglo-German Summit : 11 November

The Prime Minister has agreed with Chancellor Kohl that the next Anglo-German Summit should take place on Wednesday 11 November (your letter of 3 August). It is also agreed that it should be held at Ditchley Park (your letter of 22 August).

attached

We recommend we should now confirm participation, as suggested in your earlier letter, namely the Prime Minister, the Foreign, Defence and Home Secretaries, the Chancellor of the Exchequer and the President of the Board of Trade. This has been agreed informally with officials in the Departments concerned, and the German Embassy have been told what we have in mind.

The agenda will focus on the European Community, and on defence and security matters but we will submit on the detail nearer the time.

I am copying this to Jeremy Heywood (HM Treasury), John Pitt-Brooke (MOD), Colin Walters (Home Office), Peter Smith (DTI) and Melanie Leech (Cabinet Office).

Yours ever,

Richard.

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

19 August 1992

ANGLO-GERMAN SUMMIT: WEDNESDAY 11 NOVEMBER

Please refer to Christopher Prentice's letter to Mark Adams of 11 August.

I think Ditchley Park would be a very good site for the Anglo-German summit. I shall put the idea to the Prime Minister on his return from holiday. I should be grateful if we could make a provisional booking in the meantime.

J S WALL

Richard Gozney Esq
Foreign and Commonwealth Office

CLP/B

Foreign and Commonwealth Office

London SW1A 2AH

11 August 1992

Dear Mark,

Anglo-German Summit: Wednesday 11 November

You asked for suggestions of suitable places near Oxford for the Anglo-German Summit (your letter of 3 August). attached

Our strong recommendation would be Ditchley Park, which you probably know well. There are other options we could explore but Ditchley is suitably gracious, convenient to Oxford (14 miles), has all the necessary facilities, and is well-used to hosting high-level meetings. It is also free on 11 November.

You also asked if Lancaster House could be booked as a contingency. However, this has already been booked for the whole of 11 November by the Commonwealth Parliamentary Association for a dinner to mark the 40th anniversary of The Queen's accession. We could try to squeeze the summit in there if you thought we should, but we wonder if that is really necessary. At the last UK Anglo-German Summit, in March 1990, a lunch for Ministers was held at No 10. There was a separate lunch which we organised for the accompanying officials. After lunch, Ministers held talks with their opposite numbers in their own offices. If you agree, we could regard that as the fall-back arrangement for this summit.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

Mark Adams Esq
10 Downing Street

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file
cc FCO
P/S MAFF

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 August 1992

Dear Richard,

ANGLO-GERMAN SUMMIT: WEDNESDAY 11 NOVEMBER

The Prime Minister has now agreed with Chancellor Kohl that the next Anglo-German Summit will take place on Wednesday 11 November. Chancellor Kohl can arrive in Britain at 1000 and is available until 1600, when he travels to Oxford to make a speech. He has suggested that the Prime Minister might accompany him to Oxford and the Prime Minister is inclined to do so.

It is intended that the Summit be a full one. The exact participation is yet to be worked out, but it would probably include the Foreign Secretary, Chancellor of the Exchequer, Home Secretary, President of the Board of Trade and the Defence Secretary.

With that number of people, Chequers may not be feasible for the meeting but the Prime Minister is inclined to hold it outside London if at all possible. Is there anywhere in or near Oxford that could be used? I should be grateful if this could be investigated urgently. In the meantime, we should make a contingency standby booking for Lancaster House.

I am copying this letter to the Private Secretaries to members of OPD and to Sonia Phippard (Cabinet Office).

Yours,
Stephen

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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PRIME MINISTER

ANGLO/GERMAN SUMMIT

Chancellor Kohl has now confirmed that, by changing his Cabinet meeting, he can come to London on Wednesday 11 November for the Anglo/German Summit. He is available from 1000 to 1600 hours when he will have to fly up to Oxford to make his speech (he is not receiving an honorary degree).

Chancellor Kohl would like a full Summit, ie. involving Ministers of Foreign Affairs, Defence, Treasury, Trade and Interior. Do you agree?

Do you want to hold a meeting in London or to try to find a venue outside London (probably not Chequers for that number of people).

Chancellor Kohl has asked whether you would go with him to Oxford. You could do so but that afternoon is really the only time you have free to prepare for your Lord Mayor's Banquet speech on Monday 16 November.

Decline therefore? No - I'd better go.

Why not outside?
? Nr. Oxford At Oxford?
Can we look?

J.S.

J. S. WALL
31 July 1992
c:\f\kohl (slh)

file DTS.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

12 July 1991

Dear Christopher,

SIR JULIAN BULLARD

I enclose a letter to the Prime Minister from Chancellor Kohl thanking him for the copy of Julian Bullard's piece on Germany, of which the Prime Minister gave Chancellor Kohl a bound copy on 9 June. I wonder if the Department could kindly arrange for Chancellor Kohl's thanks to be passed on to Sir Julian Bullard.

Yours,
Stephen

J. S. WALL

Christopher Prentice, Esq.
Foreign and Commonwealth Office

DT.

OC

ccfc

DER BOTSCHAFTER
DER BUNDESREPUBLIK DEUTSCHLAND

Baron Hermann von Richthofen

London, 11 July 1991

Dear Prime Minister,

I have the honour to transmit the letter from Herr Helmut Kohl, Chancellor of the Federal Republic of Germany, dated 4 July 1991. Courtesy translation is attached.

I am, dear Prime Minister

Yours sincerely

Hermann Richthofen

His Excellency
The Rt. Hon. John Major, MP
Her Majesty's Prime Minister and
First Lord of the Treasury
L o n d o n

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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T184/91

The Federal Republic of Germany
The Federal Chancellor

Bonn, 4 July 1991

Dear John,

Thank you once again for kindly giving me a copy of Sir Julian Bullard's talk on "Great Britain, Germany and the Chamberlains" during my visit on 9 June.

I read the text with great interest, and was impressed by the breadth of its thinking and the vitality of its style, and in particular by the passages on German unification.

I would be most grateful if you could also convey my thanks to the author.

Yours sincerely,

(sgd) Helmut Kohl

The Rt. Hon. John Major,
H. M. Prime Minister,
10 Downing Street,
London SW1

BUNDESREPUBLIK DEUTSCHLAND
DER BUNDESKANZLER

Bonn, den 4 . Juli 1991

Rt. Hon.
John Major
H. M. Prime Minister
10, Downing Street
London SW 1

Lieber John,

für Deine Aufmerksamkeit, mir bei meinem Besuch am 9. Juni Botschafter Sir Julian Bullards Vortrag über "Großbritannien, Deutschland und die Chamberlains" zu überreichen, danke ich Dir nochmals herzlich.

Ich habe den Text mit großem Interesse gelesen und war von der Breite seiner Gedanken, von der Lebendigkeit des Stils und ganz besonders von den Passagen zur deutschen Wiedervereinigung beeindruckt.

Ich wäre Dir sehr verbunden, wenn Du meinen Dank auch dem Autor übermitteln könntest.

Mit freundlichen Grüßen

Dein

H. Kohl

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10 DOWNING STREET

From the Private Secretary

9 June 1991

Dear Jeremy,

VISIT OF CHANCELLOR KOHL TO CHEQUERS: 9 JUNE: EMU

My letter to Richard Gozney recording the Prime Minister's meeting with Chancellor Kohl contains an abbreviated account of the discussion on EMU. I give below the full account (including the paragraphs that were in the original letter).

The Prime Minister has asked that this letter be seen in the Treasury only by you, the Chancellor and Nigel Wicks. In the FCO, it should be seen only by the Foreign Secretary and Richard Gozney.

EMU

The Prime Minister said he hoped to examine the points of agreement and disagreement between us. We shared the objective of controlling inflation; we agreed on the dangers of moving to economic and monetary union without the proper convergence of economies, and on the risks of expensive budgetary transfers to the poorer member States. There were some difficult points for us, but he thought we could find a way through. The two main points of difference or difficulty were (i) the difficulty of making a commitment now to the ultimate objective of EMU and (ii) the very difficult issue of the independence of the Central Bank, which he knew to be imperative for Germany. Germany wanted to be sure that any replacement for the Bundesbank was just as good. We did not have the same tradition. Before we moved to stage 2 we would need some convergence of economies. We should not just say that we wanted convergence. We should set out what it meant, e.g., inflation, growth, flexibility of economies, spending controls, etc. If we were not clear, we could face economic catastrophe. We wanted to set convergence points as well as dates as the determinant for moving forward from one stage to the next. Of the two, convergence was more important than dates. We agreed with Germany that each country should maintain domestic control of its own monetary policy in stage 2 and that further convergence points would be needed before stage 3. These would need to be set out carefully.

The Prime Minister said that when, as Chancellor, he had put forward the hard ecu proposal, he had done so knowing that the independence of the Central Bank was crucial for Germany and politically impossible for the House of Commons. He had foreseen

that the hard ecu would develop as a real currency which people would increasingly use. He would take steps to ensure wider use of the ecu here and had already announced as Chancellor a large bond issue in ecus. The Bundesbank had feared that a parallel currency would increase the money supply and lead to inflation. But, as people bought the hard ecu, domestic currency would be withdrawn proportionately from circulation. That was a route to a single currency that was sellable.

The Prime Minister said that if he could not persuade his partners of that route, then the only way he could get through the EMU IGC was (i) to set convergence points for stage 2 and subsequently stage 3 and (ii) for there to be two caveats: (a) that the British Parliament would have to make up its mind at the end of stage 2 and not before and (b) that we could not categorically commit ourselves to going to stage 3 until that point was reached, and we could make that judgement based on our experience in stage 2. To move to a prescriptive single currency on the lines proposed by the Delors Committee would take away the constitutional prerogatives of the House of Commons. Were he to come back from Maastricht saying that he had committed Britain to a single currency - even if it did not happen for years - he would not get it through the House of Commons. Even the pro-Europeans would vote against. The Prime Minister said that he recognised that the Beregovoy/Delors proposal had been helpful in intent but it had been politically unhelpful in practice.

Chancellor Kohl said that he would like to be in touch again about all this before Luxembourg. He said (in a reference which I think was more Old Testament than Chicago) that he would send two people to speak to the Prime Minister personally on this issue. The question was whether Britain alone wanted the right to decide for itself or whether she would act as a brake on others. He thought it unimaginable that the House of Commons would not in the end want Britain to join, but he would say nothing of all this in public. People should keep very quiet on this topic.

The Prime Minister said that if the House of Commons took a vote at the appropriate time on whether to go into stage 3, and if the other members of the Community were ready to do so, that must mean that the necessary conditions of convergence had been achieved because he could not imagine otherwise that Germany, as the Community's biggest payer, would be prepared to make the move. So British political opinion would face an intriguing choice; either to let the rest of the Community go ahead and stay outside, or to join in. Chancellor Kohl said that he could predict now that Britain would opt to go in. He thought that Europe was going to be the success story of the 1990s. We would have the Single Market in 1992. More and more young people looked increasingly across the Channel. He understood what the Prime Minister was saying. The European train was moving, and Britain had to decide whether she wanted to join it. That was not a responsibility the Prime Minister was trying to avoid, but the particular decision was not one for today but for the future, albeit the foreseeable future. The Prime Minister agreed. Chancellor Kohl commented that he was sure the City would want Britain to be part of EMU. The Prime Minister said that the City

and the banks were conspicuous by their silence. Chancellor Kohl said he had similar problems but the banks always made sure they were on the winning side.

I am copying this letter to Richard Gozney (Foreign and Commonwealth Office).

Yours,

Stephen

J.S. WALL

Jeremy Heywood, Esq.,
HM Treasury.

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10 DOWNING STREET

From the Private Secretary

9 June 1991

Dear Richard,

VISIT OF CHANCELLOR KOHL TO CHEQUERS: 9 JUNE

Thank you for the briefing provided by you and Jeremy Heywood for Chancellor Kohl's visit to Chequers today. The atmosphere was very good, and the Chancellor did not leave until 1545.

On substance, Chancellor Kohl reaffirmed his commitment to avoiding decisions in Luxembourg. He did not go into nearly as much detail on the two IGCs as the Prime Minister, but set out his own European convictions.

I enclose a copy of the agreed press line. The Germans were keen that this should be in pretty general terms.

At Chancellor Kohl's request he and the Prime Minister had over an hour on their own (with interpreters) at the start of the meeting. The discussion was mainly about domestic politics. The Chancellor was relatively up-beat despite the present difficulties in East Germany. Many there preferred the kind of Marshall aid they were getting from Bonn rather than work. Good people were no longer interested in going into politics. Chancellor Kohl reckoned that the worst of unemployment in the former GDR would be cured in two years. With the one to one exchange rate, most East Germans had considerable savings. Chancellor Kohl's sympathies lay with the pensioners, and he would probably have to increase pensions. He faced criticism from both West and East. In the East there were disappointed expectations; in the West people complained about the burden of unification. He spoke very critically of the role played by the Stasie. But he ended on an up-beat note. There were 900,000 telephones in East Germany now. There would be 2 million by the end of next year. That was a greater number of installations than in the entire period of Communist rule.

Chancellor Kohl said that he felt much more motivated than for a long time. Things were moving in the European Community. He intended to stand again in 1994 (i.e., to lead the Party in

the 1994 election).

European Community

Peter Hartmann, Walter Neuer and I joined the talks at this point. The Prime Minister said that one of the frustrations sometimes felt by our European partners was that we gave them a clear idea of what we did not want to do. We did not always give a clear idea of what we positively wanted to do or of its timescale or how we could deliver it. The Community had changed a lot in the last few years and would change still more. The unification of Germany would have a significant effect.

The British were by temperament the least European of the present Community countries. This was for reasons of history and geography, our position as an island and the fact that we were appalling linguists. We had trailed behind in the development of European ideas. The Prime Minister felt strongly that the Community should develop beyond its present membership. That Austria and the EFTANs would join seemed very likely. We should begin to frame our European policies on the basis of Poland, Hungary, Czechoslovakia - and maybe others - joining as well. This might be a long way off, but we ought not to frame policies in a way that made it more difficult for those countries to join.

The Prime Minister identified two things as being necessary to carry the British along: (i) we should move a step at a time; (ii) we must find some policies on which Britain could give a lead and not just be dragged along in the tail-cart of the Community.

The Prime Minister described the trend of views about the Community in the three major British political parties. He did not see the Parliamentary handling of a treaty on political union being more or less difficult after the next general election than before. He and Chancellor Kohl were at one in working for a conclusion to the IGCs at the December European Council.

Chancellor Kohl said that he understood the political constraints. The important thing was that the Prime Minister should indicate that he was for Europe. The Prime Minister said he was for Europe, as far as he could go. There was no point in agreeing to a treaty if he could not deliver the necessary votes for it in the House of Commons.

Chancellor Kohl said that if we wanted to be successful at Maastricht we must not be too ambitious in Luxembourg. The Luxembourg Foreign Minister wanted to anticipate Maastrict. This would be disastrous, and Kohl had made this clear to Santer. In Luxembourg, we should review the subject matter of the IGCs, take stock, and see where we had to go. But we should not really engage on the issues.

The Prime Minister described his meeting last week with Monsieur Santer. He had made clear that we could not decide anything until the point where we came to decide everything. Monsieur Santer had wanted to nail down some agreements. The

Prime Minister had sought to dissuade him. The two IGCs interlocked. To try to reach agreement and fail would make the European Council look like a failure. Monsieur Santer had been disappointed and hankered for more agreements than it was safe to aim for. The Prime Minister repeated: we should conclude the negotiations at Maastrict if we could. We should not take decisions at-Luxembourg.

Chancellor Kohl said he would again do what he could to deter Monsieur Santer. He would speak to Santer again on the telephone and discuss the matter with other party leaders. There were strained relations among Benelux countries. The Dutch Foreign Minister was not a man to arouse much sympathy.

Chancellor Kohl said that the European Council could discuss the Single Market. The Prime Minister agreed. He was happy to review the two IGCs. And he looked forward to a discussion about frontiers. Chancellor Kohl picked up this reference. Asylum and drugs trafficking were very sensitive issues which should be handled at the European level. The Prime Minister agreed. He described the large increase in asylum cases in Britain and the problems of immigration. Chancellor Kohl said it would be helpful if we had Europe-wide norms for tackling these issues. The Prime Minister said that if we had the right external frontier to the EC, that would enable us to deal with our problems over the relaxation of internal frontier controls. We needed stronger external controls and common, high standards, on the issuing of visas. If we had a relaxed standard, then we would be flooded. Chancellor Kohl agreed.

Chancellor Kohl spoke about the problem of drug trafficking. There had been a vast increase in the use of cocaine. The Mafia were now playing in the European league, and it was the prosperous countries such as Germany and Britain where they saw the fattest profits. This was not a problem that could be tackled by European Interior Ministries acting on their own. In the United States they had decided to supplement individual State police forces by the FBI. We needed a similar arrangement in Europe.

The PM asked whether we would do this on a Community basis or jointly among the Twelve. Chancellor Kohl said he was open about it. We should start in a pragmatic way and review the situation after five years. This was not an area where any of us had a great deal of experience.

The Prime Minister said he was attracted by the idea of coordinated action, particularly if it was done on an intergovernmental basis. He would be happy to examine Chancellor Kohl's idea and to discuss it, and the problems of asylum, in Luxembourg.

EMU

The Prime Minister said he hoped to examine the points of agreement and disagreement between us. We shared the objective of controlling inflation; we agreed on the dangers of moving to economic and monetary union without the proper convergence of

economies, and on the risks of expensive budgetary transfers to the poorer member States. There were some difficult points for us, but he thought we could find a way through. The two main points of difference or difficulty were (i) the difficulty of making a commitment now to the ultimate objective of EMU and (ii) the very difficult issue of the independence of the Central Bank, which he knew to be imperative for Germany. Germany wanted to be sure that any replacement for the Bundesbank was just as good. We did not have the same tradition. Before we moved to stage 2 we would need some convergence of economies. We should not just say that we wanted convergence. We should set out what it meant, e.g., inflation, growth, flexibility of economies, spending controls, etc. If we were not clear, we could face economic catastrophe. We wanted to set convergence points as well as dates as the determinant for moving forward from one stage to the next. Of the two, convergence was more important than dates. We agreed with Germany that each country should maintain domestic control of its own monetary policy in stage 2 and that further convergence points would be needed before stage 3. These would need to be set out carefully.

Chancellor Kohl said that he would like to be in touch again about all this before Luxembourg. He said (in a reference which I think was more Old Testament than Chicago) that he would send two people to speak to the Prime Minister personally on this issue. The question was whether Britain wanted the right to decide for itself or whether she would act as a brake on others. He thought it unimaginable that the House of Commons would not in the end want Britain to join, but he would say nothing of all this in public. People should keep very quiet on this topic.

Chancellor Kohl concluded this part of the discussion by saying that there were issues in EMU and political union which needed to be discussed in detail - but Luxembourg was not the place for that. At Luxembourg we should highlight the two very important issues of drug trafficking and asylum which were of great interest to ordinary people. He and the Prime Minister went on to identify the Single Market, and help for Eastern Europe and the Soviet Union as other topics for discussion. Chancellor Kohl said the French would want to talk about Japan. GATT was another obvious issue.

Over lunch, the Prime Minister also identified South Africa as a topic for discussion at the European Council. He hoped the European Council could make a declaration on the resumption of sporting links with South Africa and perhaps also move to lift some of the other sanctions.

Chancellor Kohl said he did not share the general admiration for Nelson Mandela. He respected his courage but he was now in the situation in which martyrs found themselves when they survived: the image of a legend was beginning to crack a bit. The same was true of Walesa. The Prime Minister described some of the pressures on Mandela and how he was torn between ANC moderates and radicals. He also described some of the resistance to realistic moves on the part of Commonwealth countries.

Chancellor Kohl said that de Klerk was one of the most courageous men around, and he should be rewarded. Many of the African countries were pure hypocrites. They liked having P.W. Botha because he had been easy to hate. They were not altogether pleased to have in de Klerk a man who was prepared to make radical moves. The Chancellor went on to describe the long argument that he had had with Lubbers on sanctions at the Hague European Council in December 1987. Mrs. Thatcher had taken a back seat and let him make the running. The end result had been the ridiculous decision to ban the import of Krugerrands. The only effect had been that they were on sale in Zurich rather than Brussels, and the Swiss had made a fat profit.

Through various turns, the conversation got on to Canada. It appears that Mr. Mulroney is going to Germany later this week (so much for his Cabinet telling him to stay at home). Chancellor Kohl said that the example of Canada was proof of how the 1990s was the decade of Europe. He did not go into detail, but the implication was that Canada was a large, prosperous country but politically marginalised by her own internal problems and by the lack of a cooperative framework in which to maximise her influence. In Europe, we were on the right track. We had to be intelligent. Germany was in a position to give a lead but it must be subtle about it. There were enormous difficulties. Never had a Chancellor faced such media criticism. But he had never felt more confident.

Political Union

The Chancellor remained in this semi-philosophical mood after lunch. He saw a historic opportunity at the end of this century. He had just been to Crete. There he had seen the graves of three brothers aged 17, 18 and 19. That should never happen again.

The Prime Minister asked the Chancellor for his thoughts on political union. There were some difficult issues. For example, we thought it right to increase the powers of the European Parliament over the auditing of expenditure and over the Commission, but there were very real difficulties over increasing Parliament's legislative powers. But the Prime Minister knew these were very important matters for Chancellor Kohl.

Chancellor Kohl said he looked for parallel development in the two IGCs and progress in both. The most important point was that the direction should be clear and, from the German perspective, irreversible. He agreed with the Prime Minister that Sweden, Austria and Norway were likely to join the Community by the end of the decade. Perhaps Finland too. Of the East European countries, Poland would probably be the laggard but, by the end of this decade, Hungary and Czechoslovakia would be negotiating for membership. Following those accessions there would probably be no more for a long time. This sort of progress was necessary. Germany needed it more than others. He had no illusions about a Germany of 80 million people given its history and the economic power it would wield. There was no point in being coy about it. Fears about Germany would always be an item on the agenda. Mr. Ridley's view of Germany was not peculiar to

him. It was not hard to find similar views in the French Foreign Ministry. The Dutch too had their fears. He had no chip on his shoulder; he was being realistic. He wanted Germany's neighbours to see her fully integrated into Europe. That was why he wanted decisions this decade. As far as the European Parliament was concerned, he saw one stage of decisions being taken by the time of the 1994 elections and another by 1999. He hoped there could be a form of co-decision. He hoped the European Parliament could have a role in electing the President of the Commission. He hoped the Parliament could have a power of dismissal of Commissioners, perhaps acting by a majority of its members. Some of the Commissioners (Germany not excepted) had been pretty mediocre. The thought that they could be dismissed might encourage countries to choose better people. He agreed about better Parliamentary control of the way the Community spent its money. There was a whole range of issues where at the moment there was no democratic control at all.

Chancellor Kohl said that security policy was more difficult. We had to try and find agreement with the French. The question was how to include a European aspect which was compatible with the US commitment to Europe. He did not want an 'either or' situation. But nor could we just leave things to the military. The Chancellor reflected wryly on his arguments with Mrs. Thatcher over SNF. She had got in her tank and driven straight at him with the Union Jack flying. Some people were trying to duck difficult decisions, she had accused. He had pointed out that it was Germany that had taken Cruise missiles, and that he was the only Head of Government round the table to have two sons serving as officers in NATO forces. But the crucial point was that from today's perspective the argument could as well have taken place a hundred years ago, as two years ago. He would never do anything anti-American. At the same time we had to get a European dimension. Who would come after President Bush? Another Woodrow Wilson? Another Carter? He was worried by the failure of the present US Senate to support President Bush in transforming the Gulf victory into a peace dividend. He thought the Americans would want to build bridges over the Atlantic into Europe.

Th PM said that Chancellor Kohl should not take to heart some of the comments made about Germany. No one was in any doubt that unification had been right. Germany was the greatest single engine for the development of Europe. Chancellor Kohl had no need to prove his bona fides.

As regards the Treaty on Political Union the Prime Minister said that we could quite easily accept some areas of progress but not others. For example, although Chancellor Kohl had not singled it out, we would have difficulty in allowing the European Parliament to initiate legislation. Some other areas we could live with or sell to the House of Commons. He knew that Chancellor kohl was keen to extend qualified majority voting. That was difficult for us, but we would look at it. Extensions of competence were also difficult. There was not a great deal in the Luxembourg draft treaty that instinctively appealed to us but we would look and see. Hartmann and Wall should be tasked with going over the issues to find out where were the points of

agreement and disagreement. Chancellor Kohl agreed, making it clear that he held no brief for the Luxembourg text as drafted.

The Prime Minister said that we did prefer the architecture of the treaty as devised by Luxembourg. We would have more difficulty with the Delors version. Chancellor Kohl did not comment.

The Prime Minister said that we were perfectly happy to see the development of a Common Foreign and Security Policy. But we did not want to damage NATO and saw some difficulties in a separate European defence policy. We had no problems about developing a distinct European defence identity, working through the WEU as the bridge between the Twelve and NATO. We should build where we could.

Chancellor Kohl agreed. History had decided that we were going in a certain direction. We should be pragmatic. If we did not want to give the right of initiative to the European Parliament now, we should perhaps give it to the next Parliament or the one after. Churchill had made his Zurich speech about a United States of Europe in 1946. Now we were in 1991. These were matters of historical importance. His own goal was that the German train must be firmly on the right track so that nobody could divert it onto the wrong track. Speed was less important than direction. The Prime Minister agreed. We should go through the issues on the political union agenda in some detail.

Economic Summit

The PM said that we should try to set the context for President Gorbachev's visit to London and agree the sort of issues we would want to discuss with him, e.g., the Soviet budget deficit, price reform, relations between Moscow and the Republics. Chancellor Kohl said with some emphasis that we should tackle the relationship with the Republics first, since everything else followed from that. In coming to this view he had changed his earlier opinion.

The Prime Minister said that the view he got from his colleagues was that they were not very keen on large scale extra help for the Soviet Union at this stage. They were thinking of technical assistance now, and would consider financial support if the implementation of the reforms in the Soviet Union justified it.

Chancellor Kohl agreed that this was George Bush's view. He thought it was too dogmatic. Here again we should be pragmatic. We had to be sure that the situation in Moscow warranted help. We should help Gorbachev to help himself. We should not throw good money after bad. But he instanced two areas where help might be possible: (i) repair of the Soviet natural gas pipeline which was losing a third of the gas it carried through leakages. Could we organise a Western consortium to undertake the repair and could we finance it? (ii) reconstruction of the Soviet railway network. The IMF and the World Bank should be involved. The Japanese did not like any of this but they could not duck out of it. It concerned all of us. Nor could they expect to

settle the issue of the Northern Islands until Gorbachev had settled his own relationship with the Baltic States. Kohl did not know if Gorbachev could survive. He could not imagine a better successor. Gorbachev had kept his word. He had helped over the Gulf. He really had changed the world. How would we fare with a military or a KGB man in charge? There were some in the US Senate who looked forward to the break-up of the Soviet Union and to the US being the only superpower. This was not the way Bush or Baker saw it. It was a stupid (very German) way of reasoning. The Chancellor thought we should give Gorbachev some advance aid. We should not insist on results first. Gorbachev needed the aid before he could get the results. The PM said he was inclined to agree.

Yugoslavia

The Chancellor was despondent about Yugoslavia. If Slovenia left the Federation that might not change things much. But Croatia's secession would be a disaster. He did not know how to persuade the Serbs to accept some sort of federal structure. The only consolation was that it was basically a regional problem. If this had occurred 10 years ago it would have threatened world peace.

The Prime Minister agreed that Yugoslavia had all the ingredients of a Greek tragedy. He had had some hope that Santer and Delors might persuade the Yugoslavs to seek help within the context of CSCE but Santer had reported them as not being interested.

Hartmann told me separately that the omission of any reference to Yugoslavia's territorial integrity from the Kohl/Mitterrand message had been deliberate, at German suggestion. The Germans no longer thought it realistic to urge the Yugoslavs to hold together in anything but a loose federation. It was, however, vital to continue to urge them to a peaceful and democratic solution. I said that by urging the maintenance of territorial integrity we hoped we might end up with a loose but viable federation. Insofar as any of us had any influence at all, we did not want to say anything which might be construed as encouraging secession.

Follow-up

I shall be in touch with Hartmann about a date for a meeting before the Luxembourg European Council. But the Germans' own travel schedule is pretty hectic with the signature of the Polish/German Treaties on 17 June, and a further meeting with President Mitterrand before the European Council.

The Prime Minister is inclined to look favourably on Chancellor Kohl's idea of a European FBI provided it is done intergovernmentally. He thinks it should be possible to devise some sort of central agency which could coordinate the exchange of information between international police forces. In other words, it need not be a fully fledged FBI on the American model, but equally it should not just be a new label on existing procedures. The Prime Minister would be grateful if the Home

Secretary could advise on how this might be done.

I am copying this letter to Jeremy Heywood (HM Treasury), Simon Webb (Ministry of Defence), Colin Walters (Home Office), and Sonia Phippard (Cabinet Office).

Yours,

Stephen

J.S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

VISIT OF CHANCELLOR KOHL TO CHEQUERS

Press Line.

Chancellor Kohl and the Prime Minister met for nearly five hours at Chequers. This was their second informal meeting this year. It underlined the close and friendly relations between the two leaders and the two governments.

The main issues discussed were:

(i) the preparations for the Luxembourg European Council

(ii) the Economic Summit in mid-July in London

They agreed that the European Council should take stock of progress in both IGCs - EMU and political union - and give an orientation to the further work to be undertaken.

On the Economic Summit, the Chancellor and the Prime Minister were in full agreement that further support for the reform process in the Central and Eastern European democracies, as well as in the USSR, would be a central issue. They discussed, in this context, the modalities of an invitation to President Gorbachev to come to London.

Chancellor Kohl and the Prime Minister also agreed that the coordination of arms export controls should be another important issue for discussion.

a:press

Nigel Wicks

Apex

Values:- Care about people, Small, agile. We preserve culture. Cares in what we've started; hope not pres capture; we have small pres Cap (Ulu / Sutherland).

1100 - Fund / Summa
1130 - Sutherland Ave
Cred.
1945 - Ag / Sat de Jan Pl
? Dr at Lancaster House

Issues to be addressed:-
Purpose; content in rich to reservist.
Fragmentation
No expectation / risk free
at the moment
Signals - Agile need to give same impression / message.

Outcome: New dialogue

Bring forward to discuss -

Housing = neither extent of future ambition if credible ec. reform programme

Seniors: no pledging but if good programme & it put pressure the could make assistance

[Tipsters say nothing too fanciful]

Seniors say enhanced rights

NI Assembly MLA - Tech advice. MLA Arbitrate procedure

MLA Shadow programme - all the opportunities into many.

Nobody touches debt scheduling Ingest down 40%. Mortgage 2c

? Roll over commercial loans

Pick up arrears

(2)

§ 30 Rules of the Game

Branches of Government

Congress of Canada has
USED to put forward proposals
we not only have Branches of
Branch USED to put forward proposals
which will require money — for gas.
Which will express views
Pub Std org — parties not
only for us. Pt to make appeals.
Tom Mccarville — all about administration
Canada (Ly need party org.

Pt 30 Rules — Pts Coffee meetings

Chairs. Friendly - Luxembourg.

S7.

Conversation of Chairs, including a working lunch. 2nd informal meeting this year. European Council is a stocktaking and pre orientation to [illegible] work.

Re: S7 D

Yugoslavia

Politics / Newsletters

Defense & Security / French Mr. Mollet's part of

WEU forces

Close friendly relations between the 2 leaders of the 2 governments

& have meeting at Chequers. 2nd formal meeting this year. Meeting underlined the ~~excellent formal relationship between friendship and understanding between~~ the 2 leaders and the 2 countries

Central issue (i) Prog of Uncertainty Ec

(ii) ~~57~~ Summit in mid July in London

Ec should ~~continue to~~ take stock of progress in both ISC - Gulf & Pol Union - and give orientation to the further work to be completed to be undertaken

Re. Economic Summit:

~~Agreement that~~ Important a pair will be reached. Said Union. Further report for ~~Gothenburg~~ Portugal refers within the first Union will be up before next of this Edinburgh

In this context discussed the modalities of visit of President Kabunda to Lusaka. They agreed that the Summit had an important part to play in giving impetus to ~~the control of~~ reinforcing the control of ~~weapons~~ lethal weapons.

Meeting captured the

File

FROM: Private Secretary

TO: PS/NO 10

CHANCELLOR KOHL'S VISIT TO CHEQUERS, 9 JUNE

Chancellor Kohl is visiting Chequers for talks and lunch between 1100 and 1500 on 9 June. I understand that Mrs Kohl is using the opportunity to sight-see in London. The objective of the meeting is to build on the Prime Minister's relationship with Chancellor Kohl to ensure that he understands the political background and rationale of our policies, particularly in the IGCs.

Chancellor Kohl has weathered the spring storm over his handling of the economic problems of the new Länder, though the coalition continue to trail the opposition in polls and have lost control of three Land Governments in the last 13 months. Talk of a grand coalition has died down, and the government/opposition working groups set-up to discuss policy on the new Länder have been quietly wound up with no significant concessions by the Government. Chancellor Kohl is now able to turn his attention to the two IGCs and preparation for the Luxembourg European Council. This will form the bulk of the talks. It might be best to deal with the other subjects over lunch. I understand that you have agreed with Sir Christopher Mallaby that it would help the talks to get off to a good start if the Prime Minister were to begin by presenting Chancellor Kohl with the German version of Sir Julian Bullard's Chamberlain lecture of 17 October 1990. We will send you a bound copy later in the week. I attach the English text in case you have not yet seen it.

Bilateral

The Prime Minister's last bilateral with Chancellor Kohl was at the Anglo-German Summit on 11 March

in Bonn. Chancellor Kohl was delighted with his reception in Edinburgh on 23 May when he received a honorary degree. We have not yet agreed dates for the informal weekend in the country which the Prime Minister has suggested to Chancellor Kohl. Other Ministerial exchanges are taking place at a good rate. The Foreign Secretary is spending the weekend of 8-9 June with the Genschers in Halle, where many of the same subjects will come up, though the agenda is likely to range wider over regional issues. Mrs Chalker's opposite number, Herr Spranger, will be in London on 12-13 June. Sir C Mallaby has been instructed to sound out the Germans informally about the possibility of a State visit by HM The Queen in October 1992.

The Prime Minister might like to say:

- Welcome regular Ministerial exchanges. Douglas Hurd in Halle today; Herr Spranger in London next week. Awaiting German response to idea of State visit next year.

- Prospects in the new Länder? Glad that UK business interest second only to the French among EC. Keen to see our relations with new Länder reach level we have with old.

Kohl may mention plans to encourage German studies at UK universities and ask us to give more money to the Anglo-German Foundation for the Study of Industrial Society, a worthy but sleepy body. The Prime Minister might say:

- UK increased funding from £125,000 to £175,000 in 1989. AGF does not need more government money: instead needs to update its activities and seek private sector money.

IGCS

The Prime Minister will be familiar with the general state of play in the political union IGC from his meeting with Santer on 5 June, which we expect will concentrate on the handling of the European Council. The Kohl/Mitterrand

Summit on 29/30 May appeared to endorse the current twin-pillar structure, but also favoured recording agreement reached so far at the June Council. Kohl stressed the need for parallelism between the EMU and Political Union outcomes, and appeared to regard the Political Union IGC as the one now causing the greater problems. At the Dresden informal Foreign Ministers meeting on 3 June there was a good deal of support for a unitary structure. Although Dumas spoke strongly in favour of the twin-pillar approach, Genscher sat on the fence.

It is therefore important to impress upon Kohl the strength of our views on structure, to reinforce our concern to avoid rushing fences in Luxembourg, and to give Kohl an indication of the key issues for the UK in the difficult negotiations to follow. The Prime Minister might want to draw on the following:

- Structure of the union a key issue for us: Union and Community must remain separate. A unitary approach could restrict development of European cooperation, not promote it.

- [If raised] No difficulty in principle with review clauses - accept evolutionary approach: political union a process. But any review clause must be neutral.

- Grateful for Kohl's pragmatic approach to June European Council. Any attempt to reach substantial agreements premature and would set back progress. We are looking for a neutral stock-taking commending the Presidency's work and looking forward to conclusion by Maastricht. Agree EMU and EPU process must proceed in parallel.

- IGC raises some difficult issues for UK. Social chapter risks opening Pandora's box, undermining UK policy and practice. Nor do we support other proposals for extension of competence. Want clear definition of subsidiarity in

treaty: will provide reassurance in UK. Understand your backing for co-decision, but difficult for UK: likely to provoke Westminster opposition. Better in UK view to concentrate on EP's monitoring role, eg financial control.

There will be a meeting of Interior Ministers on 13 June at which agreement is possible on an External Frontiers Convention (EFC). The Germans want an explicit link between the EFC and internal frontier abolition. We do not. Failing agreement, the frontiers coordinators (senior EC Interior and Foreign Ministry officials) are likely to report to the European Council that progress on inter-governmental work on frontiers is blocked because of UK refusal to abolish internal frontiers. Bangemann, German Commissioner who covers frontiers issues, would use the excuse of a failed EFC to table radical Commission proposals relating to internal frontiers. In the political union IGC, the Germans want common action and a greater Community role. Kohl has for some time wanted a common reponse to the growing threats of cross-border crime, immigration etc and has spoken of creating a "Euro-FBI". We prefer increasing police cooperation rather than setting up a new structure which would have enormous practical problems, and problems of jurisdiction.

The Prime Minister may want to:

- Express the hope that frontiers issues will not be discussed in detail at Luxembourg. He might make clear that the UK is working constructively for an External Frontiers Convention. Meanwhile we have considerably reduced frontiers checks. Water's edge controls make practical sense for UK as an island. Key thing is that movement of people will be far freer after 1992 than when SEA came into force.

- Confirm our preference for cooperation in this area to continue on an inter-governmental basis, as a separate pillar of union activity.

The Prime Minister may also wish to draw attention to our proposal for the G7 Summit to launch an initative on a trade and carrier cooperation programme to counter illicit drugs traffic. The Sherpas wil discuss this on 7-9 June.

European Security and Defence

Chancellor Kohl was careful to play up his support for the Alliance during his visit to Washington on 20 May. The Germans have underlined to us the significance of Chancellor Kohl's comment in a speech there that "my government does not want to see the long standing Atlantic Alliance in any way weakened, less still replaced by a European structure". President Bush said in his message to the Prime Minister after the visit (your letter of 21 May) that he had done some heavy lifting with the Germans and hoped that he had helped further convince Kohl that European defence, however common, must be within the Alliance and not separate from it.

However, the Franco-German Summit the following week did not suggest any lessening of Chancellor Kohl's enthusiasm for the concept of a common defence policy of the Union in the longer term. The Chancellor apparently still gives high priority to achieving a political commitment this year to such a long term goal, and sees no incompatibility between this and maintaining the Alliance.

The Chancellor has also been prominent in the debate in Germany about a role for the Bundeswehr outside the NATO area. At a CDU Foreign Policy Conference on 15 May Kohl made clear that in his view a constitutional amendment would be necessary; that there would be an open vote this year in the Bundestag on the question of Bundeswehr action sanctioned by the UN; and that he would press for

constitutional change in the context of European political union to enable Germany to participate in out of area action with other Europeans. But the SDP (whose consent is necessary for an amendment to get the required two thirds majority) are opposed to anything more than participation in UN peace-keeping operations.

The Prime Minister might take the following line:

- The UK and Germany at one on the need to sustain the Alliance and the US presence in Europe. Welcomed Chancellor Kohl's comments on this in Washington.

- We are supporters of a stronger European defence identity. But we are concerned that in building this up we should not unintentionally damage our wider security by undermining NATO.

- That is why we stress the need to be clear on how a European defence identity will in practice complement the Alliance.

- To our ears a "common" defence policy of the Twelve sounds like something separate from the common policy we already have in NATO. It would also seem to leave other European allies - Turkey, Norway, Iceland - out in the cold. And it would pose a dilemma when neutral or East European states join the EC.

- Not all these issues can be settled this year. We need to lay down some guiding principles: particularly complementarity and openness within the Alliance.

- More work needed on the details of the European defence identity and how this would relate to the Alliance. We are ready to see the WEU take on an operational role, including a European Reaction Force for use outside the NATO area.

- Have followed the debate on Bundeswehr involvement out of area with interest. Welcome your intention to press for constitutional changes to enable Germany to participate in out of area action with other Europeans. An ERF would give substance to the European defence identity.

- Clarity on the relationship between the European defence identity and NATO part of the overall package we seek later in the year: balancing reform of NATO and a strengthening of the European defence role. Need matching progress in NATO, the WEU and the IGC.

Non-Proliferation and Conventional Arms Control

Following the revelation of German military supplies to Iraq, the Germans are keen to be seen in the forefront of efforts to strengthen non-proliferation regimes and restrain conventional arms sales in the wake of the Gulf war. Mr Genscher has proposed the establishment of a G7 Working Group on export control policies to look at the issues. We would not oppose continuing talks on arms restraint between G7 officials, but we would not want to make the G7 the centre of action on this front: it contains some countries (eg Japan) which are very minor exporters, but excludes key players such as the Soviet Union and China. The Prime Minister might say:

- We share German interest in promoting non-proliferation and greater responsibility in the conventional arms trade. There is much activity on these fronts, in the Twelve, the G7 and among the Permanent Five. Last group of special importance, because it includes Russians and Chinese.

- We believe the way forward on NBC weapons and missiles is to work to strengthen existing regimes where there is already considerable momentum and commitment to change.

- On conventional weapons, our aim is to encourage greater responsibility in the arms trade. No country must be allowed to emulate Iraq in amassing such a grossly unjustified arsenal.

- A key element in our approach is greater transparency - hence our proposal for a UN Register of arms sales, which we hope will gain support at the next General Assembly. Encouraged that both President Bush and President Mitterrand have renewed support for the concept in their own recent initiatives.

- Hope we can work closely topgether in the run-up to European and G7 Summits. The Twelve and the G7 can set an example to other arms-exporting countries.

Soviet Union

Discussion of the Soviet Union is likely to focus on the prospects for Mr Gorbachev's attendance at the G7 Summit in London in July. It is likely that by the time of the meeting, G7 Sherpas will have agreed to recommend that Mr Gorbachev be invited to London at the time of the summit - something the Germans support. Chancellor Kohl's visit will be an opportunity to discuss how to ensure that Gorbachev's involvement genuinely assists the process of reform and how to avoid raising unfulfillable expectations of large scale Western financial aid. The Prime Minister might draw on the following points:

- Soviet Union in deep crisis. But some hopeful signs (Gorbachev/Yeltsin relations; 9 + 1 Agreement; Yavlinsky's economic reform proposals). West should use its limited influence to push Gorbachev towards further reform.

- Reports of Yavlinsky's proposals quite encouraging. But still very sketchy, and not clear how far they are backed by central or republic leaderships.

- Not a question of some "grand bargain" between the West and the Soviet Union; but of help for self-help. If serious reform measures are introduced in Soviet Union, should be ready to consider Western/IFI assistance. IMF, BIRD

- To some extent encouraged also by beginnings of development of independent market in Soviet Union: but still on very small scale in relation to size of Soviet economy. Important that West should do what we can to encourage growth of market sector.

- Applies in particular to Gorbachev and G7 Summit: essential to avoid building up impression in Western/Soviet media that Summit will be focussing on question of massive financial aid to Soviet Union. Will need to present attendance as:

a) Recognition of political importance of Soviet Union's role in international community, and of part played by Gorbachev in changing international atmosphere (eastern Europe, regional disputes, Iraq). But without allowing him to dominate Summit or distort its agenda.

b) Chance for Gorbachev to endorse Summit's approach/ conclusions - eg on conventional arms transfers.

c) Opportunity for Gorbachev to brief G7 leaders on efforts directed at reform; for G7 to confirm support for reform process; perhaps to offer eg IMF advice on latest proposals, to pledge to pursue technical assistance/provision of Western expertise (eg through closer association with IFI's). Sherpas will need to discuss further.

- Important that Summit's message to Gorbachev should spell out clearly criteria for future cooperation, and should help bind him more closely to reformist policies.

Yugoslavia

The situation in Yugoslavia remains serious. Slovenia is set on declaring independence on 26 June, with Croatia likely to follow on 30 June. The Serbs continue to block the rotation of the Federal Presidency to Croatia.

We still believe that our proposal to involve the CSCE in the crisis offers the best means of defusing tension and providing the Yugoslavs with the breathing space to seek their own solutions. Discussion of this proposal at the EC Foreign Ministers' meeting in Dresden on 3 June produced only general agreement to keep the idea under study. The Prime Minister could therefore seek Chancellor Kohl's endorsement of it and ask whether failing this, the Chancellor has any other suggestions. EC Foreign Ministers also agreed that the Presidency and Commission should draft a message to the Yugoslavs setting out the EC's pre-conditions for aid.

On 30 May Chancellor Kohl and President Mitterrand issued an appeal for dialogue in Yugoslavia in the margins of the Franco-German summit. The appeal made no reference to Yugoslavia's unity and integrity: the Prime Minister might ask whether this represents any shift in German policy on preserving Yugoslavia's unity.

Iraq

Future decisions on the relief effort for Iraqi refugees are becoming more pressing. The humanitarian relief operation has been largely successful. Those UK forces associated with the relief operation whose task is now complete will be withdrawn and we are urgently considering the timing of the departure of the rest of the contingent. We need to continue to encourage the UN to speed up its takeover of the humanitarian operation. We should also keep in close touch with the Germans (as major donors) on the timing of the final withdrawal. Whatever

underpinning is agreed to reassure the Kurds, some form of continuing deterrent in the region will be necessary, almost inevitably American.

South Africa

When the Prime Minister saw him in Bonn on 11 March Chancellor Kohl agreed on the need to remove at an early stage further EC measures, on which we had handed a paper to him. His office have since indicated support for a declaration on sport at the Luxembourg European Council (28 -29 June). But MFA officials continue to argue that the 1985 EC measures - including EC ban on official sporting contacts and agreements - should stay until there is more progress in South Africa. The ANC sports spokesman - Steve Tshwete - said he would favour an EC Declaration when here last month. We need to encourage Kohl to get Genscher to help attain our objectives at the Luxembourg Council, in particular a declaration in sport.

By the time of the European Council, the South African Parliament will have repealed the bulk of statutory apartheid. It would be right for the EC to mark this progress by lifting a further sanction at Luxembourg (the best candidate: the 1985 oil embargo). In proposing this, we would not fight too hard: but it may be useful to have something to concede in return for a declaration on sport.

Against this background, the Prime Minister may wish to say:

- South African sports bodies now integrating. ANC sees this as good means to non-racial nation building. We should encourage this process, which will also help de Klerk with his right wing. The Twelve should declare support for resumption of contact with sports which achieve unified governing bodies.

- EC should continue to match President de Klerk's actions by measures of encouragement: Would be sensible for European Council to mark abolition of statutory apartheid by lifting 1985 oil embargo to encourage more reform.

I am copying this letter to Jeremy Heywood (HM Treasury), Martin Stanley (DTI), Simon Webb (MOD) and Sonia Phippard (Cabinet Office).

Leap - Bundesarchiv

PRIME MINISTER

YOUR MEETING WITH CHANCELLOR KOHL ON SUNDAY: MEDIA ARRANGEMENTS

You have agreed to a photocall at the beginning of your meeting with Herr Kohl, at around 11.00am on Sunday morning. Weather permitting we hope this will be in the Rose garden and include some pictures of you and the Chancellor walking around the garden. There will be no questions from the media.

Chancellor Kohl is arriving by helicopter. What normally happens is that the helicopter touches down in the field on the other side of the road beyond the bottom of the Rose garden. (You may care to take cover -behind a convenient tree - as the helicopter lands, to avoid the downdraught.) After touchdown, you may care to greet the Chancellor as he reaches the road, after he has walked the short distance from the helicopter, and escort him to the house entering through the front door. (The media are not allowed to take pictures of the landing.) When you and he are ready, the media will be waiting for you to come into the Rose garden for the photocall.

Peter Bean.

PETER BEAN
Press Office

7 June 1991

PERSONAL AND CONFIDENTIAL

7 June 1991

Dear Stephen.

Prime Minister's meeting with Chancellor Kohl

Christopher Prentice wrote to you yesterday with a brief for the Prime Minister's meeting of 9 June with Chancellor Kohl. As agreed on the telephone, I also now enclose an introductory speaking note on the European Community and particularly the IGCs. In the light of recent reports about Kohl's attitude as he prepares for the meeting with the Prime Minister, the speaking note sounds a deliberately positive - and to some extent personal - note about the Prime Minister's approach to European construction, and his commitment to work with Chancellor Kohl over the next couple of years.

On the IGCs, the speaking note is to a large extent a re-presentation of our agreed line. It would be wrong to reveal too much of our tactical hand at this stage of the negotiations, even to Chancellor Kohl. On the other hand, there is a case at least for hinting where we can at flexibility in our position, particularly if this will raise the chances of Kohl taking a helpful line at what could still be a difficult European Council discussion. The speaking note is cautious for obvious political reasons about any extension of QMV or extension of competence. The Foreign Secretary believes it would be tricky later if the Prime Minister were to hint at concessions in this field which we might in the autumn find it impossible to deliver. On the other hand, he thinks the Prime Minister could indicate how progress might be made on the defence issue. The line sketched in the speaking note is the one now being advocated by the Americans in European capitals. It is clear that the French and Germans have come adrift on this, at least temporarily.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street

PERSONAL AND CONFIDENTIAL

PRIME MINISTER TO CHANCELLOR KOHL: EUROPEAN COMMUNITY

- The next two years will be crucial for the Community's internal and external development:
  - IGCs this year
  - completion of the single market next year
  - future financing negotiation and CAP reform next year too
  - enlargement negotiations starting early 1993.

- A challenge and an opportunity to lead Britain through this period of European history, to include the British Presidency.

- Determined that Britain will play and be seen to play a positive and constructive role throughout.

- Convinced that we share much the same vision of Europe:
  - an economically strong Europe based on liberal market principles
  - an open Europe committed to helping others share the political and economic freedoms we enjoy
  - a wish to see freedom and democracy entrenched in eastern and central Europe, ultimately through accession to the Community
  - a belief in the Alliance as the bedrock of Europe's defence.

- Convinced too of the inevitability of closer integration among the member states. Exactly what form that should take is the debate now under way in the IGCs.

- Some hard bargaining to be done. And - for reasons you will understand - a limit to what we can agree at Luxembourg.

- But can see no reason why we should not reach agreement on

COPENHAGEN FRI 07 JUN 91 09:31 PG.01

both IGCs by the end of the year, provided, of course, there is give and take on all sides.

- There are important points in the IGCs on which we agree:
  - commitment to a successful outcome
  - parallelism between EMU and political union
  - importance of subsidiarity, on which officials are collaborating closely
  - overriding commitment to price stability and monetary discipline
  - importance of convergence of economic policy before Stage III
  - an effective European defence identity compatible with the Alliance
  - creation of a common foreign and security policy: 8 April European Council shows what we can do.

- There are also points on which we disagree. We are each responsible to our Parliaments. We cannot ignore their concerns.

- We differ on the ultimate goal. We, the UK, do not believe in a fully federal Europe. But that is not the issue for the IGCs anyway. They must look at the next stage of the Community's development.

- We see less need than you for great change in the European Community. The Community is a success story. In the perspective of European history, the progress achieved in the Community in the last decade is phenomenal. Of course the Community can, and should, be improved. But we do not see a need to rush forward with institutional change. We work well together now; institutional change designed to improve our work

together could actually hinder it. That is why it is so important to stick to the structure of the Presidency text.

On political union:

- you want greater increase in the powers of the European Parliament than we shall be able to accept. We have to acknowledge a different perspective here. Transfer of legislative authority is very hard. There would be great resistance to giving the European Parliament the last word. And we think that the changes introduced by the SEA are working pretty well. We shall, however, be ready to see some strengthening of the EP's non-legislative role.

- we differ too over QMV and competence. Here too the implicit transfer of sovereignty will be hard, perhaps impossible, for Westminster to accept. And the SEA moved a long way forward on both issues. The social dossier is especially difficult for us.

- we are prepared to go as far as anyone - and further than most - to give practical expression to Europe's identity in foreign policy and defence. But on CFSP we are genuinely puzzled as to how the machinery in the Presidency text will make the Twelve's foreign and security policy more effective. Nor are we yet clear how a common defence policy for the Twelve could be made compatible with the common defence policy we operate so successfully in the Alliance. The NATO meeting in Copenhagen went well and we are prepared to work for an agreement which will emphasise with equal strength the need for a European defence identity and the continuing need for NATO. Either both ideas should be embodied in Treaty amendment, or neither.

- On EMU some genuinely difficult issues for all of us remain to be resolved:
  - budget deficits
  - the nature of the independence of the central bank
  - the nature and length of Stage II
  - the transition arrangements to Stage III

- But I believe these to be soluble. And I believe too that we can find a formula on UK participation in Stage III which will allow us all to sign the Treaty.

- Against the background of our shared approach, cannot believe that these issues are not soluble between us.

10 DOWNING STREET

Stephen
Home Told CEx Nicholas
Mig [Jeremy Heywood
Mike Hook]

Saturday

Huntingdon
before 0830
after 2030

Sunday

Huntingdon
before 0830

Chequers
after 1530

S/6

PRIME MINISTER

CHANCELLOR KOHL

Chancellor Kohl will be arriving at Chequers at 1100 on Sunday and leaving at 1500. He will be accompanied by Peter Hartmann and Walter Neuer from his office, and by an interpreter. Hartmann is the policy member of the team. Neuer looks more impressive but his main job is managing Kohl's office and I doubt if he will take a prominent part in the discussion.

There will be a photocall immediately after Kohl's arrival. We will put out a line at the end. I attach the sort of thing we might agree.

You will want to read the briefing from the FCO which you already have and the attached briefing note from the Treasury. I also recommend Christopher Mallaby's scene-setting telegram.

The Foreign Secretary has come up with a speaking note which you may want to look at though not stick to.

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Chancellor Kohl obviously likes you and wants to help politically. But he has his own political difficulties. There is no domestic cost to him in helping us over EMU. But powers of the European Parliament and QMV are important. And Kohl will want some strategic sense of where we think we are going in Europe.

You may want to set the scene by talking about the political situation here - and give him a chance to talk about the situation in Germany. You might again make the point that, with a younger generation in office in Britain now, there are no hang-ups about German unification. On a practical level we are doing all we can to encourage British firms to invest. On a political level we wonder whether it might be in order for The Queen to make a State Visit to Germany in October 1992. This would coincide with our Presidency and be a symbolic event bilaterally

Louder
Bond 1/2 '91

[Barker].

Infl.
Unem.
Wages.

Recession.

Brazil - 3%.
Unem. 25%.

New Länder.
Problems.

Youth fault. 55 Silly.
72
75

Two-tier Trade.
Unpleasant.

(Emer. pension Age -
Brown.

Wages to fall

Env. Undesirables.

18-19% d (unempl. 2yrs.
(20-45% for a while on phase).

1 → 32,000 DM
(costing to spend on)

900,000 new Bel. coen. then ½ -
2m - end next yr
(more than work in empire)

1932 last vote
(20)
1917 :. 80.

Marshall 7m DM '48/50.

"Jealousy & Hate" - given everything.
- blame Kohl.
2 people - will keeping them up in E.

(class ridden).

Unification Right. Jealousy
½ place in history.

Taxi → Share.

- as a love give add.

Graduates.

Inv. 6800 DM per pers
in GDR.

Will work.

(Old people no longer go in politics).

Breuer
Hamburg

Start

(problem of problems
- a cloud of pessim.
More intense than Czechs

3/4/5 ½ - prosperous factory.

give a name
- love adolescence

Next.
Louder El. Schleswig - Holstein
(?)

How can I help you?

94 - Go it again.

More motivated,
things moving. In EC.
E.g. manner allows us to do sth. Here

1. Asylum.
2. Drugs

and in European terms.

On the European Community you will want to thank Chancellor Kohl for the help he has given, and give some account of your meeting with Santer. For us, the negotiations on the two IGCs will come to a head together at Maastricht and be settled together. You do not yet know if an agreement will be reached, though that is our clear aim. Any agreement will have pluses and minuses in it and can only be presented domestically as a package. That is why individual bits cannot be settled in advance. You may want to indicate that you will not try to stretch things beyond the end of the year.

You might explain to Kohl the political awkwardness of the way the Beregovoy/Delors formula on non-imposition was floated, though the concept (which Santer describes as "no veto, no compulsion, no lock-out") is the right one.

You might say to Kohl that our views on the substance are close on convergence (and give him some of the detail of our thinking) and on monetary policy remaining a national responsibility throughout Stage II. We have some difficulties, not with the substance of budgetary deficits, but on whether there should be binding rules on the deficits. The Germans insist on the independence of the Central Bank when it is eventually established. You may want to refer to the entirely different position in the UK but indicate that we are thinking about how to tackle this problem in Stage III.

For Kohl, the political union text is the quid pro quo for giving up the primacy of the DM. On the political union text it will be important to register with Kohl that we should try to settle on the architecture as set out in the existing Presidency draft. In doing so, I would not be rude about the Commission. Kohl has had occasional run-ins with Delors but is not likely to take a dim view of the Commission overall.

When you come onto security and defence policy you should thank Kohl for all the help that he has given over the creation of rapid reaction corps and our command of it. He will be a bit

bruised by Mitterrand's reaction and you might say that we have done what we can to reassure the French. The decisions taken in NATO were not driven by a desire to prempt the European debate. Nor do they do so.

You may want to thank Kohl for the language in which he reaffirmed Germany's commitment to NATO and the US presence in his recent speech in Washington. We have no problem with a greater European defence identity. On the contrary. But we do worry about creating something which could put Europe at odds with the United States and cause problems with the non-EC members of NATO.

You will need to tackle some of the difficult institutional issues. I suggest you ask Kohl to set out how he sees the European Parliament, and then explain that the perception here is that any power given to the European Parliament is power taken away from the National Parliament. I think you could say to Kohl that we want to give the Parliament greater control over the operation of the Commission and over the auditing of expenditure. We will look at the Parliament's role in assenting to agreements reached by the Community. We will look at the power to assent to the appointment of the new Commission. Most difficult is the idea that the Parliament should actually be able to block legislation which the Council has agreed, because this does appear to pit the will of the European Parliament against the will of the national Parliament, as expressed through its elected representatives in the Council of Ministers.

I think you will also need to flag up our difficulties over extension of Community competence, while not suggesting that we have reached a final view. We have serious difficulties over the proposed changes in the social area. Our experience and traditions are very different from those of Germany. Health and safety at work are one thing, but Community legislation on working conditions, consultation with workers, equal treatment etc., could undo twelve years of (very popular) action to curb the power of the trade unions, and could impose very high costs on industry.

You will have to judge how far to go with Kohl. It is worth remembering that in 1985 every Whitehall department was convinced that the extension of QMV would be a disaster. We have in practice lived happily with it. I think it would be better for Kohl to go away thinking there is some flexibility in our position than thinking you are either Mrs. Thatcher with a smile or unable to give a lead.

G7 Summit

Kohl may be a bit shame-faced about suggestions that he announced Gorbachev's visit to the Bundestaag. I have told Hartmann that we were not worried about what Kohl said. My phone call to him was to make sure they knew the basis on which we were going to propose that Gorbachev should come here. Hartmann told me that Kohl would give you his reaction to your message on Sunday. It would be helpful if you could get Kohl to agree that we could provide technical assistance and know-how to the UUSR but should only consider financial support if the implementation of reform justifies it.

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In London we will want Gorbachev to be specific about his policies on budget deficits, price reforms, property rights and relations between the Centre and the Republics.

Yugoslavia

You may want to commend Kohl and Mitterrand for the message they sent to Yugoslavia from their summit and suggest that something similar might come out of the European Council - but also stressing our support for Yugoslavia's unity and integrity.

Arms Control

The Germans are trying to make amends for the extent to which their companies helped Saddam Hussein's arms build-up. I think you and Kohl will be at one on our general approach on arms control. Genscher has proposed the establishement of a G7 working group on conventional arms supply controls. You might

say to Kohl that we want the G7 Summit to give impetus to action in this area, but we do not want to lose Chinese and Russian co-operation by using the G7 as the main forum for discussion.

South Africa

You will want to mention to Kohl our wish for a declaration on sport at the European Council. If the South Africans have abolished their apartheid legislation when the European Council meets, it would also be sensible for the European Community to lift the 1985 oil embargo.

Stephe

J.S. WALL
7 JUNE 1991

a:\foreign\Kohl(MRM)

PRESS LINE

Chancellor Kohl and the Prime Minister met for four hours, including a working lunch. Friendly meeting building on the close relationship between the two leaders and the two countries.

Discussion focussed on European issues. Two leaders discussed approach to the Economic Summit. Agreed on desirability of inviting President Gorbachev to come to London at the end of the Summit.

On European Community, agreed on aim to conclude two inter-governmental conferences by the end of the year as an overall package.

On economic and monetary union the Chancellor expressed understanding of the British position that there could be no imposition of a single currency or single monetary policy without a separate decision of the British Government and Parliament. Agreement on the need for convergence of economies and on retention of monetary policy as a national perogative in Stage III.

Discussed the inter-governmental conference on political union. They both agreed to work for the development of a European identity in security and defence. This should be done in a way which reinforces the Atlantic Alliance.

They discussed a number of other issues including the Middle East, South Africa and Yugoslavia.

chex.jp/sj1/19

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

6 June 1991

Stephen Wall Esq LVO
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A 2AA

Dear Stephen,

PRIME MINISTER'S MEETING WITH MR KOHL

EMU: EUROPEAN COUNCIL

As I indicated to you in my letter of 4 June (covering briefing for the Prime Minister's meeting with M Santer) we are hoping to persuade the Germans to join with us to encourage the Luxembourgers not to be too ambitious for the June European Council.

The Prime Minister saw M Santer on 5 June. He is seeing Mr Kohl on 9 June and I attach briefing for that meeting. The Prime Minister might wish to compare the impressions that he and Mr Kohl have gained from recent meetings with M Santer about the Luxembourger's intentions for the European Council. Subject to that, the Prime Minister might then wish to underline the point that pressure for a premature agreement at the European Council would be very difficult for the UK and make future negotiations even more difficult than they otherwise will be.

As agreed with the Prime Minister draft conclusions for the Presidency have already been shown to officials at the German Chancellery. The Prime Minister might indicate that officials are in contact: the Chancellery have promised an early reaction.

I am sending a copy of this letter to Richard Gozney.

Yours,

S M A JAMES
Private Secretary

ec1.gm/may/Kohl

PRIME MINISTER'S MEETING WITH KOHL

EMU: EUROPEAN COUNCIL

Points to Make

- Believe that Luxembourgers have made a good start to EMU discussions in the IGC but concerned that they may try too be too ambitious and try to get broad endorsement for the Presidency non paper (draft Treaty amendments) in general and to the content of Stage 2 and Transition to Stage 3 specifically.

- Especially important that there is no endorsement of the proposal that a European Central Bank be established and begin operating before a date had been set for the beginning of Stage 3.

- For the UK, it is important that no attempt is make to reach Conclusions which deal with the British concern (not to accept a Treaty which commits us to move to a single currency without a separate decision by Government and Parliament). Do not think this is the major outstanding issue for the IGC. But very sensitive for UK. Much Press and Parliamentary comment, some adverse, including Early Day Motion, followed remarks by President Delors and M. Beregovoy at informal ECOFIN in May. Any attempt at premature agreement at the European Council would provoke very critical response. Would be very difficult for UK in further negotiations.

- Have spoken to M. Santer in these terms.

- Luxembourgers deserve credit for progress so far. Suggest we encourage them to secure endorsement of Presidency conclusions which:

  - Congratulate them on progress made so far;

- Note agreement on importance of convergence and on the value of multi annual programmes (the responsibility of Member States) to achieve that convergence.

- Agreement that national monetary policy should remain in national hands in Stage 2;

- Commend Presidency text as a useful contribution to future discussions.

- Propose to offer draft conclusions language to Luxembourgers. Treasury Officials are in touch with your officials in the Chancellery to ensure that any text we put forward would cause no embarrassment to you.

Background

We understand that the Germans share our concern that the Luxembourgers might seek a broad endorsement of their draft Treaty amendments at the European Council. The Germans are, like us, particularly concerned that there should be no endorsement of the proposal that a ESCB or ECB should be established during Stage 2.

The Prime Minister underlined UK concerns to M. Santer on 5 June. M.Santer was sympathetic but still appeared to be looking for an outcome that might prove too ambitious for the UK.

Treasury officials have passed a copy of draft Conclusions language to German Chancellery officials, (copy at annex) we await their considered comments. We have told Kohl's advisers that you will not expect him to discuss the text at this meeting.

DRAFT CONCLUSIONS

Conference on Economic and Monetary Union

The European Council welcomes the important work that has been carried out by the Inter-Governmental Conference on economic and monetary union, and commends the Presidency on its handling of the Conference.

2. It welcomes the agreement that convergence of member states' economies is essential for a successful and dynamic economic and monetary union. It calls on member states to draw up and adopt, where necessary and as soon as practicable, and within the framework of the Convergence Decision of 12 March 1990, multiannual adjustment programmes intended to ensure lasting convergence, in particular with regard to price stability and balanced public finances. It requests the ECOFIN Council and the Commission to assess and monitor the implementation of such programmes and report by no later than the end of June 1992.

3. The European Council notes with satisfaction the progress made by the Inter-Governmental Conference in identifying possible Treaty Amendments designed to promote convergence, in particular through:

- strengthened multilateral surveillance procedures, and in particular to build on the multiannual convergence programmes;

- convergence conditions - relating to price stability, budget balances, interest rates and market flexibility - for determining moves from one stage to another;

- recognition that any move to the final stage requires prior achievement of price stability on a durable basis; budget deficits reduced to levels which are sustainable in the long

term and consistent with monetary stability; the achievement of market flexibility; a high degree of alignment of short and long term interest rates on the capital markets.

4. The European Council similarly commends the Presidency's work in focussing discussion on the content of Stage 2 of economic and monetary union, and reaffirms that a new Community monetary institution shall be set up at the beginning of the second stage, assuming the duties of the Committee of Governors of the Central Banks of the member states. The European Council notes agreement that the institution's tasks in Stage 2, respecting the principle that responsibility for defining and carrying out monetary policy will remain with the authorities of the member states during Stage 2, shall be

- to promote the smooth operation of the EMS, as membership of the exchange rate mechanism extends to all Community currencies;

- to facilitate the development and hardening of the ecu, ensuring that from the beginning of Stage 2 it does not devalue against any currency participating in the exchange rate mechanism;

- to strengthen cooperation among the central banks of the member states; and

- to promote the coordination of the monetary policies of the member states with the aim of ensuring price stability.

5. The European Council reaffirms the importance it attaches to adherence to the timetable, set out in Strasbourg and Dublin, for completion of the Inter-Governmental Conference and ratification of its results by member states by the end of 1992. It notes with satisfaction that the good progress made in the Luxembourg Presidency is fully consistent with this timetable.

10 DOWNING STREET

Prime Minister

More briefing is to come and I will publish all together tomorrow. But you may want to have this in the meantime.

We have got a nice week for Mold.

Stephen

6/6

OCT.

Smaller Maj. (or none)

Welfare - Con + Lab anti. No Treaty.

Small vote :- No maj.

May Stay To get Treaty.

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UNCLASSIFIED
FM BONN
TO IMMEDIATE FCO
TELNO 460
OF 061732Z JUNE 91
INFO ROUTINE BEBO, PARIS, WASHINGTON, UKDEL NATO, UKREP BRUSSELS
INFO ROUTINE UKMIS NEW YORK, UKDEL VIENNA

KOHL'S SPEECH IN BUNDESTAG BUDGET DEBATE, 6 JUNE 1991

SUMMARY

1. KOHL OPTIMISTIC ABOUT LONG TERM ECONOMIC PROSPECTS IN THE NEW LAENDER. RESTATEMENT OF GERMAN POSITIONS ON INTERNATIONAL ISSUES, INCLUDING SECURITY. REMARKS ABOUT THE TWO IGCS MOSTLY COVER FAMILIAR GROUND. ON EMU, A FIRM REFERENCE TO THE NEED FOR CONVERGENCE AMONG ALL MEMBER STATES (I.E. BY IMPLICATION NOT SUPPORTING THE FINANCE MINISTRY'S CORE GROUP APPROACH - MY TELNO 458).

DETAIL

2. MAIN POINTS OF INTEREST WERE AS FOLLOWS:

NEW LAENDER

- THE GOVERNMENT'S AIM WAS TO CREATE THE SAME LIVING CONDITIONS THROUGHOUT GERMANY. THE PRESENT DIFFICULT STAGE OF RECONSTRUCTION REQUIRED A HIGH DEGREE OF SENSITIVITY AND RESPONSIBILITY. BY SPENDING OVER 100 BILLION DM IN ONLY 18 MONTHS, THE GOVERNMENT WAS CREATING SOCIAL SECURITY AND FIGHTING THE CONSEQUENCES OF FORTY YEARS OF SOCIALIST EXPLOITATION. THE LABOUR MARKET IN THE EAST WOULD GET MORE DIFFICULT YET, BUT IN A FEW YEARS THE NEW LAENDER WOULD BE AMONGST THE MOST MODERN AND ATTRACTIVE PARTS OF EUROPE.

- THE NEW LAENDER NEEDED HELP IN BUILDING UP THEIR ADMINISTRATIONS. SOME 10,000 PEOPLE FROM THE WEST WERE ALREADY HELPING, BUT MORE WERE NEEDED.

- THE TREUHANDANSTALT (TRUST AGENCY) WAS MAKING INCREASINGLY GOOD PROGRESS. CURRENTLY SOME 15 ENTERPRISES WERE

PRIVATISED EVERY DAY. AROUND 1,900 ENTERPRISES HAD BEEN SOLD BY THE END OF MAY, WITH INVESTMENTS WORTH 60 BILLION DM AGREED. PRIVATISATION HAD SO FAR CREATED OVER 400,000 JOBS.

- GERMANY HAD BEEN LUCKY TO BE SO WELL-PREPARED FOR THE GREAT CHALLENGE. THE ECONOMY IN THE WEST WAS IN ITS NINTH YEAR OF GROWTH (4.2% IN THE FIRST QUARTER OF 1991).

- KOHL HOPED THAT GERMANY'S PARTNERS AND FRIENDS IN THE WORLD WOULD TAKE A BIGGER SHARE OF THE OPPORTUNITIES OFFERED BY RECONSTRUCTION IN THE NEW LAENDER.

GERMANY AND THE WORLD

- GERMANY WOULD LIVE UP TO THE GREATER RESPONSIBILITY WHICH FLOWED FROM UNIFICATION. GERMAN FOREIGN POLICY WOULD CONTINUE TO BE GUIDED BY ITS ESTABLISHED PRINCIPLES.

- KOHL REFERRED TO HIS DISCUSSIONS WITH PRESIDENT BUSH IN WASHINGTON IN MID-MAY. HE AND THE PRESIDENT HAD AGREED THAT IT WAS IN THE WEST'S INTEREST THAT GORBACHEV'S REFORM POLICIES SHOULD PROCEED AND THAT THE REFORMIST STATES OF CENTRAL AND SOUTH EAST EUROPE SHOULD CONTINUE TOWARDS A MARKET ECONOMY AND SOCIAL HARMONY. EUROPE AND AMERICA COULD NOT STAND ASIDE FROM THIS PROCESS BUT SHOULD OFFER ADVICE AND HELP. THIS WOULD BE A KEY THEME OF THE FORTHCOMING G7 SUMMIT IN LONDON.

  KOHL SAID THAT HE AND BUSH HAD ALSO DISCUSSED SECURITY QUESTIONS. NATO REMAINED THE ANCHOR OF GERMANY'S SECURITY, AND THIS REQUIRED A CONTINUED SUBSTANTIAL PRESENCE OF AMERICAN FORCES IN EUROPE. NATO WOULD FUNDAMENTALLY CHANGE, IN ACCORDANCE WITH THE DECISIONS OF THE LONDON SUMMIT. NATO DEFENCE MINISTERS HAD JUST AGREED THE FIRST STEPS. THE REACTION FORCES WERE EXCLUSIVELY FOR THE NATO AREA. THE DOOR REMAINED OPEN FOR THE DEVELOPMENT OF EUROPEAN OPTIONS, E.G. IN THE WEU FRAMEWORK. THE ALLIANCE'S STRATEGY AND STRUCTURE WOULD BE A CENTRAL THEME OF THE PLANNED AUTUMN NATO SUMMIT IN ROME.

- KOHL WELCOMED THE CLARIFICATION BY THE US AND SOVIET FOREIGN MINISTERS OF THE REMAINING QUESTIONS OVER CFE: NOTHING SHOULD NOW STAND IN THE WAY OF ITS RATIFICATION.

THE VIENNA NEGOTIATIONS COULD NOW BE CONTINUED WITH THE AIM OF PERSONNEL LIMITATIONS:IN VIEW OF GERMANY'S UNDERTAKING TO REDUCE ITS FORCES, THE GERMANS ATTACHED SPECIAL SIGNIFICANCE TO SIMILAR EFFORTS BY THEIR NEGOTIATING PARTNERS.

- ONLY A STRONG AND UNITED EUROPEAN COMMUNITY COULD WORK WITH THE AMERICANS TO TAKE ON RESPONSIBILITY IN THE WORLD. THE TRANSATLANTIC BRIDGE HAD TO BE COMPREHENSIVELY EXTENDED. AS PART OF THE PROCESS OF EUROPEAN POLITICAL UNION, A COMMON FOREIGN AND SECURITY POLICY HAD TO BE DEVELOPED AND THE ROLE OF THE WEU NEWLY DEFINED. THERE SHOULD BE NO COMPETITION BETWEEN NATO AND A EUROPEAN SECURITY COMMUNITY. 'NOT EITHER OR, BUT BOTH AND.' COMMUNITY.

- GERMANY WOULD ACCEPT ALL THE DUTIES WHICH FLOWED FROM ITS MEMBERSHIP OF THE UNITED NATIONS. IT HAD TO BE READY TO TAKE PART IN MILITARY ACTIONS IN A UN FRAMEWORK TO PRESERVE AND RESTORE PEACE. GERMANY ALSO WANTED TO BE ABLE TO PARTICIPATE IN A FUTURE EUROPEAN MILITARY FORCE.

- GERMANY'S HELP FOR CENTRAL, EAST AND SOUTH EAST EUROPE, AND ITS HELP FOR IRAQI REFUGEES, WAS A CONSIDERABLE CONTRIBUTION TO GLOBAL BURDEN-SHARING.

GATT

- AS THE WORLD'S LARGEST EXPORTER, GERMANY HAD A PARTICULAR INTEREST IN FREE WORLD MARKETS. GERMANY AND THE EC THEREFORE WANTED AN EARLY SUCCESSFUL CONCLUSION TO THE GATT URUGUAY ROUND. ALL SIDES MUST PLAY THEIR PART IN A FAIR AND BALANCED OUTCOME. THE LATEST DECISION OF EC AGRICULTURE MINISTERS SHOWED THE WAY. THE FUTURE OF GERMANY'S FARMERS WOULD BE SECURE.

EUROPEAN COMMUNITY

- KOHL SAID THAT HE AND PRESIDENT MITTERRAND HAD AGREED IN LILLE AT THE END OF MAY THAT THE FORTHCOMING EUROPEAN COUNCIL IN LUXEMBOURG SHOULD PROVIDE A CHANCE TO TAKE STOCK OF PROGRESS IN THE TWO INTERGOVERNMENTAL CONFERENCES.

- THE FEDERAL GOVERNMENT WOULD PRESS AHEAD ENERGETICALLY WITH MOVES TOWARDS EUROPEAN UNITY IN THE RUN-UP TO THE EUROPEAN PARLIAMENT ELECTIONS IN 1994. EUROPE NEEDED NOT THE LOWEST COMMON DENOMINATOR, BUT A GREAT STEP FORWARD.

- GERMANY WANTED TO CONCLUDE THE TWO INTERGOVERNMENTAL CONFERENCES BY THE TIME OF THE MAASTRICHT EUROPEAN COUNCIL AT THE END OF 1991. THE RESULTS OF THE TWO CONFERENCES SHOULD FORM ONE ENTITY. THE TREATY ON POLITICAL UNION SHOULD NOT LAG BEHIND THE ONE ON EMU AND VICE VERSA.

- THE RIGHTS OF THE EUROPEAN PARLIAMENT HAD TO BE INCREASED. GERMANY WANTED TO SUBORDINATE DECISIONS ON THE EUROPEAN LEVEL TO AN EFFECTIVE PARLIAMENTARY CHECK.

- WITHIN THE FRAMEWORK OF POLITICAL UNION FURTHER PROGRESS IN THE KEY AREAS OF INTERNAL AND JUSTICE POLICIES WAS URGENTLY NECESSARY. A NEW QUALITY OF COOPERATION WAS NEEDED, PARTICULARLY OVER ASYLUM AND IMMIGRATION POLICY.

- THE FIGHT AGAINST THE DRUG MAFIA AND INTERNATIONAL ORGANISED CRIME REQUIRED A COMMON EUROPEAN POLICE ORGANISATION, CAPABLE OF OPERATING ACROSS BORDERS.

- IN THE FRAMEWORK OF EMU, GERMANY WOULD DO ALL IT COULD TO KEEP TO AND BUILD ON THE POSITIONS AGREED LAST OCTOBER IN ROME BY THE HEADS OF STATE AND GOVERNMENT. KOHL STRESSED THE NEED FOR ECONOMIC CONVERGENCE BETWEEN ALL MEMBER STATES: BUDGET DISCIPLINE ON THE PART OF ALL EC GOVERNMENTS: AND AN INDEPENDENT EUROPEAN CENTRAL BANK PRINCIPALLY COMMITTED TO MONETARY STABILITY.

OTHER INTERNATIONAL ISSUES

- THE SITUATION IN YUGOSLAVIA WAS PARTICULARLY WORRYING. KOHL EMPHASISED THE SUPPORT HE AND PRESIDENT MITTERRAND HAD GIVEN TO THE SANTER/DELORS MISSION TO BELGRADE.

- GERMANY REMAINED COMMITTED TO THE COMMON GOAL OF A NEW PEACEFUL ORDER IN THE NEAR AND MIDDLE EAST. AS PART OF THIS, KUWAIT HAD TO MOVE ON TOWARDS DEMOCRACY AND JUSTICE.

- GERMANY SUPPORTED EMPHATICALLY PRESIDENT BUSH'S EFFORTS TO

ACHIEVE PEACE IN THE NEAR EAST. GERMANY WAS READY, TOGETHER WITH ITS EUROPEAN PARTNERS, TO TAKE AN ACTIVE PART IN THE PEACE PROCESS.

- KOHL STRESSED THE IMPORTANCE OF CONTROLS ON ARMS EXPORTS. ONLY GLOBAL SOLUTIONS WOULD BE EFFECTIVE. FURTHER CONSIDERATION OF THIS QUESTION SHOULD NOT BE LIMITED TO TALKS AMONGST THE FIVE UN SECURITY COUNCIL PERMANENT MEMBERS. GERMANY WAS PRESSING FOR PROGRESS IN THE EC, AND IN PARTICULAR AT THE G7 SUMMIT IN LONDON.

3. FCO PLEASE PASS TO WALL (NO 10).

MALLABY

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Foreign & Commonwealth Office

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CONFIDENTIAL

5 June 1991

Dear Stephen,

Chancellor Kohl's Visit to Chequers, 9 June

Chancellor Kohl is visiting Chequers for talks and lunch between 1100 and 1500 on 9 June. I understand that Mrs Kohl is using the opportunity to sight-see in London. The objective of the meeting is to build on the Prime Minister's relationship with Chancellor Kohl to ensure that he understands the political background and rationale of our policies, particularly in the IGCs.

Chancellor Kohl has weathered the spring storm over his handling of the economic problems of the new Länder, though the coalition continue to trail the opposition in polls and have lost control of three Land Governments in the last 13 months. Talk of a grand coalition has died down, and the government/opposition working groups set-up to discuss policy on the new Länder have been quietly wound up with no significant concessions by the Government. Chancellor Kohl is now able to turn his attention to the two IGCs and preparation for the Luxembourg European Council. This will form the bulk of the talks. It might be best to deal with the other subjects over lunch. I understand that you have agreed with Sir Christopher Mallaby that it would help the talks to get off to a good start if the Prime Minister were to begin by presenting Chancellor Kohl with the German version of Sir Julian Bullard's Chamberlain lecture of 17 October 1990. We will send you a bound copy later in the week. I enclose the English text in case you have not yet seen it.

Bilateral

The Prime Minister's last bilateral with Chancellor Kohl was at the Anglo-German Summit on 11 March in Bonn. Chancellor Kohl was delighted with his reception in Edinburgh on 23 May when he received a honorary degree. We have not yet agreed dates for the informal weekend in the country which the Prime Minister has suggested to Chancellor Kohl. Other

/Ministerial

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Ministerial exchanges are taking place at a good rate. The Foreign Secretary is spending the weekend of 8-9 June with the Genschers in Halle, where many of the same subjects will come up, though the agenda is likely to range wider over regional issues. Mrs Chalker's opposite number, Herr Spranger, will be in London on 12-13 June at her invitation. Sir C Mallaby has been instructed to sound out the Germans informally about the possibility of a State visit by HM The Queen in October 1992.

The Prime Minister might like to say:

- Welcome regular Ministerial exchanges. Douglas Hurd in Halle today; Herr Spranger in London next week.

- Awaiting German response to idea of State visit next year.

- Prospects in the new Länder? Glad that UK business interest second only to the French among EC. Keen to see our relations with new Länder reach level we have with old.

Kohl may mention plans to encourage German studies at UK universities and ask us to give more money to the Anglo-German Foundation for the Study of Industrial Society, a worthy but sleepy body. The Prime Minister might say:

- UK increased funding from £125,000 to £175,000 in 1989. AGF does not need more government money: instead needs to update its activities and seek private sector money.

IGCS

The Prime Minister will be familiar with the general state of play in the political union IGC from his meeting with Santer on 5 June, which we expect will concentrate on the handling of the European Council. The Kohl/Mitterrand Summit on 29/30 May appeared to endorse the current twin-pillar structure, but also favoured recording agreement reached so far at the June Council. Kohl stressed the need for parallelism between the EMU and Political Union outcomes, and appeared to regard the Political Union IGC as the one now causing the greater problems. At the Dresden informal Foreign Ministers meeting on 3 June there was a good deal of support for a unitary structure. Although Dumas spoke strongly in favour of the twin-pillar approach, Genscher sat on the fence.

It is therefore important to impress upon Kohl the strength of our views on structure, to reinforce our concern to avoid rushing fences in Luxembourg, and to give Kohl an indication of the key issues for the UK in the difficult negotiations to follow. The Prime Minister might want to draw on the following:

/- Structure

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- Structure of the union a key issue for us: Union and Community must remain separate. A unitary approach could restrict development of European cooperation, not promote it.

- [If raised] No difficulty in principle with review clauses - accept evolutionary approach: political union a process. But any review clause must be neutral.

- Grateful for Kohl's pragmatic approach to June European Council. Any attempt to reach substantial agreements premature and would set back progress. We are looking for a neutral stock-taking commending the Presidency's work and looking forward to conclusion by Maastricht. Agree EMU and EPU process must proceed in parallel.

- IGC raises some difficult issues for UK. Social chapter risks opening Pandora's box, undermining UK policy and practice. Europe not ready for a single social model.

- The UK believes that the present Treaty provides scope for a sensible social dimension. Ready to make progress in line with the priorities of last December's European Council.

- Nor do we support other proposals for extension of competence. Want clear definition of subsidiarity in treaty: will provide reassurance in UK.

- Fully accept need to enhance democratic legitimacy in the EC. But we do not see a case for extending the legislative power of the European Parliament. Likely to provoke Westminster opposition. Better in our view to concentrate on EP's monitoring role, e.g. better financial control; and create stronger partnership between EP and national parliaments.

- But accept German government have different emphasis. If you believe it essential to make a further move in favour of the EP, UK could consider an EP role in appointment of the Commission, providing this does not give them a say in the programme and does not involve separate decision on the President and other Commissioners.

- Chancellor Kohl has pressed hard for fiscal harmonisation in the transport sector as a reaction to competition from other member states, particularly the Dutch. The Prime Minister might therefore refer to the Chancellor's statement at the 3 June ECOFIN (Jeremy Heywood's letter to you of 4 June) that the UK could now accept a minimum rate of diesel duty and VED.

/There will

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There will be a meeting of Interior Ministers on 13 June at which agreement is possible on an External Frontiers Convention (EFC). The Germans want an explicit link between the EFC and internal frontier abolition. We do not. Failing agreement, the frontiers coordinators (senior EC Interior and Foreign Ministry officials) are likely to report to the European Council that progress on inter-governmental work on frontiers is blocked because of UK refusal to abolish internal frontiers. Bangemann, German Commissioner who covers frontiers issues, would use the excuse of a failed EFC to table radical Commission proposals relating to internal frontiers. In the political union IGC, the Germans want common action and a greater Community role. Kohl has for some time wanted a common reponse to the growing threats of cross-border crime, immigration etc and has spoken of creating a "Euro-FBI". We prefer increasing police cooperation rather than setting up a new structure which would have enormous practical problems, and problems of jurisdiction.

The Prime Minister may want to:

- Express the hope that frontiers issues will not be discussed in detail at Luxembourg. He might make clear that the UK is working constructively for an External Frontiers Convention. Meanwhile we have considerably reduced frontiers checks. Water's edge controls make practical sense for UK as an island. Key thing is that movement of people will be far freer after 1992 than when SEA came into force.

- Confirm our preference for cooperation in this area to continue on an inter-governmental basis, as a separate pillar of union activity.

The Prime Minister may also wish to draw attention to our proposal for the G7 Summit to launch an initative on a trade and carrier cooperation programme to counter illicit drugs traffic. The Sherpas wil discuss this on 7-9 June.

European Security and Defence

Chancellor Kohl was careful to play up his support for the Alliance during his visit to Washington on 20 May. The Germans have underlined to us the significance of Chancellor Kohl's comment in a speech there that "my government does not want to see the long standing Atlantic Alliance in any way weakened, less still replaced by a European structure". President Bush said in his message to the Prime Minister after the visit (your letter of 21 May) that he had done some heavy lifting with the Germans and hoped that he had helped further convince Kohl that European defence, however common, must be within the Alliance and not separate from it.

/However

(Pop on a Poke!

However, the Franco-German Summit the following week did not suggest any lessening of Chancellor Kohl's enthusiasm for the concept of a common defence policy of the Union in the longer term. The Chancellor apparently still gives high priority to achieving a political commitment this year to such a long term goal, and sees no incompatibility between this and maintaining the Alliance.

The Chancellor has also been prominent in the debate in Germany about a role for the Bundeswehr outside the NATO area. At a CDU Foreign Policy Conference on 15 May Kohl made clear that in his view a constitutional amendment would be necessary; that there would be an open vote this year in the Bundestag on the question of Bundeswehr action sanctioned by the UN; and that he would press for constitutional change in the context of European political union to enable Germany to participate in out of area action with other Europeans. But the SDP (whose consent is necessary for an amendment to get the required two thirds majority) are opposed to anything more than participation in UN peace-keeping operations.

The Prime Minister might take the following line:

- The UK and Germany at one on the need to sustain the Alliance and the US presence in Europe. Welcomed Chancellor Kohl's comments on this in Washington.

- We are supporters of a stronger European defence identity. But we are concerned that in building this up we should not unintentionally damage our wider security by undermining NATO.

- That is why we stress the need to be clear on how a European defence identity will in practice complement the Alliance.

- To our ears a "common" defence policy of the Twelve sounds like something separate from the common policy we already have in NATO. It would also seem to leave other European allies - Turkey, Norway, Iceland - out in the cold. And it would pose a dilemma when neutral or East European states join the EC.

- Not all these issues can be settled this year. We need to lay down some guiding principles: particularly complementarity and openness within the Alliance.

- More work needed on the details of the European defence identity and how this would relate to the Alliance. We are ready to see the WEU take on an operational role, including a European Reaction Force for use outside the NATO area.

/- Have

- Have followed the debate on Bundeswehr involvement out of area with interest. Welcome your intention to press for constitutional changes to enable Germany to participate in out of area action with other Europeans. An ERF would give substance to the European defence identity.

- Clarity on the relationship between the European defence identity and NATO part of the overall package we seek later in the year: balancing reform of NATO and a strengthening of the European defence role. Need matching progress in NATO, the WEU and the IGC.

Non-Proliferation and Conventionnal Arms Control

Following the revelation of German military supplies to Iraq, the Germans are keen to be seen in the forefront of efforts to strengthen non-proliferation regimes and restrain conventional arms sales in the wake of the Gulf war. Mr Genscher has proposed the establishment of a G7 Working Group on export control policies to look at the issues. We would not oppose continuing talks on arms restraint between G7 officials, but we would not want to make the G7 the centre of action on this front: it contains some countries (eg Japan) which are very minor exporters, but excludes key players such as the Soviet Union and China. The Prime Minister might say:

- We share German interest in promoting non-proliferation and greater responsibility in the conventional arms trade. There is much activity on these fronts, in the Twelve, the G7 and among the Permanent Five. Last group of special importance, because it includes Russians and Chinese.

- We believe the way forward on NBC weapons and missiles is to work to strengthen existing regimes where there is already considerable momentum and commitment to change.

- On conventional weapons, our aim is to encourage greater responsibility in the arms trade. No country must be allowed to follow Iraq in amassing such a grossly unjustified arsenal.

- A key element in our approach is greater transparency - hence our proposal for a UN Register of arms sales, which we hope will gain support at the next General Assembly. Encouraged that both President Bush and President Mitterrand have renewed support for the concept in their own recent initiatives.

- Hope we can work closely topgether in the run-up to European and G7 Summits. The Twelve and the G7 can set an example to other arms-exporting countries.

/Soviet Union

Soviet Union

Discussion of the Soviet Union is likely to focus on the prospects for Mr Gorbachev's attendance at the G7 Summit in London in July. It is likely that by the time of the meeting, the Prime Minister will have written to colleagues proposing that Mr Gorbachev be invited to London after the summit. The Germans support an invitation to Gorbachev. Chancellor Kohl's visit will be an opportunity to discuss how to ensure that Gorbachev's involvement genuinely assists the process of reform and how to avoid raising unfulfillable expectations of large scale Western financial aid. The Prime Minister might draw on the following points:

- Soviet Union in deep crisis. But some hopeful signs (Gorbachev/Yeltsin relations; 9 + 1 Agreement; Yavlinsky's economic reform proposals). West should use its limited influence to push Gorbachev towards further reform.

- Reports of Yavlinsky's proposals quite encouraging. But still very sketchy, and not clear how far they are backed by central or Republic leaderships.

- Not a question of some "grand bargain" between the West and the Soviet Union; but of help for self-help. If serious reform measures are introduced in Soviet Union, should be ready to consider Western/IFI assistance.

- To some extent encouraged also by beginnings of development of independent market in Soviet Union: but still on very small scale in relation to size of Soviet economy. Important that West should do what we can to encourage growth of market sector.

- Applies in particular to Gorbachev and G7 Summit: essential to avoid building up impression in Western/Soviet media that Summit will be focussing on question of massive financial aid to Soviet Union. Will need to present attendance as:

a) Recognition of political importance of Soviet Union's role in international community, and of part played by Gorbachev in changing international atmosphere (eastern Europe, regional disputes, Iraq). But without allowing him to dominate Summit or distort its agenda.

b) Chance for Gorbachev to endorse Summit's approach/ conclusions - eg on conventional arms transfers.

c) Opportunity for Gorbachev to brief G7 leaders on efforts directed at reform; for G7 to confirm support for reform

/process

process; perhaps to offer eg IMF advice on latest proposals, to pledge to pursue technical assistance/provision of Western expertise (eg through closer association with IFI's). Sherpas will need to discuss further.

- Important that Summit's message to Gorbachev should spell out clearly criteria for future cooperation, and should help bind him more closely to reformist policies.

Yugoslavia

The situation in Yugoslavia remains serious. Slovenia is set on declaring independence on 26 June, with Croatia likely to follow on 30 June. The Serbs continue to block the rotation of the Federal Presidency to Croatia.

We still believe that our proposal to involve the CSCE in the crisis offers the best means of defusing tension and providing the Yugoslavs with the breathing space to seek their own solutions. Discussion of this proposal at the EC Foreign Ministers' meeting in Dresden on 3 June produced only general agreement to keep the idea under study. The Prime Minister could therefore seek Chancellor Kohl's endorsement of it and ask whether failing this, the Chancellor has any other suggestions. EC Foreign Ministers also agreed that the Presidency and Commission should draft a message to the Yugoslavs setting out the EC's pre-conditions for aid.

On 30 May Chancellor Kohl and President Mitterrand issued an appeal for dialogue in Yugoslavia in the margins of the Franco-German summit. The appeal made no reference to Yugoslavia's unity and integrity: the Prime Minister might ask whether this represents any shift in German policy on preserving Yugoslavia's unity.

Iraq

Future decisions on the relief effort for Iraqi refugees are becoming more pressing. The humanitarian relief operation has been largely successful. Those UK forces associated with the relief operation whose task is now complete will be withdrawn and we are urgently considering the timing of the departure of the rest of the contingent. We need to continue to encourage the UN to speed up its takeover of the humanitarian operation. We should also keep in close touch with the Germans (as major donors) on the timing of the final withdrawal. Whatever underpinning is agreed to reassure the Kurds, some form of continuing deterrent in the region will be necessary, almost inevitably American.

/South Africa

CONFIDENTIAL

South Africa

When the Prime Minister saw him in Bonn on 11 March Chancellor Kohl agreed on the need to remove at an early stage further EC measures, on which we had handed a paper to him. His office have since indicated support for a declaration on sport at the Luxembourg European Council (28 -29 June). But MFA officials continue to argue that the 1985 EC measures - including EC ban on official sporting contacts and agreements - should stay until there is more progress in South Africa. The ANC sports spokesman - Steve Tshwete - said he would favour an EC Declaration when here last month. We need to encourage Kohl to get Genscher to help attain our objectives at the Luxembourg Council, in particular a declaration on sport.

By the time of the European Council, the South African Parliament will have repealed the bulk of statutory apartheid. It would be right for the EC to mark this progress by lifting a further sanction at Luxembourg (the best candidate: the 1985 oil embargo). In proposing this, we would not fight too hard: but it may be useful to have something to concede in return for a declaration on sport.

Against this background, the Prime Minister may wish to say:

- South African sports bodies now integrating. ANC sees this as good means to non-racial nation building. We should encourage this process, which will also help de Klerk with his right wing. The Twelve should declare support for resumption of contact with sports which achieve unified governing bodies.

- EC should continue to match President de Klerk's actions by measures of encouragement: Would be sensible for European Council to mark abolition of statutory apartheid by lifting 1985 oil embargo to encourage more reform.

I am copying this letter to Jeremy Heywood (HM Treasury), Martin Stanley (DTI), Simon Webb (MOD) and Sonia Phippard (Cabinet Office).

Yours ever,
Christopher Prentice.

(C N R Prentice
Private Secretary

J S Wall Esq
10 Downing Street

CONFIDENTIAL

CHANCELLOR KOHL'S VISIT TO CHEQUERS, 9 JUNE

PROGRAMME

1035	Arrive Northolt
1040	Depart for Chequers
1100	Talks begin
1300	Lunch, then further talks
1500	Leave for Northolt
1520	Depart Northolt

DK4APZ/1

I

I RISE with pride but also apprehension to give this first Joseph Chamberlain Lecture. Pride, because this was a man whose place in the history of this city and this country is secure and honourable. Apprehension, because it is not a historian that occupies this rostrum today, and not a Birmingham man either. But I am buoyed up by the knowledge that Joseph Chamberlain himself had perhaps given little thought to Birmingham before that day in 1854 when his father sent him here, at the age of 18, to manage the Chamberlain family interest in the new partnership with his brother-in-law John Nettlefold: an enterprise which diverted young Joseph from shoes to screws, and from London to Birmingham - which he later described, at the Banquet here in honour of his 70th birthday, as "this city of my adoption and my affection". My two years of association with Birmingham are not to be compared with Chamberlain's 50, but I like to think that I am in a very small way treading in his footsteps.

My subject tonight is "Britain, Germany and the Chamberlains". The link is not an artificial one. Joseph, and his sons Austen and Neville, one by his first and the other by his second wife, this Triptych of Chamberlains spans, like an Italian altar-piece, that period of 60 years, roughly from 1880 to 1940, during which the relationship between Britain and Germany declined from friendship to intense rivalry and hatred, culminating in 1914 in war, after which there was scarcely time for even the most tentative positive feelings to begin to revive before they were swept aside by a second burst of antagonism even sharper than the first. Each of the three men came late to the highest office, Joseph and Austen at roughly the age of 60, Neville close to 70. Each reflected the spirit of the times: Joseph the self-confidence of Britain's imperial afternoon, Austen the quizzical mood that followed the "War to end Wars", Neville the loss of moral direction

which succeeded that mood. More relevant to my theme tonight, each of these three Chamberlains worked in his time for an understanding with Germany: Joseph, when as Colonial Secretary he instigated, and largely conducted, what would now be called "talks" with the German Ambassador and other representatives of that country about a possible Anglo-German Alliance; Austen, in the Locarno Treaty of 1925, of which he was, with Stresemann and Briand, the principal architect; and Neville, in the Munich Agreement of September 1938. Each of the three lived to witness the total collapse of his hopes.

For me these similarities are more striking than the obvious differences, and for me the great caesura in European history is not the First War but the second; not 1914, but 1939: not 1918, but 1945. To the earlier period belong those long weekends, those summers on the grouse moors, those heavy tweeds, those manuscript notes and letters. To the latter, the typewriter, the telephone, the radio and the television. The glass window of the hansom cab which fell and cut open Joseph Chamberlain's forehead on his way from the Colonial Office to the Athenaeum Club on 7 July 1902 is for me all of a piece, all of a period, with the fall on the ice which broke the nose of Sir Samuel Hoare while practising for a skating competition in the Engadine in December 1935. The hunting trip, similarly, which (so he said) made it impossible for Kaiser Wilhelm II to receive Kruger in Berlin after the Boer War in 1900 is part of the same time warp as the Hunting Exhibition under cover of which Lord Halifax, not as Foreign Secretary but as Master of the Middleton Foxhounds, was able to have private talks with Hitler and Goering in the winter of 1937. (There is a PhD thesis to be written one day on the part played by hunting in diplomatic history.) So there is for me a coherence in that period of 60 years which embraces the active careers of those three Chamberlains.

To begin with Joseph: it was during his lifetime that Germany passed through the transition which so surprised the Germans themselves, not to mention the rest of Europe: the transition from a collection of mini-states, dwarfed but not controlled by Prussia, to a single unitary state which could and did call itself an Empire, a state which claimed to have and did have the strongest land forces in Europe, and one of the strongest navies. I am not aware that Joseph foresaw this process or recognized its significance when it got underway. But who in England did? Not many apart from Disraeli, who said after the defeat of France by Germany early in 1871 "This War represents the German Revolution, a greater political event than the French Revolution of last century. . . . The balance of power has been entirely destroyed, and the country which suffers most . . . is England."

But Joseph, unlike Disraeli, had no particular reason to track the advance of Germany as an actor on the world stage and as a military power. He learned French to a high standard, first through the accident of a native French speaker as French master at his school in London, later because he needed it for the screw business. How much German he knew, I have not been able to establish. What he did observe about Germany was two things: the excellence of German education, especially the Prussian school system, and the strength of German manufacturing industry. It was plain to Joseph that the two were connected, and this observation - together with the moral argument, that it is the duty of the State to ensure that its citizens are not starved of education any more than of food - led him to initiate the great educational reform movement with which his name will always be associated. After all that was achieved in his lifetime, he would I think be surprised to be told that a century later his arguments were having to be repeated by the President of the British Association for the Advancement of Science - having to be repeated, and getting front page headlines, as if they were brand new.

If we turn from schools to universities, and to this University in particular, we find that here too the German example played a part. It was in October 1887, in the Birmingham Town Hall, that the historian J.R. Seeley, a

friend of Joseph's and author of a book on Goethe as well as a study of the Prussian reformer Heinrich vom Stein, urged the creation of a University in this city which he said should follow not the Oxford model, with colleges, but the examples of Scotland and Germany. It was on this basis that Joseph took up the idea a decade later. I thought I had found an additional German input in the person of the Professor of Greek and Latin, but Edward Adolf Sonnenschein turns out to have been born in Holloway to a father of an immigrant from Austria, who had supported the patriot Kossuth in one of the Hungarian uprisings against Austrian rule and was consequently obliged to go abroad, in airline language, for his comfort and safety. So Edward Adolf will make no further appearance tonight - which I regret, because my heart had greatly warmed to this pure scholar who distilled a lifetime of academic experience into a book with the title "The Unity of the Latin Subjunctive".

The effort that Joseph put into founding, funding and building this University represented time and energy borrowed from his busy official life at a time when the matter uppermost in his mind was not one of his departmental responsibilities as Colonial Secretary, but Britain's relationship with Germany. His position on this matter was very simple. He did not share his Prime Minister Lord Salisbury's faith in "splendid isolation" as the best policy for Britain. It was all very well, he thought, to have no enemies, but there were dangers in having no friends. The issues that divided Britain from Germany seemed to him less serious than those between Britain and France. The German quest for colonies, in particular, was a bit of a joke (Bismarck agreed with Joseph on this point: he said once that for Germany to have colonies would be like one of those Polish noblemen who have sables but no shirt), whereas French designs on Africa were in deadly earnest. Moreover there was a natural kinship between the Anglo-Saxon and the Teuton; that was why Cecil Rhodes had made his scholarships at Oxford open to Germans as well as Americans and citizens of the White Commonwealth. For Joseph there was an attractive symmetry in the idea of an alliance between "the greatest naval nation in the world and the greatest military nation". So, argued Joseph, why not some kind of arrangement between Britain and Germany, with a promise of mutual assistance here, and one or two spheres of

influence there, the whole scheme perhaps leading on to an Anglo-German relationship which would be more intimate, more permanent and more comprehensive.

The question why this idea failed is not the same as the question whether the idea was a good one. It failed because the Kaiser was too vain and touchy, because his diplomats tried to be too clever, because they overestimated the strength of their position, because they thought time was on their side when it was not, but chiefly because Germany aspired to a status of equality which Britain was not prepared to concede. This is how matters looked from the British side, and this is how they still look to me. Germans sometimes argue that a less reserved, less piecemeal, less step-by-step, more thoroughgoing proposition from London would have kindled the Kaiser's imagination, re-awoken the affection for his mother's country (England) which was never far below the surface and enabled him to overrule the negative attitudes of the German bureaucrats.

I wonder. I wonder whether an Anglo-German Alliance, concluded say in 1898 or in 1901 and comprising the kind of elements that were then under discussion, would have withstood the contrary pressures of the period, held Britain and Germany together or averted the First World War. There is something rather contrived, rather artificial, about the whole project. I am not sure that the British people were really behind the idea, and I am pretty certain that the German people were not. This is something that Chamberlain should have been better placed to judge than we are, but the sensitive interpretation of other people's feelings is not a quality for which he was famous in his life-time. Cambon, the legendary French diplomat who headed their Embassy in London for over 20 years, said of Chamberlain "Il n'a aucun principe politique". Certainly Joseph seems to have turned, with little delay and few regrets, from talks with Hatzfeldt and Eckardstein and Buelow about an Anglo-German Alliance to talks with the French about an Entente Cordiale. The ingredients would be much the same: well-defined engagements of a political nature, spheres of influence and above all colonies and bits of colonies - their passive role in those days reminds me of the little brass weights which, before the days of supermarkets, the family butcher would rattle on to the scales to make up the weight, adding first one and then

another until the customer - in this case London or Paris - was satisfied.

The difference this time was that the plan for an Anglo-French Alliance went rapidly forward, while Anglo-German relations went rapidly downhill. Chamberlain turned to other matters, had a stroke and left public life. He died in July 1914, just in time to miss the first of the two great Anglo-German conflicts of this century - a conflict made inevitable, in my view, by the German quest for "a place in the sun", exemplified in the demand for colonies and also (more important) in the naval building programme, of which the express purpose was to build a German fleet which would rival that of England.

III

The second character in my narrative, Austen Chamberlain, makes a very different entry from my first, and a very different impression. Joseph had left school at 16: Austen went to Rugby and Cambridge, which would have given him a start in politics even without his father's name and help. He spent nine months in France and fell in love with it. I use that expression deliberately: he said once "I love France as a man loves a woman." Then he spent a year in Germany, which he did not fall in love with, but did become interested in, especially after being invited to dine with the old ex-Chancellor Bismarck who spent most of the evening feeding his favourite dogs and refilling Austen's glass. (He said of Austen afterwards, "Nice young man. Pity he's such a poor drinker.") But Austen was over 60 when, in 1924, he became Foreign Secretary and found himself facing, with the rest of Europe, the question what to do about Germany. The war had been over for six years, the Treaty of Versailles had been imposed, but the reparations were not being paid, the Rhineland was still occupied by French and British troops, the United States had decided to take a holiday from world affairs and the League of Nations had made a distinctly fragile start.

As Chamberlain himself wrote later, "Peace rested, not on good will or assent, but solely on the incapacity of the vanquished to renew the struggle". The only current peace-keeping plan at the international level was something called the Geneva Protocol, which prescribed the peaceful

settlement of disputes and sanctions against any offender. Seventy years later we are still waiting to see whether sanctions work, even in the quite favourable circumstances which characterise the current case of Iraq.

But within little more than a year of taking over the Foreign Office, Austen Chamberlain was able to walk into a large room on the ground floor and sign for Great Britain the Treaty of Guarantee of 1 December 1925. This was the coping stone of an interlocking network of agreements, altogether 8 treaties involving 9 countries, which constituted the package called Locarno. The effect, in Austen's own words, was to bring Germany to "guarantee voluntarily what hitherto she has accepted under the compulsion of the Treaty (of Versailles)", namely Germany's frontiers. Those in the West the German Government recognized and confirmed, those in the East it undertook not to seek to change by force. Since Germany then (as now) was a country with 9 neighbours, or 10 if you count Liechtenstein, Locarno felt, to the people who made it, like a substantial piece of work. At that signing ceremony at the Foreign Office, in what is still called the Locarno Room, there was not surprisingly much rhetoric about a turning point in the history of Europe, about the European idea, the European family, the European "community". And how had this been achieved? By the techniques of traditional diplomacy, culminating in a Conference lasting only 10 days, with delegations of only 5 or 6 people, in a little Swiss lakeside resort, the difficult points being resolved during a birthday cruise on the lake by the Foreign Ministers in a boat called the "Orange Blossom".

So what went wrong? The weaknesses of Locarno are glaringly obvious today: the absence of the United States; the lack of any economic dimension; the fateful distinction between the status of Germany's western and that of her eastern frontiers. The word "appeasement", much used in those years, before its meaning of "settling a quarrel" was ousted by that of "propitiating a more powerful enemy" - the word tolls for us through the 20s and 30s like a funeral bell. Austen himself was more realistic than he perhaps appeared. The success or failure of Locarno, he said at the time, depended on the political will of the signatories.

Within a few years, that will was to be tested and found wanting. Germany in effect withdrew from the Locarno system, and Britain and France had nothing to put in its

place. But this does not, in my view, detract from Austen's achievement. Others played their parts. Briand, the French Foreign Minister, stands out from the long and mostly undistinguished list of members of those rapidly changing governments of France between the two wars. D'Abernon, the British Ambassador in Berlin, was the kind of non-career diplomat who compels career diplomats to admit that there may sometimes be a place in diplomacy for an Ambassador with unconventional qualifications. Stresemann, the German Foreign Minister, was described by Austen as "the greatest German since Bismarck". But just as it was Ernest Bevin who, 20 years later, picked up the two hints from Washington which then, largely through his efforts, were converted into the Marshall Plan and the North Atlantic Alliance, so it was Austen Chamberlain who moulded Stresemann's tentative overture towards the West into Locarno. Indeed his leading role was acknowledged by his colleagues: hence his chairmanship of the meetings at Locarno, hence that signing ceremony in London, hence that "Locarno Room" at the Foreign Office in Downing Street.

IV

The word "appeasement" is a signal to put Austen behind us and move on to his half-brother. History has been harsh with Neville, perhaps too harsh. He was right to say that successful negotiations with a man like Hitler can only be conducted from a position of strength, and right to say that Britain and France in 1938 were not strong, but weak. He saw through French bombast and may have foreseen that, if it came to a war, neither French equipment nor French morale could be relied on. He was perhaps justified in asking what was the sense of fighting a war for a country (Czechoslovakia) which we might not wish to recreate at the end of it, supposing we won. On the other side there is his total misjudgement of Hitler, his dogged faith in his own powers, his tendency to believe that any circle could be squared at least on paper, his two days of hesitation even after the German attack on Poland began, his incompetent prosecution of what the British people with wise instinct christened "the phoney war".

To say this is not to put all the blame on Chamberlain. The country as a whole supported his policy up to and

including the Munich Agreement of September 1938. We, or our parents and grandparents, saw the need to be militarily strong, but we did not insist that our leaders draw practical conclusions from this. (Stanley Baldwin's famous confession of 1936, that he had not recommended rearmament because this would have been the surest way to lose the General Election, was a correct political insight.) According to one theory, the British people might have behaved more responsibly had it not been for the constitutional crisis involving King Edward VIII and Mrs. Wallis Simpson, which one way and another occupied the whole of the year 1936. The fact remains that in the face of the central issue of foreign policy of that decade, the problem of Germany, governments in London had no clear concept to offer. Nor had the Press, with few exceptions. The Times, more pre-eminent then than it is now, was under its Editor Geoffrey Dawson the *de facto* mouthpiece of appeasement; while the Daily Express carried daily on its front page until early August 1939 the reassuring slogan "There will be no war in Europe this year or next". One can perhaps speak of a temporary failure of national will, which Neville Chamberlain embodied, personified, failed to correct but did not create, still less impose.

V

It is time now to try to relate these three lives to the Anglo-German relationship as it has been, is now and may in future develop. The three Chamberlains, it seems to me, each made their mark on the affairs of their day, but without greatly influencing the course of events. Joseph's Anglo-German alliance did not come about: instead, we had an Anglo-German war. Austen's interlocking system of treaties did not stabilise Germany's frontiers: it created an illusion of safety which only delayed the counter-measures that Hitler's activities called for. And the piece of paper which Neville brought back from Munich, of which he said he believed it meant peace with honour and peace in our time, proved to be worthless.

How is it that these three men were able to misjudge the situation so badly? It is not as if they lacked ability or experience, or that they were misinformed about the facts, or distracted by other things, or influenced by ill-wishers or in

bad health at the material time. No, the explanation must be more subtle, and I believe that a clue is to be found in that little book of miscellaneous reminiscences which Austen Chamberlain published only a year or two before his death under the title "Down the Years". The first meeting of a German and an Englishman, he writes, is deceptively cordial, but the deeper they go, the more they find they differ, whereas between British and French it is the other way about. If the chief element of diplomacy is the ability to put oneself in the other person's shoes, to think their thoughts and experience their emotions, without losing hold of one's own - if this is what diplomacy requires, then I believe that Austen is the only one of my cast of three who possessed it. It can be no coincidence that he was the one who spent nine months in France and, a year in Germany, studying the languages, going to the races and the theatre, shooting rabbits, reading novels, drinking coffee, eating cakes and being invited to dinner by Bismarck.

Austen's investment in experience of continental life, so to speak, paid off when, on the night before the Locarno treaties were due to be initialled, the German Chancellor and Foreign Minister, Luther and Stresemann, came to see him privately, as Chairman of the Conference, with an urgent message. They said they had instructions from Berlin not to accept the treaties as they stood, but to demand that new articles be added promising that the Rhineland would be evacuated and reparations reduced. It must have been an anxious evening for everyone. Were the Germans in earnest, or were they bluffing? What should be Chamberlain's response? His father, one feels, would have told the Germans that they were wasting their time, gone to bed and shed no tears if the treaties had then fallen through. Neville would have told his officials to draft a text which would satisfy Germany without committing Britain and France. Exactly what Austen did or said is not recorded. We know that the Germans were with him for four hours. Since they did not speak English, the conversation must have been in French or German or a mixture of the two. Next day the treaties were initialled, unaltered, by all delegations including the Germans. Austen had evidently convinced them that it would be in Germany's interests to drop their two points. So the Locarno agreement was saved, and later signed, and in fact the Rhineland was afterwards evacuated and reparations were

reduced. In the circumstances Austen can perhaps be forgiven for the famous telegram of triumph which he sent from Locarno to London consisting of the single word "Cockadoodledoo!".

VI

I hope I am not wrong in believing that my generation of European diplomats did learn something from the mistakes of those earlier years. We understood the economic dimension better. We set up a better international instrument in the shape of the United Nations, and we made better use of it. (At the time of the *Anschluss* in March 1938 Lord Halifax, as Foreign Secretary, gave instructions not to activate the League of Nations because the only result of that "would be to expose it to a public humiliation".) We learned to be wary of the principle of self-determination, or at least to keep a balance between this principle and respect for existing frontiers. We understood, again in Halifax's words, the folly of basing a foreign policy on insufficient armed strength, and we grasped the paradox that it is safer to live under nuclear than under conventional deterrence. And in the EC, NATO, WEU, CSCE and now in various measures of disarmament we built instruments of international collaboration that were more effective in our time than the Kellogg Pact (1928), the London Naval Agreement (1935) and the like were in theirs.

I use the past tense because events of recent months have changed the European scene in a fundamental way, like one of those brief but powerful earthquakes which cracks every cup in the cupboard. Those institutions of which I spoke so proudly just now have all developed a retrospective design fault. They were all constructed on the assumption that the division of Europe, and with it the division of Germany, were destined to continue. So now we find ourselves with a range of instruments that are not quite right for the purposes for which we need them. There is nothing wrong with the old spanners except that they do not fit the new nuts. NATO, for example, was beautifully built for a scenario which must now be admitted to be far-fetched, namely political pressure and/or military action by the Soviet Union and its allies against Western Europe. What we need today is a mechanism for keeping the peace between Slovenia

and Serbia, Armenia and Azerbaijan, not to mention Saudi Arabia and Iraq. But on none of these problems has NATO anything to offer: they could not even properly figure on its normal agenda. Similarly the European Community is a very high class flying machine built originally for six passengers, now struggling to balance twelve and quite unable to expand rapidly to 18 or 20.

So our institutions will have to change, and the direction of that change will in my view be determined largely by Germany. Its geographical position would make that certain even if its physical size, political standing and economic power did not. If I do not offer a guess tonight as to the lines on which Germany will develop, it is because I believe the Germans themselves do not know this yet. Their Foreign Minister's current slogan, that Germany's mission is to lead the peoples of Europe together, sounds to me an attempt to rationalise a set of commitments which are more likely than not to prove incompatible: the commitment to a United States of Europe, which is what Chancellor Kohl says he understands by the term "political union"; the continuing commitment to France, under the Elysee Treaty of 1963; the commitment to a new relationship of good neighbourliness, partnership and cooperation with the Soviet Union, under the Treaty initialled in Moscow in September and now awaiting signature and ratification; and similar if lesser undertakings given to other countries, especially Hungary, Poland and Czechoslovakia.

The names of those countries are heavy with history, and in my view the situation requires from Britain something more serious and more solid than the flippant conclusion of that leaked memorandum about that meeting at Chequers in the spring, "Be nice to the Germans". Take trouble with the Germans, I would rather say, stay close to them, stay in their confidence and keep them in ours. We cannot do any of these things if we do not understand them. That means in the first place studying their history, and having myself waited until the age of 60 before starting to do this in earnest I can recommend it with all the enthusiasm of a lifelong drunkard who has at last taken the pledge. With German history goes the German language, because a nation and its language are intimately and reciprocally related, each being at once the root and the fruit of the other. Anyone starting German at an early age has a lifetime of pleasure ahead of

him: its habitual stuffiness only makes its melting moments all the more rapturous. And thirdly, contact with Germany, the more frequent the better and the less formal the better.

If I may be personal for a final five minutes, it was of course part of my job at the Embassy in Bonn, both as Ambassador in the mid-eighties and during my two earlier periods of service there in more junior ranks, to form a considered view on whether the division of Germany would ever be ended, and if so, how and when and with what consequences for Britain. I must have read thousands of words on this subject, and discussed it for hundreds of hours with dozens of Germans and others. What sticks in my mind is not any speech by any politician, nor any leading article in any newspaper, nor any of those well prepared and well organized meetings in government offices, but two evenings in private surroundings in two different places in Germany. The first was in Bonn, round about 1964. My wife and I had joined the choir at the local Evangelical church. It was Tuesday, the evening of choir practice. Entering as usual on the dot, the choir-mistress asked us to listen while she read out a letter of thanks from a sister choir, in what was then still the German Democratic Republic, to whom we had sent some music and other gifts. The letter said how much it meant to them over there in the GDR, not just to be sent things that were not available there at the time, but to know that their Christian choir was not forgotten by ours. The total silence that settled on our usually noisy group as this letter was read out clinched for me the view which I never ceased to hold from then on, that however little the German people might seem to be thinking about reunification, if this ever became a practical possibility they would grasp it with both hands, whatever the material cost. That was the first of those two private evenings.

The second was 20 years later, in 1984. My wife and I were travelling in the GDR, collecting impressions before going to the Embassy in Bonn. We had reached Weimar, city of Goethe and Schiller, and of the philosopher Nietzsche too. We went to have dinner, found a restaurant, were let in and as often had to share a table. A young East German couple were sitting there, staring at their half empty beer glasses with a look of utter dejection. We got talking. It was their wedding anniversary, they said, and they had left the children with a baby-sitter and gone out to celebrate. But

there was nothing in their life to celebrate: nothing at home, nothing in their jobs, nothing in the entire country. Everything was bad, and the worst thing of all was not to be trusted by their own government: hence the secret police, hence the ban on foreign travel. As they spoke, and we did not prompt them in any way, I felt a conclusion forming itself in my mind as it had done in that church hall in Bonn 20 years before. This time it was that if the regime in East Berlin, after 35 years of total monopoly of all the instruments of power, with total control over every aspect of the citizen's life from cradle to grave, had not succeeded in kindling even the faintest spark of loyalty even in the hearts of such a couple as this, who had spent their whole lives in the system - then the prospects for the success of the so-called German Democratic Republic, and even the prospects for its survival, were in the medium and long term zero. In the short term too, as we saw five years later, but that is something which I and most others did not foresee.

Mr Chairman, the academics in my audience will be familiar with the sensation that now assails me: so little time, such a lot that I haven't found room for, such a pity to see it go to waste! I seem to have said nothing about the Jameson Raid and the Kruger Telegram, nothing about the Boxer Rebellion or the Baghdad Railway, nothing about Joseph's speeches at Leicester and Edinburgh, not even anything about those crucial meetings at Chatsworth and in von Buelow's bedroom at Windsor Castle. Ah well, another time, perhaps. But I have, I hope, said enough to convince you of my three conclusions: that Germany matters to Britain, more today than ever; that we, Britain, have it in our power to help to shape the future of Europe; and that in doing so we have much to learn from the examples and experience of Joseph, Austen and Neville Chamberlain, to whose city of Birmingham, and to its University, I repeat my thanks for the opportunity to speak here today.

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KOHL AND EUROPEAN UNION

1. IN MIPT, I HAVE MADE SUGGESTIONS ABOUT THE PRIME MINISTER'S HANDLING OF HIS MEETING WITH KOHL ON 9 JUNE. YOU SHOULD ALSO KNOW THAT ONE OF THE OFFICIALS DEALING WITH EUROPEAN POLICY IN KOHL'S OFFICE, IN A SOCIAL CONVERSATION YESTERDAY, INDICATED TO US THAT HE WAS WONDERING WHETHER THE BRITISH POLITICAL TIMETABLE COULD MAKE IT DESIRABLE TO POSTPONE THE CONCLUSION OF THE IGCS UNTIL NEXT YEAR. THIS ONE CONVERSATION IS ONLY A SWALLOW NOT A SUMMER. BUT IT IS A FURTHER SIGN OF THE WISH AMONG KOHL'S PEOPLE TO BE HELPFUL TO THE PRIME MINISTER.

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FOLLOWING PERSONAL FOR PRIVATE SECRETARY

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL: 9 JUNE

SUMMARY

1. KOHL A STRONG ADMIRER OF THE PRIME MINISTER. CONVINCED THAT UK HAS MUCH TO CONTRIBUTE TO UNIFICATION OF EUROPE. IMPORTANT NOW FULLY TO EXPLAIN OUR IGC OBJECTIVES, AND OUR DIFFICULTIES WITH SOME GERMAN PROPOSALS. WITHOUT BRITISH-GERMAN CONVERGENCE ON SOME OF THE ISSUES, DANGER OF GERMAN DISILLUSIONMENT THAT NEW BRITISH STYLE ON EUROPE HAS NOT AFFECTED SUBSTANCE OF POLICIES.

2. KOHL'S OTHER PREOCCUPATIONS: REGENERATION OF FORMER GDR AND RELATIONS WITH THE SOVIET UNION AND EASTERN EUROPE.

DETAIL

3. THE PRIME MINISTER CAN EXPECT TO FIND KOHL IN GOOD FORM, DESPITE THE SPD'S RECENT SUCCESSES AND CURRENT LEAD IN THE POLLS. THERE ARE STILL THREE AND HALF YEARS UNTIL THE NEXT FEDERAL ELECTIONS. IT IS LIKELY, DESPITE MUCH LOOSE TALK, THAT THE PRESENT COALITION WILL LAST UNTIL THEN. KOHL'S FEELINGS TOWARDS THE UK ARE WARM: HE HAS MADE IT WIDELY KNOWN THAT HE IS DELIGHTED WITH HIS RELATIONSHIP WITH THE PRIME MINISTER, WHOM HE HAS DESCRIBED AS 'A STROKE OF LUCK FOR EUROPE'. HE ENJOYED HIS VISIT TO EDINBURGH ON 23 MAY: THE ORATION MAKING THE CASE FOR HIS HONORARY DEGREE WAS BETTER, ONE OF HIS STAFF TOLD US, THAN ANYTHING EVER SAID ABOUT HIM IN GERMANY.

STATE VISIT

4. ONE WAY TO GET THE TALKS OFF TO A GOOD START WOULD BE FOR THE PRIME MINISTER TO REFER TO THE SOUNDINGS I AM CURRENTLY TAKING HERE ABOUT THE POSSIBILITY OF A STATE VISIT BY THE QUEEN TO GERMANY IN MID/LATE OCTOBER 1992. MR MAJOR MIGHT EXPRESS HIS OWN

WARM INTEREST IN THE IDEA OF SUCH A VISIT DURING THE BRITISH PRESIDENCY OF THE EC: IT WOULD UNDERLINE AS NOTHING ELSE COULD THE IMPROVEMENT IN BRITISH/GERMAN RELATIONS. KOHL PROBABLY WILL BE UNAWARE SO FAR OF MY SOUNDINGS IN THE AUSWAERTIGES AMT, AND WILL BE DELIGHTED AT THE IDEA OF A STATE VISIT.

EUROPEAN UNION

5. AS IN HIS GOVERNMENT POLICY STATEMENT OF 30 JANUARY, KOHL STRESSED AGAIN IN HIS EDINBURGH SPEECH THAT THE UK HAD AN INDISPENSABLE CONTRIBUTION TO MAKE TO THE UNIFICATION OF EUROPE. THE IMPORTANCE HE ATTACHES TO KEEPING US IN THE CONVOY HAS BEEN INDICATED BY HIS RECENT INSISTENCE TO OTHER EUROPEAN LEADERS ON THE NEED TO HOLD THE KEY IGC DECISIONS UNTIL THE SECOND HALF OF THE YEAR.

6. THIS ACT OF WARMTH IS NOT UNCONDITIONAL. A RETURN IS EXPECTED. BEARING IN MIND THE PRIME MINISTER'S UNDERTAKING TO PUT BRITAIN AT THE HEART OF EUROPE, KOHL UNDOUBTEDLY HOPES - IF HE IS NOT ACTUALLY BANKING ON THE ASSUMPTION - THAT BEFORE LONG HMG WILL BE IN A POSITION, POSSIBLY FOLLOWING A GENERAL ELECTION, TO SHIFT ITS POSITIONS SUFFICIENTLY THAT A PACKAGE PRESENTABLE AS A SUBSTANTIAL FURTHER STEP TOWARDS EUROPEAN UNION CAN BE AGREED AMONG ALL TWELVE. HE WILL BE KEENLY INTERESTED IN THE PRIME MINISTER'S OBJECTIVES FOR THE MAASTRICHT EUROPEAN COUNCIL, AND IN OUR LIKELY FREEDOM OF MANOEUVRE AT THAT JUNCTURE. HE WILL WANT TO COME AWAY ON 9 JUNE FEELING THAT HE HAS LOCATED THE PRIME MINISTER'S NEGOTIATING BALLPARK. TO RETAIN HIS CONFIDENCE AND TO AVOID LATER DISILLUSIONMENT, IT WILL BE IN OUR INTEREST FOR KOHL TO UNDERSTAND NOW WHERE OUR STICKING POINTS LIE. HE WILL BE THE READIER TO ACCEPT THESE IF THE PRIME MINISTER CAN MAKE IT CLEAR THAT HE SHARES THE GOAL OF REAL PROGRESS IN BUILDING EUROPE. KOHL'S EUROPEAN VISION IS IN PRACTICE TEMPERED BY COMMON SENSE AND POLITICAL CALCULATION. WHERE WE CAN MAKE A REASONED CASE FOR PROCEEDING DIFFERENTLY, KOHL WILL BE PREPARED TO LISTEN AND CONSIDER COMPROMISE.

EMU

7. KOHL WILL BE AWARE THAT HMG WISHES NEITHER TO CHOOSE TO BE LEFT BEHIND IN STAGE III NOR TO SIGN UP NOW TO THE OBLIGATIONS THAT THE GERMANS CONSIDER INDISPENSABLE FOR STAGE III. SINCE THE GERMANS EXCLUDE THE POSSIBILITIES OF EITHER DEFERRING UNTIL LATER AGREEMENT ON THE CONTENT OF STAGE III OR OF MODIFYING THAT

CONTENT, THEY ASSUME THAT IN THE END HMG WILL OPT FOR THE DUTCH FORMULA (NO IMPOSITION OF EMU AT THE PRICE OF NO OBSTRUCTION OF OTHERS GOING FORWARD TO EMU). KOHL MAY PROBE TO KNOW IF THIS ASSESSMENT IS CORRECT AND, IF NOT, HOW WE SEE THE WAY AHEAD.

8. THE GERMANS AGREE WITH US ABOUT THE NEED FOR CONVERGENCE BEFORE ENTRY INTO STAGE III - INCREASINGLY SO AS THE EFFECTS OF GERMAN ECONOMIC UNIFICATION ARE FELT. THE LOGICAL CONSEQUENCE OF THIS - A LONG STAGE II - RUNS UP AGAINST THEIR FEAR THAT DURING A LONG STAGE II THERE WOULD BE DE FACTO DRIFT AWAY FROM NATIONAL CONTROL OF MONETARY POLICY TOWARDS EUROPEAN CONTROL AND WITHOUT THE GUARANTEE OF THE INDEPENDENCE OF THE EUROPEAN CENTRAL BANK WHICH COMES ONLY AT STAGE III. TO SOME EXTENT, THEREFORE, THE GERMAN ATTITUDE TO THE LENGTH AND CONTENT OF STAGE II DEPENDS ON WHICH ANXIETY IS UPPERMOST - A BOTCHED STAGE III BECAUSE THE ECONOMIC CONDITIONS FOR ITS SUCCESS HAVE NOT BEEN MET OR AN UNACCEPTABLE EMU BECAUSE PRICE STABILITY IS THREATENED BY POLITICAL INTERFERENCE. IF KOHL KNEW THAT THE UK WAS PREPARED TO LEND SUPPORT TO SHUTTING OFF THE SECOND DANGER BY BACKING THE INDEPENDENCE AT ALL STAGES OF EUROPEAN MONETARY INSTITUTIONS, HE AND HIS FINANCIAL ADVISERS WOULD I THINK BE MORE FRIENDLY TOWARDS A SOMEWHAT LONGER STAGE II. CONVERSELY, IF KOHL COMES TO THE CONCLUSION THAT CONVERGENCE IN STAGE II IS REALLY A COVER STORY FOR DILUTING CONTROL OVER PRICE STABILITY THERE IS A DANGER THAT HE WILL PUSH AHEAD QUICKLY FOR A SMALL EMU, DESPITE HIS DECLARED PREFERENCE FOR EVERYONE MOVING TOGETHER.

Heard Eal.

EUROPEAN PARLIAMENT

9. KOHL PERSONALLY ATTACHES GREAT IMPORTANCE TO INCREASING THE POWERS OF THE EUROPEAN PARLIAMENT. HIS BELIEF THAT THE COMMUNITY IS INSUFFICIENTLY DEMOCRATIC AND THAT THE EP IS THE SOLUTION IS LONG STANDING. HE DOES NOT ACCEPT THAT THE SHARING OF POWER BETWEEN THE EUROPEAN AND NATIONAL PARLIAMENTS IS A ZERO SUM GAME AND TAKES THE VIEW THAT THE POWERS OF STRASBOURG CAN BE INCREASED WITHOUT NECESSARILY DOING DAMAGE TO THE AUTHORITY OF NATIONAL PARLIAMENTS. HE FEELS HE HAS DONE A LOT TO HELP THE CONSERVATIVE PARTY COME IN FROM THE COLD IN EUROPE AND, THOUGH THERE IS NO LOGICAL CONNECTION, HE IS LIKELY TO HOPE FOR A RETURN OVER OUR ATTITUDE TO THE DEVELOPMENT OF THE EP. I RECOMMEND A COMBINATION OF RESPECT FOR HIS SENTIMENTS AND EXPLANATION OF VIEWS HELD ON THIS SUBJECT IN THE HOUSE OF COMMONS. KOHL, WITH HIS STRONG SENSE OF HISTORY, MIGHT WELL SHOW UNDERSTANDING FOR A CASE BASED ON WESTMINSTER'S EMBODIMENT OF DEMOCRATIC VALUES, PROVIDED HE DOES

NOT HAVE THE IMPRESSION THAT THE GOVERNMENT IS HIDING BEHIND THAT FACTOR. IT WOULD WIN MANY POINTS WITH KOHL IF WE COULD ALSO SHOW SOME WILLINGNESS TO COMPROMISE OVER THE EP. WE SHOULD AIM TO BE NO LESS FORTHCOMING THAN THE FRENCH.

10. TWO OTHER IGC SUBJECTS ARE NEAR THE TOP OF KOHL'S MIND:

(A) THE SOCIAL DIMENSION. KOHL IS REPORTED TO BE PUZZLED BY OUR INABILITY TO MOVE FURTHER, GIVEN THE INTEREST IN BRITAIN RECENTLY IN THE CONCEPT OF THE SOCIAL MARKET. IT WOULD BE USEFUL TO EXPLAIN LATEST THINKING.

(B) HIS CONTINUING WISH TO SECURE PROGRESS AT THE EUROPEAN LEVEL ON TACKLING DRUGS, ORGANISED CRIME AND TERRORISM. WE AGREE WITH HIM ON THE SUBSTANCE, THOUGH WE ARE KEENER THAN THE GERMANS TO KEEP THESE SUBJECTS OUTSIDE THE COMMUNITY STRUCTURE. THE PRIME MINISTER MAY WISH TO TRY TO PERSUADE KOHL OF THE MERITS OF OUR APPROACH.

DEFENCE AND SECURITY

11. THESE ARE NORMALLY A STRONG SUIT IN ANGLO-GERMAN RELATIONS, BUT THERE HAS BEEN A BUMPY BILATERAL RIDE RECENTLY OVER THE CREATION OF THE NATO RAPID REACTION CORPS (RRC) AND BRITISH LEADERSHIP OF IT. SOME OF THE GERMAN MILITARY HAVE FELT THAT THEY, AS THE EUROPEAN MEMBER THAT MAKES THE BIGGEST CONTRIBUTION TO NATO, SHOULD HAVE MORE OF THE LIMELIGHT OVER THE RRC. THE DECISIONS TAKEN IN THE DPC ON 28/29 MAY RANKLE IN THE FEDERAL MINISTRY OF DEFENCE AND WE MUST EXPECT THE GERMANS TO BE EXACTING ABOUT THE UK COMING UP WITH THE RESOURCES TO BACK THE COMMITMENT WE HAVE TAKEN ON. I DOUBT THAT KOHL SHARES THIS JEALOUSY, BUT IT WOULD BE WISE FOR THE PRIME MINISTER NOT TO APPEAR TO TAKE GERMAN SUPPORT FOR UK VIEWS OVER NATO RESTRUCTURING FOR GRANTED.

12. ON EUROPEAN SECURITY ISSUES GENERALLY, THE GERMANS ARE GIVING MORE WEIGHT TO THE PRESERVATION OF NATO, FOLLOWING RECENT HIGH LEVEL CONTACTS IN WASHINGTON INCLUDING KOHL'S OWN VISIT. KOHL MAY HAVE THE MISTAKEN IMPRESSION THAT WE OPPOSE PROGRESS IN EUROPEAN DEFENCE COOPERATION. THE DISAGREEMENT WITH MITTERRAND AT THE FRANCO-GERMAN SUMMIT LAST WEEK HAS CAUSED SHOCK WAVES HERE. THERE IS A RISK THAT, IN DEFERENCE TO FRENCH ANNOYANCE, THE GERMANS WILL GO SLOW ON THE REMAINING ASPECTS OF NATO RESTRUCTURING AND/OR THAT THEY WILL FIND A WAY OF COMPENSATING THE FRENCH BY A CONCESSION OVER EUROPEAN DEFENCE ARRANGEMENTS.

13. THE PRIME MINISTER MIGHT MAKE THE FOLLOWING POINTS:

- GLAD THAT THE RESTRUCTURING OF NATO FORCES IS TAKING SHAPE, WITH DECISIONS ON MAIN DEFENCE AND RAPID REACTION FORCES. GRATEFUL FOR ANGLO-GERMAN COOPERATION. PACKAGE TO BE AGREED AT THE NATO SUMMIT IN THE AUTUMN WILL BE A KEYSTONE OF FUTURE SECURITY ARRANGEMENTS IN EUROPE. HOPE THAT UK AND GERMANY CAN WORK CLOSELY TOGETHER IN COMING MONTHS ON REMAINDER OF THE NATO RESTRUCTURING AGENDA.

- BRITAIN WANTS A EUROPEAN DEFENCE IDENTITY WITH REAL CONTENT NOW, NOT JUST THE PROSPECT OF ONE IN THE FUTURE. THIS MEANS DEVELOPING WEU. KNOW YOU AGREE ABOUT IMPORTANCE TO GERMAN AND BRITISH SECURITY OF MAINTAINING US COMMITMENT. IT IS POSSIBLE BOTH TO MEET US CONCERNS AND CONSTRUCT SOMETHING THAT REPRESENTS REAL PROGRESS FOR EUROPE. WANT TO WORK CLOSELY WITH YOU. HOPE OUR CLOSE ADVISERS CAN SOON HAVE A SESSION.

- WE HAVE NOTED WITH ADMIRATION KOHL'S DETERMINATION TO CREATE THE CONDITIONS REQUIRED FOR BUNDESWEHR DEPLOYMENTS OUTSIDE THE NATO AREA. WE REALISE THAT THE STAND NOW ADOPTED BY THE SPD (MY TELNO 448) MAY HAVE NARROWED THE OPTIONS. WOULD LIKE TO EMPHASISE THAT FROM THE UK'S POINT OF VIEW THERE IS NO ARTIFICIAL TIME PRESSURE. RIGHT ANSWER IS MORE IMPORTANT THAN EARLY ANSWER. IS THERE ANYTHING THE UK CAN DO TO HELP KOHL'S HAND?

THE FORMER GDR

14. KOHL CONTINUES TO CLAIM THAT WITHIN FIVE YEARS THE DESERTS IN THE EAST WILL BE STARTING TO BLOOM. THIS MAY BE TRUE, BUT THE REST OF THIS YEAR AT LEAST WILL BE EXTREMELY PAINFUL. THE PRIME MINISTER COULD ASSURE KOHL THAT HMG ARE DOING ALL THEY CAN TO ENCOURAGE BRITISH INVESTMENT.

THE SOVIET UNION AND EASTERN EUROPE

15. KOHL WILL BE DELIGHTED THAT GORBACHEV WILL BE IN LONDON AT THE TIME OF THE ECONOMIC SUMMIT. HE IS SAID BY HIS STAFF TO HAVE NO CLEAR VIEW ON WHAT, IF ANY, HELP THE G7 SHOULD OFFER THE SOVIET UNION THEN. HE WILL BE KEEN TO REACH A COMMON APPROACH WITH THE PRIME MINISTER.

16. KOHL ATTACHES GREAT IMPORTANCE TO THE NEED FOR EFFECTIVE ACTION TO ASSIST THOSE COUNTRIES IN EASTERN EUROPE WHICH ARE TRYING TO ESTABLISH DEMOCRATIC INSTITUTIONS AND A MARKET ECONOMY. UNLIKE FRANCE, HE HAS RECENTLY COME OUT UNAMBIGUOUSLY IN FAVOUR OF POLISH, CZECH AND HUNGARIAN MEMBERSHIP OF THE COMMUNITY ONCE THESE COUNTRIES CAN MEET TREATY OBLIGATIONS. IT WOULD BE USEFUL TO REITERATE OUR DETERMINATION TO STAND SHOULDER TO SHOULDER WITH THE GERMANS IN PROMOTING THAT AIM.

17. FCO PLEASE PASS TO WALL (NO 10).

MALLABY
YYYY

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NNNN

SofC

Foreign &
Commonwealth
Office

London SW1A 2AH

3 June 1991

pa

Dear Stephen,

Chancellor Kohl's Visit to Chequers: 9 June

Thank you for your letter of 3 June. We envisage that Chancellor Kohl should be met and escorted between the aeroplane and helicopter by the Foreign Secretary's Special Representative, Sir Donald Logan. This is the usual practice for visitors landing at Northolt and going on to somewhere outside London: it was for example the arrangement when President Mitterrand arrived at Northolt on 4 May last year for the Anglo-French Summit at Waddesdon Manor. We understand that the German Ambassador also plans to be at Northolt.

Bonn have also consulted the Kanzleramt about interpretation. Neuer's view is that it would overstrain Ms Kaltenbach to tackle the whole job singlehanded: they would rather we provided an interpreter too. This is in hand.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

J S Wall Esq
10 Downing Street

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 June 1991

Dear Christopher.

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL: 9 JUNE

The Prime Minister was grateful for the checklist for his meting with Chancellor Kohl which Christopher Prentice sent me on 30 May.

As we discussed, the Prime Minister would be very grateful if the briefing could reach him by Wednesday evening, 5 June, given that Friday and Saturday are a wash-out in terms of preparation time.

I have now heard from Walter Neuer in Chancellor Kohl's office that those accompanying Chancellor Kohl on Sunday will be Peter Hartmann, Walter Neuer and Ms. Kaltenbach (the interpreter).

I should be grateful to know who will be meeting Chancellor Kohl and seeing him off from Northolt.

Yours
Stephen

(J.S. WALL)

Christopher Prentice, Esq.,
Foreign and Commonwealth Office.

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

1 June 1991

Dear Richard,

VISIT OF CHANCELLOR KOHL

I enclose a copy of a minute from Sir Percy Cradock recording his conversation yesterday with the German Ambassador.

You will wish to take account of the points raised in preparing briefing for the Prime Minister's meeting with Chancellor Kohl on Sunday, 9 June.

Yours,
Stephen

J. S. WALL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

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Prime Minister (1)

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MR WALL

31 MAY 1991

Highlights in particular

LUNCH WITH THE GERMAN AMBASSADOR

1 I had lunch today with the German Ambassador. His checklist of subjects corresponded closely to my own and clearly was a preparation for the meeting between the Prime Minister and Chancellor on 9 June.

2 **Arms Control**. He noted UK and US plans for raising this as a subject at the G7 meeting in July and said this fell in very closely with German policy. Herr Genscher had some time ago proposed a UN register of arms sales.

3 **Gorbachev at the Summit**. He claimed he was not well informed on the statement made by the Chancellor and President Mitterand at their summit earlier this week; but he left the clear impression that the Chancellor would favour attendance by Gorbachev. Again, though he claimed that the Chancellor was very cautious about provision of aid to the Soviet Union in its present predicament, it was fairly obvious that Kohl will support not only a Gorbachev presence but also some degree of help for him.

4 **Rapid reaction force**. I thanked the Ambassador for the part he had played in resolving this problem.

5 **European Defence**. I spoke of our continuing concerns on this subject. He referred me to speeches that the Chancellor had made at or following his Washington visit. There was no doubt about the German commitment to NATO and its priority in German defence planning. He added, however, that the Chancellor, as a European integrationist, did see a defence component as eventually a necessity for Europe.

6 **Yugoslavia**. The Ambassador thought the Chancellor would want to raise this with the Prime Minister. We agreed we were at one in the exhortations we made to the Yugoslavs, to

hold together, to settle their problems by negotiation and to seek democracy and a market-oriented economy. He agreed that these messages were corresponding less and less to reality as Yugoslavia disintegrated. We would have to address ourselves more to the real questions of recognition of and aid for small fragments as they broke away.

7 **IGC's**. We agreed that we were at a particularly delicate period on European negotiations and that the Chancellor as a politician would be very alive to the problems the Prime Minister faced. The Chancellor would be concentrating on the Maastricht meeting in December. He had, however, his own political timetable, based on his wish to have made irreversible progress on integration before the next German election in 1994. It might be possible to delay decisions until the next summit after Maastricht, but this would not be easy.

8 **Powers of the European Parliament**. I was reminded that this was an important item on the Chancellor's list. The Ambassador said that he had discussed it fully with Chris Patten and felt that perhaps the best approach would be for us to have a discussion at Parliamentary or Party level.

9 **South Africa**. We agreed this was a subject to be discussed. We had to encourage De Klerk. The need for moving ahead over individual sports was accepted.

10 **GATT**. I reminded the Ambassador of the importance the Prime Minister attaches to movement on CAP reform and the Uruguay round.

11 **Iraq**. I gave our assessment of the present situation. The Ambassador said that, following the rock concert in support of the Kurds, Jeffrey Archer had approached him seeking further funds for the Kurdish refugees. Germany would be unable to meet this request since very large sums had already been provided by the Government for the same

cause.

12 **Bilateral**. The Ambassador raised two points.

(a) The British contribution to the Foundation for the Study of Industrial Society fell short of the German contribution and unless there could be a matching of funds it would be difficult to maintain the German effort.

(b) The Germans were thinking of providing money for "German studies in a European context". This would reflect our much improved relations. The centre might be in Oxford.

13 **General**. The talk was interspersed with warm, and I am sure, genuine reference to the improved state of our bilateral relations and in particular the excellent personal relations between the Prime Minister and Chancellor. Particular reference was made to the Chancellor's remarks in Edinburgh in which he had spoken of the Prime Minister as a good thing for Europe.

PERCY CRADOCK

Foreign &
Commonwealth
Office

London SW1A 2AH

30 May 1991

Dear Stephen,

Prime Minister's Meeting with Chancellor Kohl, 9 June : Checklist

I enclose, as requested, a checklist of suggested points to be covered by the Prime Minister with Chancellor Kohl on 9 June. This includes a contribution from HM Treasury.

I am sending a copy of this letter to Jeremy Heyward, HM Treasury.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

J S Wall Esq CMG LVO
10 Downing Street

POLITICAL UNION IGC

- Objective: agree on stocktaking at Luxembourg, with final decisions at Maastricht. Identify common ground and look for a way round differences.

- Timing: take note of progress at Luxembourg, and keep up momentum for agreement at Maastricht. Don't want to rush fences.

- Overall Structure: present Presidency structure broadly OK. No need - and no time - to start again.

- Common Foreign and Security Policy: concentrate on substance not procedure. Doubts over two-tier structure and QMV.

- Defence Policy: must work together for an outcome which does not undermine NATO. Need parallel progress in IGC and NATO review.

- Justice/Drugs/Crime: agree on need for higher profile. We want inter-governmental cooperation; Germany wants Treaty of Rome activity. But may be common ground.

- Other Institutional Issues (EP/QMV/Competence): we differ, and must find a way through.

EMU IGC

- Objective: stocktaking at June European Council with decisions at Maastricht.

- Avoid Luxembourg texts which endorse:

  - detailed partial agreements;

  - Presidency non-paper (NB. German difficulties with Stage II institutions: Presidency want to set up ESCB in 1994).

  In particular do not try to settle "no imposition" in June: part of a wider package.

- To help Luxembourgers, maybe need to develop some limited but apparently substantive conclusions in June - particularly about convergence.

- EC Finance: looking beyond IGCs, neither of us wants to add to domestic budgetary burdens. Must avoid another increase in Own Resources ceiling. Explore common ground:

  - avoid commitments/promises for new spending from EPU IGC;

  - reduce Commission ambitions (signs that Delors wants another rise in OR ceiling).

PROSPECTS FOR EUROPEAN COUNCIL

- IGCs: (see above): essentially stocktaking, and preparing ground for Maastricht.

- GATT/CAP Reform: must show other GATT partners we are serious about CAP reform; and must give an impetus to end Uruguay Round this year.

- EPC Subjects: must show Community responding to world crises: European Council should look at:

  - arms exports: the Germans are keen on this subject (e.g. Genscher's letter to colleagues). We want agreement at the European Council on:

    (i) criteria on exports of conventional arms;

    (ii) an EC initiative at UNGA on a UN arms register.

    Agreement in the Twelve could then be pushed in other fora (G7, P5). The Arms Exports Working Group meets on 5 June so we should be reasonably placed by 9 June to discuss tactics with the Germans for the European Council.

  - Yugoslavia: need to encourage Yugoslavs to involve CSCE in the crisis.

  - sporting links with South Africa: the Germans are being difficult and saying existing EPC policy is fine (support to black sports). Their position contradicts indications from earlier talks with them and we need to shift them.

- Frontiers: Kohl likely to want agreement on combatting cross border crime and tackling immigration threat. Outside Schengen, our perspective is different. Worth exploring if common ground exists.

OTHER SUBJECTS

- Soviet Union:

  - prospects for reform (Centre/Republics; Gorbachev/Yeltsin; Pavlov/Yavlinsky);

  - London Economic Summit: pros and cons of Gorbachev's attendance;

  - limits on scope. Western assistance (even if real economic reform begins).

- Iraq: future of the relief effort for Iraqi refugees.

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Foreign & Commonwealth Office

London SW1A 2AH

28 May 1991

Dear Stephen

Prime Minister's Meeting with Chancellor Kohl : 9 June

Thank you for your letter of 24 May. We think that the most convenient arrangement for Chancellor Kohl would be to arrive at RAF Northolt at 1040. The journey by helicopter to Chequers takes five to ten minutes, leaving ample time for talks to start at 1100. The RAF are prepared to open Northolt for the occasion (it is usually closed on Sundays), and the Germans are used to it.

It would also be possible to arrive at Heathrow at 1035 (the helicopter journey takes ten minutes) - but if for some reason the helicopter were unable to fly, then the car journey with police escort from Heathrow to Chequers would take 56 minutes as opposed to 38 minutes from Northolt.

On the return journey, Chancellor Kohl should be able to take off from Northolt by 1520 if travelling by helicopter, or 1550 if travelling by car with police escort. Timings for Heathrow would be 1525 (car), 1610 (helicopter).

We have telegraphed the other points in your letter to Bonn.

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

Stephen Wall Esq CMG LVO
10 Downing Street

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CO

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 May 1991

pa

Dear Christopher.

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL

The Prime Minister has invited Chancellor Kohl to have talks at Chequers on Sunday 9 June. The talks will start at Chequers at 11 a.m., go through lunch and finish at about 1500. There was some question of whether Mrs Kohl would come but she will not now do so. I do not yet know which officials will accompany the Chancellor but Walter Neuer mentioned Hartmann, himself and Bitterlich.

I discussed with Neuer the attendance of Ambassadors. For the usual coalition reasons, Chancellor Kohl does not want his Ambassador to be present. Equally, if Christopher Mallaby is there then the German Ambassador has to be there too. Neuer made it clear that Chancellor Kohl would therefore much prefer no Ambassadors and I think we have no choice but to accept this if the talks are to take place in the right atmosphere. I hope Christopher Mallaby will understand.

I should be grateful if the Department could let me have early advice on arrival/departure times for Chancellor Kohl and on transport arrangements. I presume Chancellor Kohl will be flying to Heathrow or Northolt. Could we helicopter him to Chequers and back?

I should be grateful if the information in this letter could be telegraphed to the Embassy in Bonn.

Yours,
Stephen

J S WALL

Christopher Prentice Esq
Foreign and Commonwealth Office

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KW

cc/k

Foreign & Commonwealth Office

London SW1A 2AH

RESTRICTED

23 May 1991

Dear Stephen,

Prime Minister's Proposed Telephone Call to Chancellor Kohl: South Africa and (separate) Defence Issues

Thank you for your letter of 21 May. The German performance at the 16/17 May Political Committee was indeed poor.

We agree that it would be useful for the Prime Minister to speak to Chancellor Kohl about South Africa, perhaps when discussing other subjects (see below on Rapid Reaction Corps). In doing so, the Prime Minister will wish to bear in mind that the pattern has been for Kohl to agree wholeheartedly with our line, without this being refected in the positions Germany adopts when the Chancellor is not present. Talks between officials of the FCO and the Auswaertiges Amt on 13 May confirmed that the Auswaertiges Amt remains largely unreconstructed, despite what Kanzeleramt officials have said about agreeing with our action plan. Indeed, the Auswaertiges Amt officials at the recent talks simply denied all knowledge of Chancellor Kohl's agreement with the Prime Minister. The Prime Minister could remind Kohl of the now very strong arguments for an EC declaration on sport at the Luxembourg Summit, and to encourage the Chancellor to bring them to the attention of Herr Genscher. The Prime Minister may wish to say:

- Kohl may like to know that the ANC strongly support the resumption of contacts with sports which have achieved unified governing bodies. The relevant NEC member, Steve Tshwete (in London 17-24 May) told us in terms that ANC favoured an EC declaration in June endorsing the sport-by-sport principle and lifting the ban on official contacts/agreements. He has told the French so too.

- [Kohl may fear Genscher will find this "too good to be true"] Tshwete is not a lone voice in the ANC. Thabo Mbeki, ANC Director for International Affairs, has written to all members of International Cricket Council urging readmittance of new United Cricket Board of South Africa at the ICC's July meeting. ANC say they have decided to dissociate sport from other sanctions (where they point to violence etc as reasons for delay) because sport unity talks provide good mechanism for redistribution of sports resources and model for new South Africa. We should support these moderate voices.

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- EC Heads of Mission in Cape Town have opened way for declaration on sport at Luxembourg: their report endorsed IOC (now ANC) conditions for lifting boycott.

As you suggested in your letter there may also be business to be conducted with Kohl over the NATO Rapid Reaction Corps and CFSP. The MOD has sent you advice separately. If the Prime Minister speaks to Kohl, we consider that it would also be useful for him to refer briefly to the European defence issue. The Prime Minister might:

- ask the Chancellor about his talks on this in Washington;

- underline our commitment to strengthening the European defence identity, in a way which recognises NATO as the basis of European defence;

- make clear our concern about the concept of a "common defence policy" of the Twelve, as set out in the Prime Minister's message to President Bush;

- conclude that more work is needed on how the European defence identity and the Alliance can be made mutually supporting, and that the European Council in Luxembourg will not therefore be the occasion for decisions on any of these issues.

I am copying this letter to Christina Bienkowska (Dept of Edcuation and Science) Simon Webb (Ministry of Defence) and Sonia Phippard (Cabinet Office).

Yours ever

(S L Gass)
Private Secretary

J S Wall Esq
10 Downing Street

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PRIME MINISTER

Pl. refer (with diary) on Thurs or Fri. S.

CHANCELLOR KOHL

Chancellor Kohl's office telephoned this morning. He cannot manage any of the dates we offered but they have suggested that he could come over, with his wife, on Sunday, 9 June.

Hoping to protect your day of cricket at Leeds, I said that that date was just before the Commonwealth Heads of Government Meeting in London and you would be giving a dinner for the Australian Prime Minister. Chancellor Kohl's office were not at all deterred and said the Chancellor would be happy to come over in the morning.

Are you prepared to agree to this? It really does look like the only available date and I think it is important that you see Chancellor Kohl before the European Council. If you had him to Chequers you could have talks from 1100-1300 followed by lunch and departure by about 1530. You could probably go to Headingly on the Saturday though, on either day, you are likely to bump into Mr. Manley who will be there.

Agree to Chancellor Kohl coming on Sunday 9 June?

Stephen

STEPHEN WALL
22 MAY 1991

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bcc PC
JR

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

17 May 1991

Dear Simon,

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL

I heard during the week from our Embassy in Bonn that the dates of 3 and 19 June, which we had offered for the Prime Minister's meeting with Chancellor Kohl, were likely to prove difficult for the Chancellor. In particular, 3 June co-incides with a visit by Vice President Quayle.

It so happened that 3 June was looking increasingly bad for the Prime Minister. I have therefore this morning telephoned Walter Neuer in Chancellor Kohl's office and agreed with him to rule out 3 June. Our offer of 19 June stands but I have now been able to offer some alternative dates. These are:

Tuesday 28 - Friday 31 May inclusive;

the afternoon and evening of Monday, 17 June; and

the afternoon and evening of Friday, 21 June.

I told Neuer that the Prime Minister would be perfectly happy to go to Bonn but Neuer seemed to think that Chancellor Kohl would wish to come here, since it is his turn to do so.

I have told the Embassy in Bonn where things stand but Neuer is likely to ring me back direct once has has consulted Chancellor Kohl. 29-30 May are in practice likely to be ruled out, since I understand these are the dates of the Franco/German Summit.

I am copying this letter to Jeremy Heywood (HM Treasury) and Sonia Phippard (Cabinet Office).

Yours,

Stephen

J.S. WALL

Simon Gass, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

MRm

PRIME MINISTER

MEETING WITH CHANCELLOR KOHL

You have offered 3 or 19 June for a meeting with Chancellor Kohl. Neither date looks easy for him and you anyway now want to use 3 June for your seminar on the Citizens' Charter.

I think I should go back quickly to Kohl's people to offer alternative dates. The possibilities are:

i. Tuesday 28 to Friday 31 May inclusive, ie the Whit Recess;

ii. Monday 17 June, leaving from RAF Alconbury after a morning in your constituency. You could have talks and dinner with Chancellor Kohl;

iii. Friday 21 June, leaving after the Gulf Parade and missing out on the cricket at Lords.

None of the above is wildly attractive, but you do need to see Kohl. Can I go ahead and explore these dates, please?

Yes

Stephen

J S WALL

15 May 1991

file DTS

cc S.O.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 May 1991

Dear Christopher,

CHANCELLOR KOHL AND EDINBURGH UNIVERSITY: 23 MAY

Thank you for your letter of 8 May enclosing a draft letter from the Prime Minister to Chancellor Kohl. The Prime Minister has signed the letter. I enclose a copy. I am sending the original (with a copy of this letter) to Jim Gallagher (Scottish Office). The Prime Minister would be grateful if Mr Lang could hand the letter to Chancellor Kohl on 23 May.

Yours,
Stephen

J. S. WALL

Christopher Prentice, Esq.
Foreign and Commonwealth Office

file PRM

(cc: Foreign Kohl)

10 DOWNING STREET
LONDON SW1A 2AA

cc FCO
S.O.

THE PRIME MINISTER

23 May 1991

Dear Helmut,

My congratulations on the award of an honorary degree from the University of Edinburgh today.

I am sorry that I could not be with you. But I know that Ian Lang is proud to accompany you in Scotland on this occasion and I look forward to welcoming you in Edinburgh myself during our Presidency next year.

Yours Ever,
John

SE Herrn Dr. Helmut Kohl MdB

CCPC

Foreign &
Commonwealth
Office

London SW1A 2AH

8 May 1991

Dear Stephen,

Chancellor Kohl and Edinburgh University : 23 May

I wrote to you on ~~22~~ April about Chancellor Kohl and Edinburgh University. My letter crossed with yours of 18 April in which you asked for a message from the Prime Minister. I attach a draft. Since this was drafted I have seen your letter of 7 May, confirming that the Prime Minister will not be able to offer a meeting as suggested in my earlier letter.

I understand that the Secretary of State for Scotland will be accompanying Chancellor Kohl at the ceremony. It has occurred to us that Mr Lang might like to hand the message to Chancellor Kohl.

I am copying this letter to Jim Gallagher (Scottish Office).

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

Stephen Wall Esq CMG LVO
10 Downing Street

DRAFT MESSAGE FROM THE PRIME MINISTER TO:

Chancellor Kohl

~~May I~~ congratulate you warmly on the award of an honorary degree from the University of Edinburgh today.

I am sorry that ~~Parliamentary business has deprived me of the pleasure of attending the ceremony and seeing you~~. But I know that Ian Lang is proud to accompany you in Scotland on this occasion.

~~I am sorry that we have not so far found mutually~~ convenient dates when you and your wife can spend a country weekend in England. I still look forward to being able to return your generous hospitality and hope ~~we can find possible dates a little later in the year.~~

RLe

KIC

bc PC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 May 1991

Dear Christopher,

CHANCELLOR KOHL AND EDINBURGH UNIVERSITY:
23 MAY

Thank you for your letter of 22 April suggesting that the Prime Minister invite Chancellor Kohl for talks in London on his way back to Bonn from Edinburgh on 23 May.

I have discussed this idea with Walter Neuer in Chancellor Kohl's office. Unfortunately, Chancellor Kohl cannot come to London that afternoon so we shall have to continue to look for other dates.

I am copying this letter to Jim Gallagher (Scottish Office).

Yours,

Stephen

(J. S. WALL)

Christopher Prentice, Esq.,
Foreign and Commonwealth Office.

ecu

10 DOWNING STREET

Stephen

Sandra

ferdinand please

[illegible] WE suggested this before, we were told Chancellor Kohl was going straight on to visit another country. We could of course fit something in after Quebec on 23 May (if necessary postponing ~~lunch~~ address to Swalt Watermasters Club at 2100)

S 22/4

Foreign &
Commonwealth
Office

London SW1A 2AH

22 April 1991

Dear Stephen,

Chancellor Kohl and Edinburgh University: 23 May

You may recall that Chancellor Kohl is to receive an honorary degree at Edinburgh University on 23 May (my letter of 8 February to Sir Charles Powell refers). We hope that the Secretary of State for Scotland will be able to attend the ceremony. On present plans, the Chancellor is keeping the afternoon for sight-seeing. The Prime Minister may wish to consider inviting him to stop off for informal talks in London on his way back to Bonn. I understand that there are no other Foreign Office engagements in the Prime Minister's diary that week.

This would provide a useful opportunity for a bilateral exchange, particularly since the proposed weekend in the country is unlikely to take place before the autumn (your letter of 28 March), and to hear about the Chancellor's visit to Washington on 20/21 May.

Chancellor Kohl last visited the UK in March last year for the Anglo-German Summit.

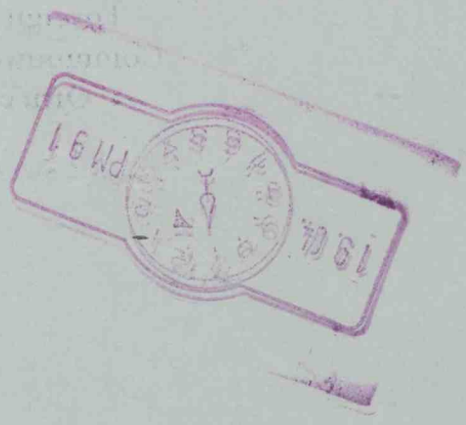
I am copying this letter to Jim Gallagher (Scottish Office).

Yours ever,

Christopher Prentice.

(C N R Prentice)
Private Secretary

J S Wall Esq
10 Downing Street



KOHL

KW
c/foreign/kohl

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 April 1991

CHANCELLOR KOHL'S VISIT TO EDINBURGH UNIVERSITY

We understand from Edinburgh University that Chancellor Kohl is going there on Thursday 23 May to receive an honorary degree. I understand the Foreign Secretary has been invited to attend.

The University are not inviting the Prime Minister because Thursday is a Questions day for him. I think, however, it might be a nice idea for the Prime Minister to send a message which could either be read out at the degree ceremony or, if that is not feasible, given by the Foreign Secretary to Chancellor Kohl if Mr Hurd does attend.

If you think this is a good idea I should be grateful for a draft.

J S WALL

Christopher Prentice Esq
Foreign and Commonwealth Office

file MRM
(C:\foreign\kohl)

bc: PC
SP

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 March 1991

Dear Christopher,

VISIT OF CHANCELLOR KOHL

When I talked to Peter Hartmann in the Federal Chancellery earlier this afternoon I mentioned the possibility of a visit by Chancellor Kohl on 1-2 June. Walter Neuer subsequently telephoned me from an eyrie in Austria where Chancellor Kohl is spending the Easter weekend. He said he had consulted the Chancellor and sadly, the dates we had proposed were not possible. I said that we would look for alternative dates.

I have consulted the Prime Minister and we will be back in touch about dates. The Prime Minister's programme is such that we may need to look at dates in September. But I think we will have at least established credit by offering dates earlier than that.

Yours,

Stephen

STEPHEN WALL

Christopher Prentice, Esq.,
Foreign and Commonwealth Office

10 DOWNING STREET

1/ cc letter to Lima Lobb, MoD

1/ Sandra noted thanks you 26/3

Wivelscombe and Ramsdell no good (wrong dates). I will ask the PM about Cranborne Manor and we hear from the Germans a date.

Stephen

27/3

On which Suttle quoted Letter from FCO received 26/3

CONFIDENTIAL

Foreign & Commonwealth Office

London SW1A 2AH

25 March 1991

Dear Stephen,

Prime Minister's invitation to Chancellor Kohl

In his letter of 12 March, Charles Powell asked for possible locations for Chancellor Kohl's proposed private weekend in the UK.

There are at least three possibilities in the South-West. The first is John Mills' suggestion of the Langley House Hotel at Wiveliscombe, Somerset (I enclose the brochure). Besides its other attractions, it is small enough to be taken over as a whole; it has a helicopter landing pad; is only 30 minutes' drive from RNAS Yeovilton; and is available for two weekends in June: 7-8 and 15-16. The second is Nansidwell, a privately owned country house hotel near Falmouth which is available only on 7-8 June (brochure enclosed). The party could arrive at RNAS Culdrose. The third is Cranborne Manor in Dorset. The house itself, which is well off the beaten track, is of considerable historical and political interest, with spectacular walks nearby and a good local pub, the Cranborne Arms, in the village. We have not been in touch with Lord Cranborne, but I understand the Prime Minister knows him.

We have two other ideas. The Prime Minister might like to invite Chancellor Kohl to stay in his constituency, perhaps combining it with a visit to Cambridge (Chancellor Kohl had no time to look round when he attended the Konigswinter Conference last year). This would, we think, appeal to Chancellor Kohl. A fifth possibility would be to build on Chancellor Kohl's interest in Churchill. He has already visited Blenheim (in 1982) but a visit to Chartwell could be combined with walking in the area and staying at Chevening, which the Foreign Secretary wold naturally be happy to lend to the Prime Minister.

We would need to do futher work, not least on logistics and security, before a final decision was taken, but it would be useful to have a first reaction to these ideas.

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

J S Wall Esq
10 Downing Street

CONFIDENTIAL

GERMANY: Kohl's visit to Pt II

Langley House is at the heart of undiscovered Somerset. "This large pale peach coloured house is in one of the loveliest parts of the country" – *1989 Good Food Guide.* Surrounded by the Quantocks, the rolling hills of Exmoor including the Doone Valley; the bleak hills of Dartmoor, the flat plains of Sedgemoor. Explore Cheddar Caves and Wookey Hole. Visit the Cathedral cities of Bath and Wells.

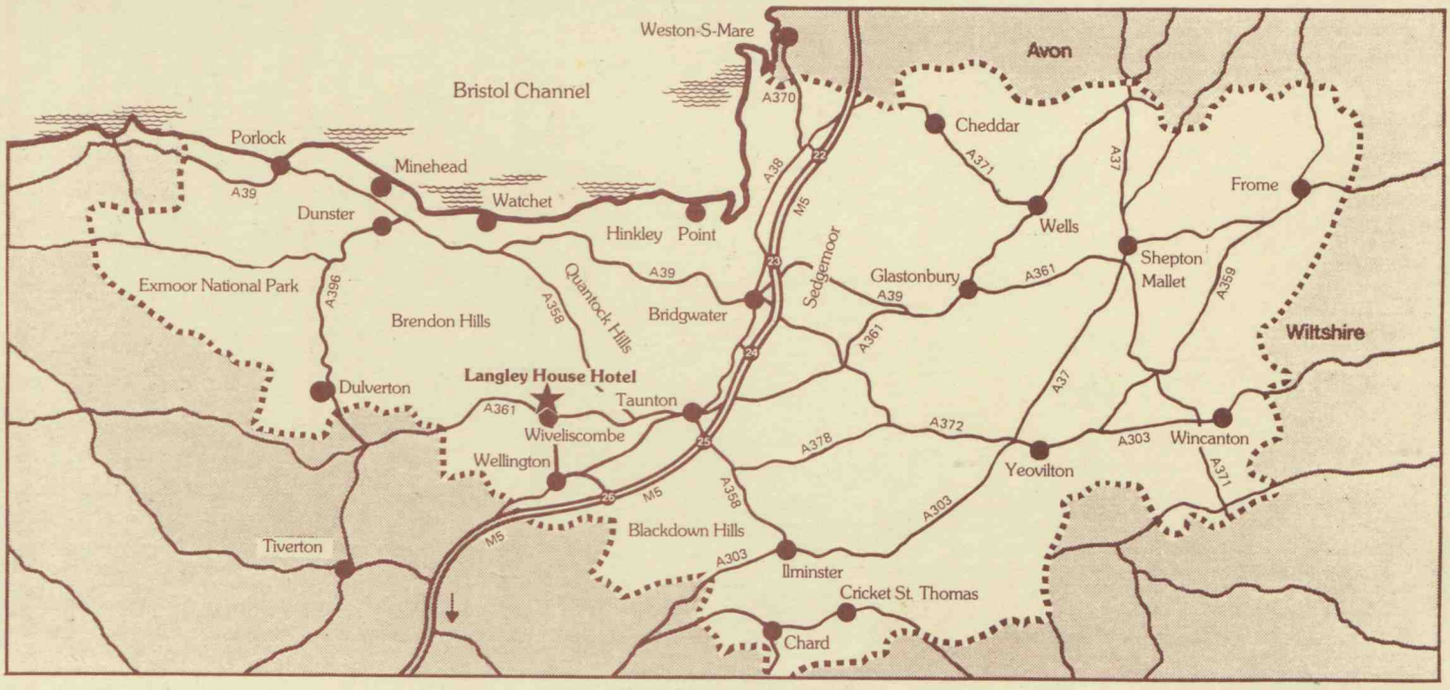
Visit English Country Houses and Gardens, Dunster Castle, Montacute and Stourhead and many more. Come and stay at Langley House – "the best kept secret in Somerset".

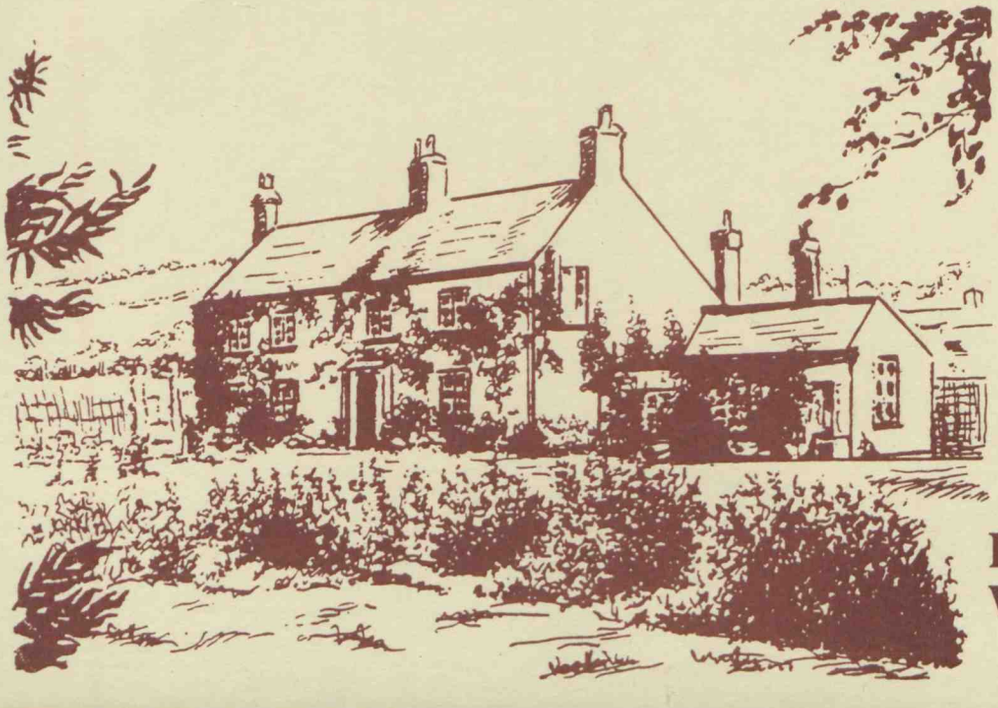
ACCESS

By car. From the North and Midlands along the M5 motorway, leaving at exit 25. From the south leave the M5 at exit 26. From London take the M4 to join the M5 (or through Bath or Bristol by leaving the motorway earlier). Motorists from the south-east can also travel via the M3 and A303.

By train. There is a main line service between London (Paddington) and Taunton; from the north there are services calling at Taunton (via Bristol).

From Taunton, Wiveliscombe is some 10 miles on the B3227 (old A361) Langley Marsh lies half a mile north of Wiveliscombe.

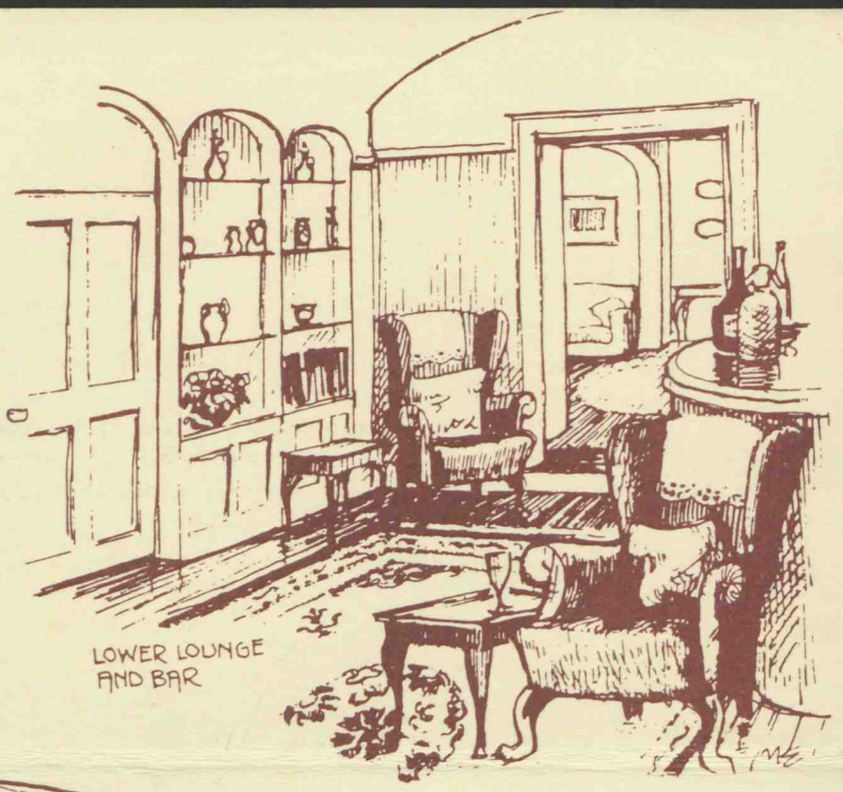


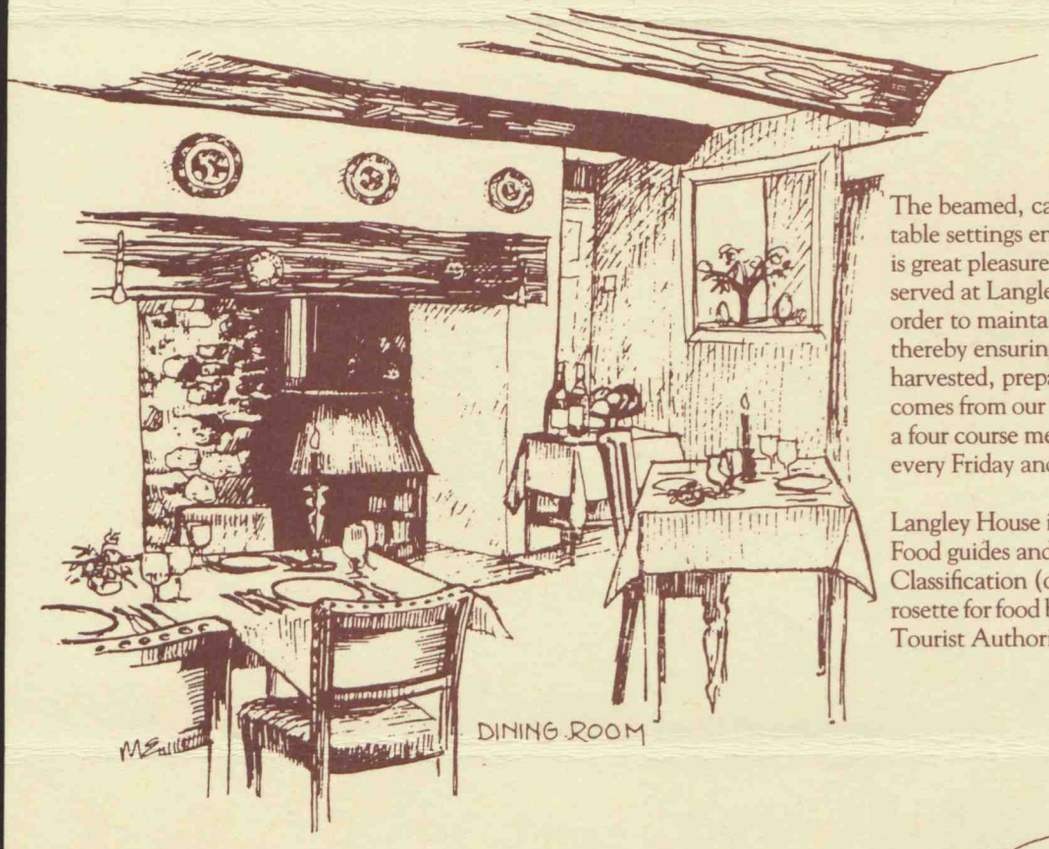


Langley House
Wiveliscombe Somerset

PETER and ANNE WILSON
Langley House Hotel & Restaurant, Langley Marsh, Wiveliscombe, Somerset TA4 2UF.
Telephone (0984) 23318

Nestling in the folds of the Brendon Hills, the small country town of Wiveliscombe lies on the edge of some of the most picturesque and history-laden countryside in England. Langley House has been a part of this history, as the house dates from the 16th Century. Additions and alterations during the 18th Century left a mark of elegance and luxury that has been maintained in this small country house hotel and restaurant. The emphasis is on comfort with cosily furnished bedrooms and sitting rooms and although the house has full central heating, log fires add to the feeling of warm hospitality. We like to include little things which make guests feel at home, such as flowers in all rooms, a welcoming glass of sherry, reading books and scrabble! Most of all we offer that old fashioned word – "service".



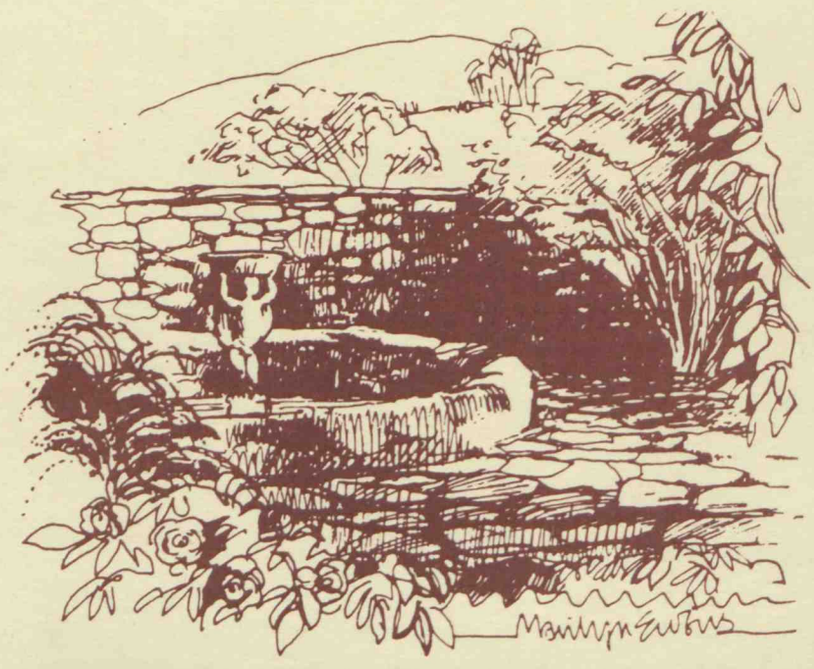


The beamed, candlelit restaurant with its silver and crystal table settings enhance the country house atmosphere. There is great pleasure to be derived from dining well and the food served at Langley House is renowned for its high standard. In order to maintain this high standard a set menu is offered, thereby ensuring that the meal presented to you is freshly harvested, prepared and cooked; indeed much of the produce comes from our own walled vegetable garden. During the week a four course menu is served and a five course Gourmet Dinner every Friday and Saturday.

Langley House is included in the leading 1989 Hotel and Good Food guides and has also been awarded a coveted Red Star Classification (one of only 75 hotels in the country) and a rosette for food by the A.A. It has also been awarded the British Tourist Authority Commendation for 1989

A holiday provides the opportunity to relax and unwind – and simply to take your time. Time to dwell on the beauties, peace and quiet of the countryside; time to relax; time to walk and explore; time to do things that the bustle of modern living does not often allow. The surrounding area provides ample opportunities for those wishing to be more energetic and we can arrange riding, fishing, shooting, stalking, hunting and golf.

And when it is time for bed, it is not only the fresh Somerset air that will give you a good night's sleep, but also the really comfortable beds in the cosy bedrooms. Not just ordinary stereo-typed hotel bedrooms, these are all different and each individually furnished to the highest of standards whether you choose the Four Poster bedroom or a single room. All have private facilities, colour television, radio and direct dial telephone.



LANGLEY HOUSE HOTEL

Langley Marsh, Wiveliscombe, Somerset TA4 2UF
Tel: (0984) 23318 Telex: 46648

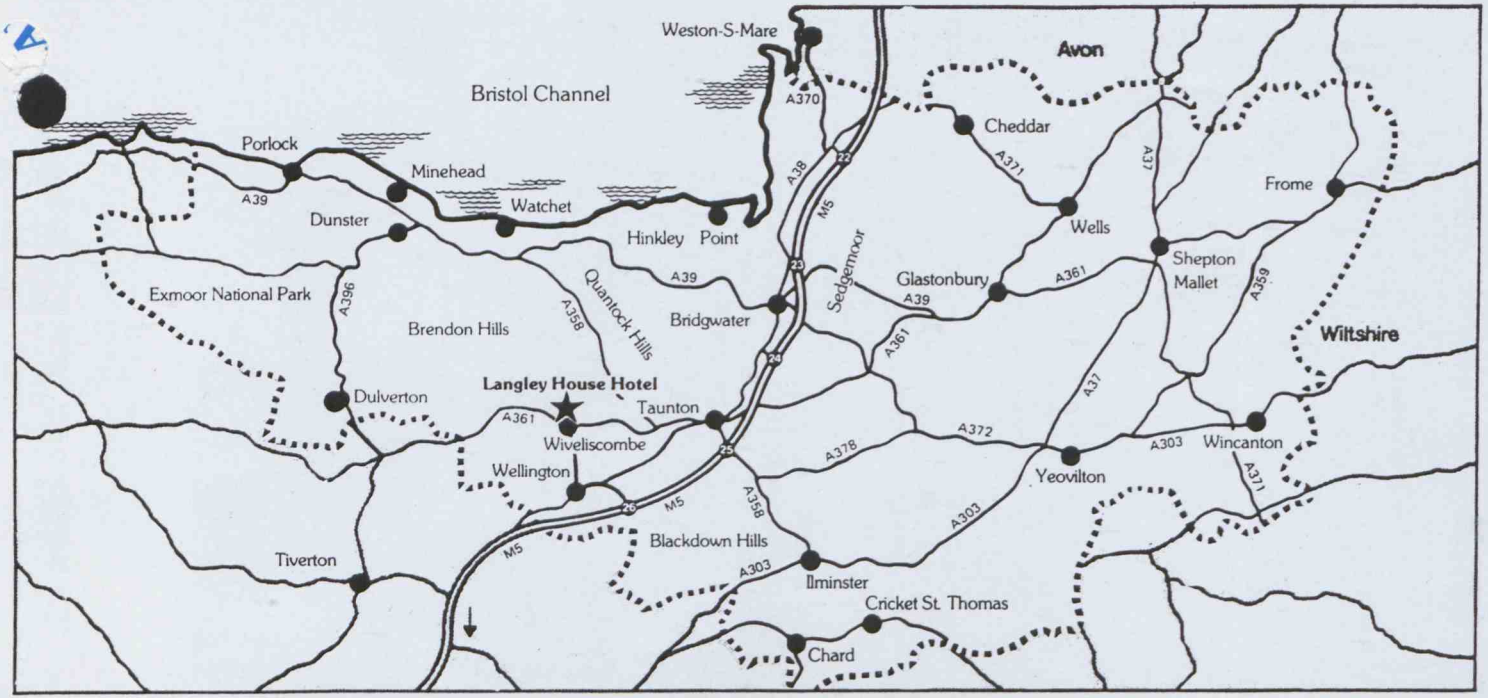
Langley House, a large pale peach coloured Georgian Country House, is in one of the loveliest parts of the country. It is at the heart of undiscovered Somerset and nestles in the folds of the Brendon Hills on the edge of some of the most picturesque and history-laden countryside in England. The house dates back to the 16th century, yet Georgian alterations have left a mark of elegance and luxury.

Peter and Anne Wilson own and operate the hotel, which has nine bedrooms, each individually decorated and equipped with bathroom, television, radio, and telephone. Log fires in the sitting rooms add to the warmth of the hospitality.

The beamed candlelit restaurant, with its silver and crystal, enhances the country-house atmosphere, and the food cooked by the chef-proprietor is renowned for its high standards. Langley House is included in all leading hotel and food guides and has received a coveted AA Red Star.

The peaceful and beautiful countryside offers the possibility of complete relaxation, or the more active sports of riding, fishing, and shooting. Yet the motorway is just ten miles away, and London is a drive of only two and a half hours.

Proprietors
Peter and Anne Wilson


Weston-S-Mare
Bristol Channel
Avon
A370
Cheddar
A371
A37
Frome
Porlock
Minehead
A39
Watchet
Dunster
Hinkley Point
A38
M5
Wells
Shepton Mallet
A359
Wiltshire
Exmoor National Park
A396
A39
Quantock Hills
A358
Brendon Hills
Bridgwater
Sedgemoor
Glastonbury
A361
A39
Langley House Hotel
Dulverton
Taunton
A361
Wiveliscombe
A372
A378
A37
A303
Wincanton
A371
Wellington
Yeovilton
M5
A358
Blackdown Hills
A303
Tiverton
M5
Ilminster
Cricket St. Thomas
Chard

1991 MICHELIN 'RED M' AWARD FOR FOOD
(one of only 56 awarded in England)

1991 MICHELIN RED TURRET AWARD FOR HOTEL

1991 AA GOOD FOOD ROSETTE AND RED STAR AWARD

1990 WEDGWOOD/BTA DESIGN AWARD

1989 BENSON & HEDGES NATIONAL HOTEL GARDEN COMPETITION WINNER

Langley House Hotel & Restaurant, Langley Marsh, Wiveliscombe, Somerset, TA4 2UF

Telephone Wiveliscombe (0984) 23318

NANSIDWELL COUNTRY HOUSE

MAWNAN, NR FALMOUTH, CORNWALL TR11 5HU
TEL: 0326 250340 FAX: 0326 250440

Nansidwell Country House, run by proprietors Jamie and Felicity Robertson, is an unspoiled country mansion set in 9 acres of subtropical gardens leading down to the sea and surrounded by glorious National Trust coastland. The grounds are filled with unusual and interesting plants and flourishing shrubs, bearing testimony to the mild climate. The bedrooms are most tastefully furnished offering guests every comfort. Chef Anthony Allcott places an emphasis on fresh local produce, particularly the best of fresh seafood such as lobster, mussels and oysters, offering generous portions and an interesting wine list. For the sports enthusiast there are no fewer than five 18-hole golf courses within a short drive, together with excellent sea fishing and reservoir trout fishing. Wind-surfing, sailing, riding and bowls are all within easy reach. There are several National Trust houses easily accessible and the hotel is surrounded by coastal walks through areas of unsurpassed and unspoiled beauty. Price guide: £88–£110. Directions: From A39 take A394 Helston Road. After 1 mile follow sign for Mabe-Mawnan Smith.

12 rms

A true country house hotel in the old tradition. Roaring log fires, pretty chintzes, fresh flowers, books and magazines with a Restaurant now recognised as one of the best in Cornwall.

Nansidwell lies at the head of a wooded farmland valley sloping gently to the sea. This unspoilt country mansion overlooks some of the most splendid coastal scenery in Cornwall and is in a unique position surrounded by National Trust coastland between the sea and the Helford River.

Five acres of sub-tropical gardens bear testament to the very mild climate. From the early days of January when the daffodils and camellias show their first blooms, through the azaleas and the rhododendrons until the fuchsias and hydrangeas of late summer and autumn, the garden is splashed with continuous colour. Banana trees bear fruit as late as October.

Through the mimosa to the sea.

The Drawing Room.

Homemade rolls, croissants and marmalade — everything served in the restaurant is made in the Nansidwell kitchens.

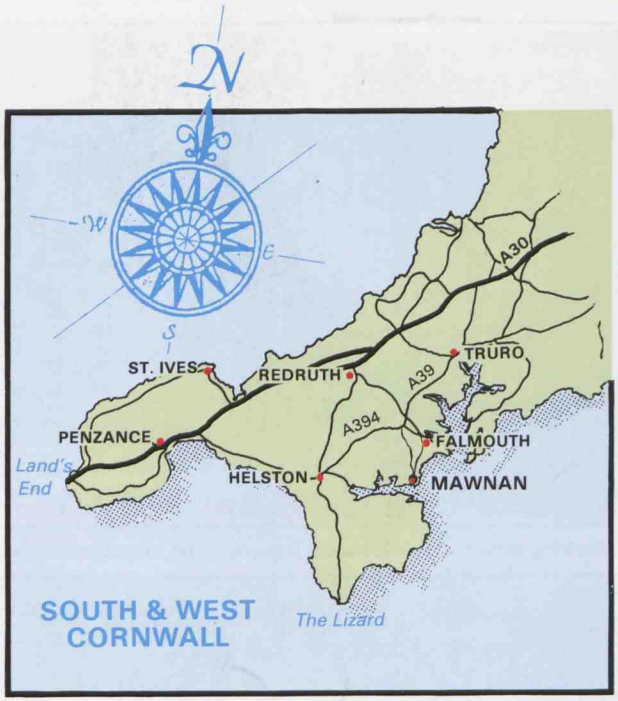
Nansidwell is surrounded by miles of National Trust coastland and walks including the Helford River.

The hotel is owned privately by Felicity and Jamie Robertson whose aim is to welcome you into their home and to ensure that your stay is a happy and memorable one.

Guests come to Nansidwell for many reasons — for the rareness of the setting, the company and the good food, which offers the best of daily, locally caught fish and fresh produce of the highest Cornish quality, and the carefully selected wine list. Above all, guests come to Nansidwell for the feeling of staying not in an hotel but a well run country house. Many old guests return, and newcomers quickly fall into the warm friendliness which is a feature of the house.

There are five good golf courses within fifteen miles (the nearest is two miles away). Excellent sea fishing — with reservoir trout and course fishing available nearby. Falmouth and the Helford River are renowned boating centres, and the hotel is surrounded by endless coastal walks. Nansidwell has its own hard tennis court.

The 12 individually decorated bedrooms are all well stocked with good books, magazines and fresh flowers.



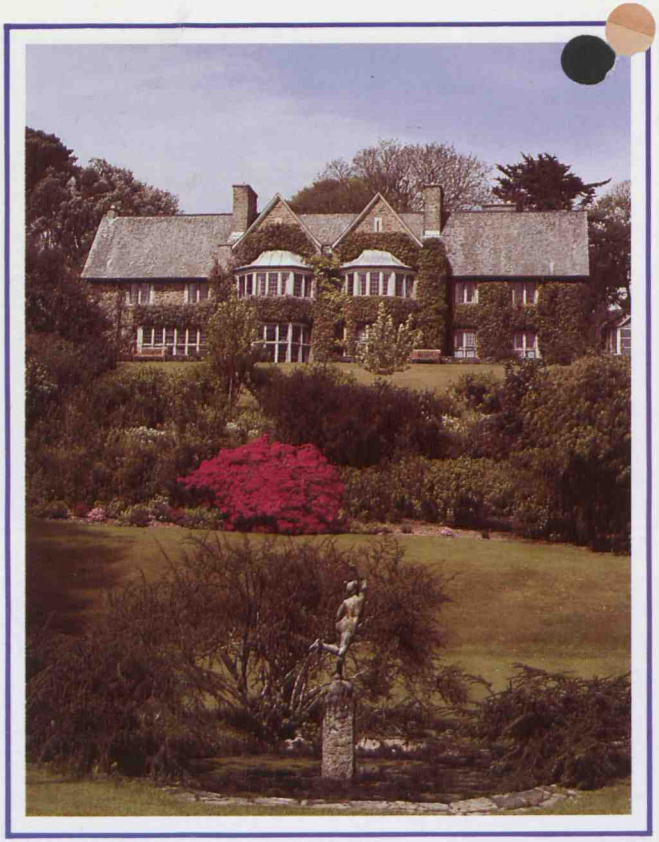
Directions

Nansidwell is 4 hours 20 minutes by rail from Paddington to Truro station, 25 minutes away. Brymon Airways have regular flights from Heathrow and the city to Newquay Airport — 40 minutes away. Driving from London takes about 5 hours door-to-door.

Take the main A39 road from Truro to Falmouth. Follow the Falmouth road for about seven miles until you reach a mini-roundabout at Treluswell crossroads. At the roundabout get in the right-hand lane and take the A394 Helston road for about one mile until you reach a double roundabout. Go straight over both roundabouts and up the road signposted Mabe/Mawnan Smith. Take this road and from here follow all signs for Mawnan Smith or Mawnan. In about four miles you will reach the village of Mawnan Smith, in the centre of which there is a thatched inn the RED LION. Here the road forks. Bear left and follow the road until on the right hand side you will see the entrance to Nansidwell.

We look forward to welcoming you.

Nansidwell Hotel
Mawnan Smith
Nr. Falmouth
Cornwall TR11 5HU
Tel: 0326 250340
Fax: 0326 250440



Nansidwell
COUNTRY HOUSE

HOTEL & RESTAURANT

"In A Cornish Garden
By The Sea"

RESTRICTED

PS

c: Foreign/Kohl

cc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 March 1991

VISIT BY CHANCELLOR KOHL

We have been trying to find dates when Chancellor Kohl and his wife might come over for an informal weekend with the Prime Minister and Mrs Major. The Prime Minister would be very happy to invite Chancellor Kohl and his wife to come for the afternoon of Saturday 1 June to the afternoon of Sunday 2 June. The exact time of arrival and departure of the Kohls would be up to them, but they might want to arrive in time for tea or dinner on the Saturday and leave after lunch on the Sunday.

I should be grateful if this proposal could now be put to Chancellor Kohl's office.

I am told that Ann Morrison is bending her mind to the question of where the meeting might take place.

STEPHEN WALL

R H T Gozney Esq
Foreign and Commonwealth Office

RESTRICTED

(J)

PRIME MINISTER

Looks best. Could Sandra refer with diary? CDP

PRIVATE VISIT BY CHANCELLOR KOHL

We have been trying very hard to identify weekends when you could invite Chancellor Kohl here. It is proving very difficult.

I attach your long-term diary. Possibilities we have identified are:

Saturday 1/Sunday 2 June.
This comes at the end of the Whitsun Recess.

Sunday 16 June, perhaps going over to Monday 17 June.
(Has not had news offered Ht morning to Constituency)

Saturday 6/Sunday 7 July, which would be attractive if Becker or Graff were involved in the Wimbledon Finals. But it would mean missing Sir Fergus Montgomery's showbiz party and interfering with the Third Test.

There really don't seem to be any other options. Would you be prepared to consider any of these? The Wimbledon one has attractions, if the German players do as well as in recent years.

CDP

(C. D. POWELL)
14 March 1991

tmw a:\private

CHARLES POWELL

POSSIBLE DATES FOR KOHL VISIT

Sat 1/Sun 2 June or Sun 2/Mon 3 June
End of Whit Recess week

Sat 8/Sun 9 June
But CHOGM Review meeting due to begin on Tuesday 11 June

Sun 16/Mon 17 June
(if French do not go for 17th)

Sat 6/Sun 7 July
Particularly attractive if Becker or Graff are involved in Wimbledon finals.
But Sir Fergus Montgomery's showbiz party on 6 July would be a casualty - and possibly 3rd Test Match at Trent Bridge, though PM might manage to get to that on Friday 5th.

Sat 13/Sun 14 July
Economic Summit on 15-17 July. Suggest Kohl arrives early.
But PM might prefer to keep the time for preparation.

SANDRA PHILLIPS
13 March 1991
c:\diary\kohl (kk)

RESTRICTED

C:\wpdocs\foreign\kohl

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 March 1991

PRIME MINISTER'S INVITATION TO CHANCELLOR KOHL

The Prime Minister suggested to Chancellor Kohl some while ago that he might come over to the UK privately for part of a week-end, once the weather improved. He repeated the suggestion yesterday and Chancellor Kohl is evidently keen to take it up.

Sandra Phillips is researching possible dates. I have established it will not be possible to combine it with Chancellor Kohl's visit to Edinburgh in May, since that is mid-week: and he is in any event going on to Crete for the celebrations there.

We now need to find a location. No doubt the easiest would be Chequers. But I don't think that is what the Prime Minister and Chancellor Kohl have in mind. The idea - I think - is a small, picturesque country hotel or pub in a scenic part of the country. There should be scope for walking, and an attractive small country town or village nearby to satisfy Chancellor Kohl's wish to mingle with people, shake hands and so on. The search might be directed towards the South-West. Kohl's entourage have expressed some enthusiasm for Cornwall. But Devon, Dorset, Somerset and that area would be equally good. A private house would not be excluded if some-one was prepared to loan one.

I should be grateful if the Foreign Office Desirable Locations Department could do some research for us. I am also copying this letter to Simon Webb in the MOD, since the Defence Secretary was overheard in Bonn yesterday giving a pre-emptive puff to the attractions of Somerset!

C. D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

SANDRA

CHANCELLOR KOHL

We need to find a week-end in May/June when the Prime Minister could invite Chancellor Kohl over for a short stay in the country. I am trying separately to establish a good location. But could you kindly research some dates.

CDP

C. D. POWELL

12 March 1991

Sun 16 June
Mon 17
(if French don't fall 17th)

A good idea might be Wimbledon finals weekend (esp if Becker + Graf were involved)
6-7 July (though Sir Fergus Montgomery's showbiz party on 6 July might be a casualty)

Foreign &
Commonwealth
Office

London SW1A 2AH

CONFIDENTIAL

28 February 1991

Dear Charles,

Invitation to Chancellor Kohl for a weekend in the UK

Your letter of 11 February reported that the Prime Minister had invited Chancellor and Mrs Kohl to the United Kingdom once the weather improved in the spring: and the Prime Minister mentioned this to the press. It might be worth taking this idea up with Chancellor Kohl during the Anglo-German Summit.

We understand that Chancellor Kohl is visiting Edinburgh on 23 May to receive an honorary degree. One possibility would be to invite him to London for talks the following day and to stay over for at least part of the weekend (25/26 May). But perhaps another weekend would suit the Prime Minister better?

There is no need to fix a date until after the Summit, but the German press may ask where matters stand.

Yours ever,
Christopher Prentice.

(C N R Prentice)
Private Secretary

Sir Charles Powell
10 Downing Street

CONFIDENTIAL

AGMAM : PM's Visit PTB

P.9.
SP 22/1

I don't think so. This predecessor Lord Rosebery died ed. 90. on

10 DOWNING STREET

Charles
11 March is Cmwealth Day. Any problem if PMS does not attend Service at 3.00 pm?

SP 22/1

I have spoken to Graham Tenkatsey 11 March (Rey can't do 25 February)

CDP

(4)

R. LEDERER
23, AVE DE LA RAQUETTE
1150 BRUXELLES
TÉL. 771 16 97

A file
→ Germany

7/VI/1990

Prime Minister

OMB 11/5

Dear Prime Minister,

May I thank you for your kind words on the occasion of my retirement.

The great privilege of working for you was even further enhanced by the certainty of being on the right side.

Yours, with great respect,

Rudolph Lederer

Foreign and Commonwealth Office

London SW1A 2AH

18 April 1990

Dear Charles,

Scholarships for the GDR

Thank you for your letter of 30 March asking what plans we have to give substance to the commitment which the Prime Minister gave at the Anglo-German Summit, that we would provide perhaps 50 scholarships for the GDR.

We already have a modest programme of FCO scholarships for the GDR worth £40,000. During his visit to the GDR in January, the Foreign Secretary announced 32 additional scholarships jointly funded with a number of polytechnics in the UK. In order to finance the Prime Minister's commitment to offer extra scholarships, we propose to draw on the Know How Fund. It would probably be difficult to find 50 extra scholars of the right calibre for the academic year which begins in September. So we will aim to find an extra 20 this academic year (making at least 50 in all, with the existing provision) and an extra 30 next year.

We therefore aim in principle to offer a total of 50 new scholarships for a maximum period of one year at a total extra cost of approximately £500,000. Shorter periods of study and/or practical attachments would also be possible. We will give priority to the scientific, industrial and financial sectors. We shall look at openings for using the scholarships in conjunction with consultancy visits under the Know How Fund to reinforce the introduction of British expertise in selected areas.

The Prime Ministr also announced an English Language Training (ELT) initiative for the GDR in the course of the Summit. The British Council will be mounting an early mission to the GDR to work out proposals for this, targetted very much on the needs of business, professional and technical people. To ensure that something visible happens soon, the British Council will organise a summer school this year for a group of teachers of English from the GDR.

/I am

I am copying this letter to Carys Evans (Chief Secretary's Office), Martin Stanley (DTI), Stephen Crowne (DES) and Sonia Phippard (Cabinet Office).

Yours ever,

Richard Gozney

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

GERMANY: visits of Kohl pt II

Foreign and Commonwealth Office

London SW1A 2AH

CONFIDENTIAL AND PERSONAL

Prime Minister

You agreed to send Gorbachev a message about your meeting with Kohl.

Dear Charles, The Foreign Office draft was hopeless and I have done another which is attached. Agree? CDP 2/4

4 April 1990

Prime Minister's meeting with Chancellor Kohl

As requested in your letter of 30 March, I enclose a message to President Gorbachev about the Anglo-German Summit, covered by a draft telegram of instructions to Moscow.

The draft message reflects the Prime Minister's explicit agreement, which she repeated at the press conference, to Chancellor Kohl's view that "all border questions" other than the Oder-Neisse line should be discussed in the CSCE framework rather than in the Two plus Four group. We shall have to be careful not to allow this to be read (as the Germans themselves might wish) as altering the position set out in Article VII of the Relations Convention of 1954 between the three Western Allies and the FRG that "the final determination of the boundaries of Germany must await a [peace] settlement". It has long been the UK view that the Four Powers (i.e. US, UK, France and USSR) have rights and responsibilities relating to such a settlement and thus to borders. When the Helsinki Final Act was adopted the Western Allies stated that Quadripartite rights and responsibilities were unaffected by it. And we have continued to argue, as also do the French in particular, that some act by the Four Powers accepting as definitive the changes to the borders of Germany since 1945 and determining the borders of Germany as those described in its Constitution (amended if necessary to show that no further accession after the merger of the GDR is contemplated) will be a necessary component of whatever package finally emerges as part of the peace settlement.

Yes. Thanks

Perhaps the best thing is to say that the Prime Minister's agreement with Kohl meant that any future suggestion of changes to borders in Europe would be a matter falling under the Helsinki principle that borders may be changed only by peaceful means and by agreement; but that this was not to be read as affecting Four Power rights and responsibilities in relation to the borders of Germany as a whole which would remain to be discharged as part of the eventual peace settlement, the modalities for which would fall appropriately for discussion within the Two plus Four. In practice (although there is so far no definite agreement on this), we envisage that the Two plus Four would present the CSCE Summit with the intention that the Oder-Neisse line border should be fixed by treaty between Germany and Poland and the view that there is no question of changing any of the

other existing borders relating to pre-War Germany (apart from the Inner German border) which will continue to be subject to the Helsinki Accord. At some subsequent point, perhaps when the Polish-German treaty is ratified, the Four Wartime Allies will finally give up all their rights and responsibilities in regard to this border and the other borders of pre-War Germany.

If you agree, it might be as well to omit the relevant sentence from the message to Mr Gorbachev.

Yours,

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 April 1990

PRIME MINISTER'S MEETING WITH CHANCELLOR KOHL: MESSAGE TO PRESIDENT GORBACHEV

Thank you for your letter of 2 April, covering a draft message for the Prime Minister to send to Mr. Gorbachev about her recent talks with Chancellor Kohl. The Prime Minister found it a bit sparse in content and peremptory in tone. She has approved the enclosed alternative version. Provided the Foreign Secretary is content, I should be grateful if it could be despatched as soon as possible.

CHARLES POWELL

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

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SUBJECT cc MASTER
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PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T64/90

MESSAGE FROM THE PRIME MINISTER TO PRESIDENT GORBACHEV

Dear Mr. President,

When we spoke on the telephone, I promised to let you have a note of my talk with Chancellor Kohl on 30 March. Charles Powell did give an immediate briefing to a member of your Embassy staff, and I hope you will have had an account of this.

Chancellor Kohl and I spent the greater part of our meeting in discussion of German unification. My impression is that he hopes and expects to bring about economic and monetary union this summer, but that his timetable for full unification is rather more extended. He clearly envisages that unification will take place under the Article 23 procedure. He is quite categoric that the external consequences have to be settled in advance: he hopes this can be done by the end of this year.

We both agreed that a united Germany should be a member of NATO. This is the clear wish of the German people: and membership of NATO offers a framework within which to meet their defence needs. We also agreed that there should be arrangements by which Soviet troops would remain in the GDR for a transitional period, perhaps in the form of a treaty, if that was what was wanted. We noted particularly the importance for the Soviet Union of maintaining existing trading arrangements with the GDR.

On the question of Germany's Eastern border with Poland, Chancellor Kohl confirmed the Federal German Government's intention that the definitive nature of the Oder-Neisse border should be embodied in a legally-binding treaty immediately after unification. I believe this assurance should be very satisfactory to Poland.

Chancellor Kohl described the enormous task which lay ahead in rehabilitating the East German economy, and how the Federal Republic proposes to finance this. We also discussed the arrangements which would be necessary to incorporate the GDR into the European Community.

I gave Chancellor Kohl a brief account of our telephone conversation on 26 March on Lithuania. We agreed that the situation was complex and sensitive and could only be resolved by dialogue and discussion: and that nothing should be done to add to the difficulties.

We also touched on a number of other regional problems including the situation in Southern Africa.

I was glad that we were able to talk the other day, and hope we can remain in close touch.

With every good wish,

Yours sincerely,

Margaret Thatcher

3 April 1990

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BRITISH-GERMAN SUMMIT 30 MARCH : GERMAN MEDIA REACTION

SUMMARY

1. THE SUMMIT DOMINATED THE WEEKEND NEWSPAPERS AND WAS REPORTED EXTENSIVELY IN THE ELECTRONIC MEDIA. SEVERAL NEWSPAPERS COMMENT ON THE GOOD ATMOSPHERE AS EVIDENCE OF THE IMPROVED BILATERAL RELATIONSHIP. EDITORIALS CONCENTRATE ON APPARENT DIFFERENCES IN POLICIES ON EUROPEAN UNION.

DETAIL

2. THE SUMMIT WAS THE MAIN NEWS ITEM IN THE MAJORITY OF LEADING GERMAN NEWSPAPERS ON 31 MARCH.

3. REPORTS OF THE JOINT POST-SUMMIT PRESS CONFERENCE FOCUSSED ON THE DISCUSSION OF THE THREE ''ESSSENTIALS FOR OUR CONTINUED SECURITY'' SET OUT BY THE PRIME MINISTER IN HER SPEECH IN CAMBRIDGE ON 29 MARCH: GERMAN MEMBERSHIP OF NATO, THE CONTINUED PRESENCE IN GERMANY OF AMERICAN AND OTHER STATIONED FORCES, AND THE RETENTION BY NATO OF NUCLEAR WEAPONS BASED IN GERMANY. MRS THATCHER'S INDICATION THAT SHE WAS PREPARED TO REDUCE THE LEVEL OF BRITISH FORCES IN GERMANY WAS NOTED. SEVERAL NEWSPAPERS REPORTED ALLEGED DIFFERENCES OVER THE MODERNISATION OF SNF, WITH KOHL QUOTED AS SAYING THAT CHANGES HAD TO BE MADE TO TAKE ACCOUNT OF EVENTS IN EASTERN EUROPE. THE MEDIA ALSO REPORTED THAT THE QUESTION OF A BORDER GUARANTEE FOR POLAND WAS NO LONGER IN DISPUTE BETWEEN BONN AND LONDON, THE LATTER HAVING BEEN REASSURED BY KOHL'S RECENT STATEMENTS. IT WAS NOTED HOWEVER THAT HE HAD ASTONISHED HIS BRITISH HOSTS AT THE KOENIGSWINTER CONFERENCE BY SUGGESTING THAT POLAND SHOULD APOLOGISE FOR THE WRONGS DONE TO THE GERMAN POPULATION THERE IN THE IMMEDIATE POST-WAR PERIOD.

4. EDITORIAL COMMENT CONCENTRATED ON THE FUTURE STRUCTURE OF EUROPE. FRANKFURTER ALLGEMEINE ZEITUNG (CONSERVATIVE) SAID THAT THE ONUS WOULD NOW BE ON THE FRG'S PARTNERS TO PROVE THAT THE WORD ''EUROPE'' HAD NOT BEEN A COVER FOR FEAR OF UNITED GERMANY. SUEDDEUTSCHE

ZEITUNG (INDEPENDENT) COMMENTED THAT KOHL WAS RIGHT TO SAY THAT THE PRIME MINISTER COULD NOT SEEK SIMULTANEOUSLY TO BIND IN THE GERMANS AND CLAIM FREEDOM OF MANOEUVRE FOR THE UK. EUROPE NEEDED NOT AN INSULAR UK BUT ONE COMMITTED TO DEVELOPING EUROPE FROM WITHIN. WESTDEUTSCHE ALLGEMEINE ZEITUNG (INDEPENDENT) COMMENTED THAT THE PRIME MINISTER'S CONCENTRATION ON THE CSCE PROCESS CONTRASTED WITH THE CHANCELLOR'S STRESS ON INTEGRATION IN THE EC. GENERAL ANZEIGER (INDEPENDENT) THOUGHT IT OBVIOUS THAT THE PRIME MINISTER WAS COUNTING ON SETTING MOVEMENT THROUGH CSCE AGAINST THE IDEA OF FURTHER EC INTEGRATION. THIS HIGHLIGHTED THE IMPORTANCE OF DEVELOPING A GERMAN POLICY WHICH MADE ROOM FOR PROGRESS ON BOTH FRONTS, AND THE IMPOSSIBILITY OF CREATING SUCH A POLICY WITHOUT THE CLOSEST POSSIBLE FRANCO-GERMAN COOPERATION. ACCORDING TO RHEINDISCHE POST (CONSERVATIVE), KOHL'S INTERNATIONAL STANDING HAD INCREASED IN RECENT WEEKS, WHILE THE PRIME MINISTER'S HAD DROPPED BECAUSE OF PROBLEMS AT HOME.

MALLABY

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