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PREM 19/763

MT

PART 3

Confidential Filing

Chancellor Schmidt's Visit to the UK; Spring 1981

GERMANY

Pt 1: May 1979

Pt 3: November 1980

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~21.11.80~~							
~~15.12.80~~							
~~17.12.80~~							
~~26.3.81~~							
~~1.4.81~~							
~~3.4.81~~							
~~21.4.81~~							
~~[illegible]~~							

PREM 19/763

PART 3 ends:-

S/S Ind to PM 26.2.82

PART 4 begins:-

CS to AJC 1.3.82

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
QD(E)(81)14	28.4.81
CC(81) 19th Conclusions, Minute 3	14.5.81

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed C Wayland Date 30 August 2012

PREM Records Team

JU83

Prime Minister Germany ①

The programme is attached. Agree that Mr. Tonkin may leave at 4.30 p.m.?

A. J. C. 3/3

Yes

PRIME MINISTER

ANGLO-GERMAN SUMMIT FRIDAY 19 MARCH 1982

I have seen the outline programme and have noted that it involves a plenary session happening at Chequers for all participants in the talks.

2 Some months ago I was asked by Barry Henderson MP to be the guest of honour at his constituency Annual Dinner in St Andrews that evening. There is a plane leaving Heathrow at 17.40pm for Edinburgh which would enable me to get to this function although perhaps I would not be there at the start. In order to make sure of catching the plane at Heathrow, I would probably have to leave the plenary session not later than 4.30pm. I would be most grateful to have your consent to my doing this, even if the plenary session had not finished. The alternative is that I should regretfully have to tell Barry that I cannot make his dinner.

3 I apologise for bothering you with this but, knowing the importance which you attach to these Summit meetings, I have thought it right to consult you.

PJ

P J

26 February 1982

Department of Industry

A5c

ANGLO-GERMAN SUMMIT: 19 MARCH 1982

OUTLINE PROGRAMME

0930	Chancellor Schmidt and Herr Genscher arrive at RAF Benson (?)
0930	Other German Ministers arrive at RAF Northolt (?)
1015	Chancellor Schmidt and Herr Genscher arrive at Chequers
1015-1145	Tete-a-tete talks between Chancellor Schmidt and Prime Minister at Chequers
1015-1145	Tete-a-tete talks between Herr Genscher and Lord Carrington at Chequers
1030	Other Ministers arrive at various ministries in central London
1030	Talks between other German Ministers and their British opposite numbers in London, followed by working lunches
1145-1315	Talks between Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher at Chequers
1315 for 1330	Lunch at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher
1400	Other Ministers leave London
1515-1645	Plenary Session at Chequers for all participants in talks
1645	Tea
1730-1830	Press Conference at RAF Halton
1915 for 1930	Dinner at Chequers for Ministerial participants (subsidiary dinner for officials at The Bell, Aston Clinton)

BIG

bc: C. Stephens.

File

10 DOWNING STREET

From the Private Secretary

22 February 1982

Anglo-German Summit: 19 March

Thank you for your letter of 18 February.

The Prime Minister would be grateful if, in addition to the Foreign and Commonwealth Secretary, the following could attend the talks:

Chancellor of the Exchequer
Minister of Agriculture, Fisheries and Food
Secretary of State for Defence
Secretary of State for Trade
Secretary of State for Industry

The Prime Minister has approved the outline programme enclosed with this letter. It differs slightly from the one enclosed with your letter under reference.

As you point out, we do not yet know whether Chancellor Schmidt and other German Ministers intend to stay overnight. If they do not, it seems possible that the German party will wish to leave immediately after the Press Conference on Friday evening.

I am copying this letter and enclosure to the Private Secretaries to the Ministers mentioned above and to David Wright (Cabinet Office).

A. J. COLES

Francis Richards, Esq.,
Foreign and Commonwealth Office

Germany

CONFIDENTIAL

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 7003
SWITCHBOARD 01-212 7676

Sir Peter Carey KCB
Permanent Secretary

18 February 1982

Sir Robert Armstrong KCB CVO
Cabinet Office
70 Whitehall
LONDON SW1

Dear Robert,

I agree generally with the line proposed in Michael Palliser's letter of 11 February about the next Anglo-German Summit. I assume that Michael will be considering whether it will be necessary to have specific briefing on bilateral issues, though, for the present, I cannot think of anything which is ripe for discussion bilaterally on the industrial side.

I am content with the proposed arrangements for briefing set out in Annex D of Michael's letter though it might be helpful if the Department of Industry were to be consulted about the steering brief on the European Community and the brief on the 30th May Mandate, as well as the brief on the Enlargement of the Community.

I am sending copies of this letter to Michael Palliser, Douglas Wass, Brian Hayes, Frank Cooper, Ken Barnes, Donald Maitland and Clive Whitmore.

Yours ever,

Peter

Peter Carey

(1).

Agreed MT

PRIME MINISTER

ANGLO-GERMAN SUMMIT – 19 March.

The Germans have now asked about the arrangements.

Ministerial Participation

The Foreign and Commonwealth Secretary proposes that in addition to yourself and himself, our team should consist of the Chancellor, the Minister of Agriculture and the Secretaries of State for Defence, Trade and Industry. Agree?

Programme

It is a little soon to be making detailed arrangements. We do not yet know whether Chancellor Schmidt would like to stay overnight on 19/20 March. But we could give ~~them~~ the Germans the attached provisional programme. Agree?

A. S. C.

18 February 1982

ANGLO-GERMAN SUMMIT: 19 MARCH 1982

OUTLINE PROGRAMME

0930	Chancellor Schmidt and Herr Genscher arrive at RAF Benson (?)
0930	Other German Ministers arrive at RAF Northolt (?)
1015	Chancellor Schmidt and Herr Genscher arrive at Chequers
1015-1145	Tete-a-tete talks between Chancellor Schmidt and Prime Minister at Chequers
1015-1145	Tete-a-tete talks between Herr Genscher and Lord Carrington at Chequers
1030	Other Ministers arrive at various ministries in central London
1030	Talks between other German Ministers and their British opposite numbers in London, followed by working lunches
1145-1315	Talks between Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher at Chequers
1315 for 1330	Lunch at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher
1400	Other Ministers leave London
1530-1700 ~~1515-1645~~	Plenary Session at Chequers for all participants in talks
1700 ~~1645-~~	Tea
1730-1830	Press Conference at RAF Halton
1915 for 1930	Dinner at Chequers for Ministerial participants (subsidiary dinner for officials at The Bell, Aston Clinton)

Please note ammendment as above.

With the compliments of

THE PRIVATE SECRETARY

Corrected version, with apologies.

(The original version omitted a line, including reference to the Secretary of State for Agriculture, Fisheries and Food)

FOREIGN AND COMMONWEALTH OFFICE

SW1A 2AH

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

18 February 1982

Dear John.

Anglo-German Summit: 19 March

The German Embassy in London have asked us on instructions about plans for the forthcoming Anglo-German Summit. In particular they wish to know which Ministers we expect to participate. Subject to any necessary adjustments nearer the time, the Foreign and Commonwealth Secretary thinks we should plan on participation (in addition to the Prime Minister and himself) by the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, and the Secretaries of State for Defence, Trade and Industry. All these Ministers have pencilled the date in their diaries on the basis of your letter of 11 January to John Kerr; I should be grateful if you could let me know whether the Prime Minister agrees.

The German Embassy have also asked about arrangements for the Summit. Although it is clearly too soon to make detailed plans, we have, as requested in your letter of 20 January, drawn up the enclosed outline programme. If the Prime Minister agrees, we would like to pass a copy of this to the Germans and inform them that we are making provisional arrangements on this basis. You will note that the programme does not go beyond dinner, as we have no indication yet whether Chancellor Schmidt and other German Ministers intend to stay overnight.

I am copying this letter to David Wright (Cabinet Office) and to the Private Secretaries to the Ministers mentioned above.

Yours ever.

(F N Richards)
Private Secretary

Francis Richards

A J Coles Esq
10 Downing Street

ANGLO-GERMAN SUMMIT : 19 MARCH 1982

OUTLINE PROGRAMME

0930	Chancellor Schmidt and Herr Genscher arrive at RAF Benson (?)
0930	Other German Ministers arrive at RAF Northolt (?)
1015	Chancellor Schmidt and Herr Genscher arrive at Chequers
1015 - 1245	Tête-à-tête talks between Chancellor Schmidt and Prime Minister at Chequers
1015 - 1245	Tête-à-tête talks between Herr Genscher and Lord Carrington at Chequers
1030	Other Ministers arrive at various ministries in central London
1030 - 1300	Talks between other German Ministers and their British opposite numbers in London
1245 for 1300	Lunch at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher
1300 for 1315	Working lunches for other Ministers in London
1430 - 1600	Talks between Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher at Chequers
1500	Other Ministers leave London
1600	Tea at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher and other Ministers
1630 - 1800	Plenary meeting at Chequers
1800 - 1900	Press Conference at RAF Halton
1945 for 2000	Dinner at Chequers for Ministerial participants (subsidiary dinner for officials at The Bell, Aston Clinton)

Foreign and Commonwealth Office

London SW1A 2AH

17 February 1982

Dear John,

Anglo-German Summit: 19 March

The Germans have asked about plans for the forthcoming Anglo-German Summit. In particular they wish to know which Ministers we expect to participate. Subject to any necessary adjustments nearer the time, the Foreign and Commonwealth Secretary thinks we should plan on participation (in addition to the Prime Minister and himself) by the Chancellor of the Exchequer, the Minister of State for Defence, Trade and Industry. All these Ministers will already have the date pencilled in their diaries as a result of your letter of 11 January to John Kerr; I should be grateful if you could let me know whether the Prime Minister agrees.

The Germans have also asked about organisational arrangements for the Summit. Although it is too soon to make detailed plans, we have, as requested in your letter of 20 January, drawn up the enclosed outline programme. If the Prime Minister agrees, we would like to pass a copy of this to the Germans and inform them that we are making provisional arrangements on this basis. The programme does not go beyond dinner, as we have no indication yet whether Chancellor Schmidt and other German Ministers intend to stay overnight.

I am copying this letter to David Wright (Cabinet Office) and to the Private Secretaries to the Ministers mentioned above.

Agriculture, Fisheries and Food and Trade

Yours ever,

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

ANGLO-GERMAN SUMMIT : 19 MARCH 1982

OUTLINE PROGRAMME

0930	Chancellor Schmidt and Herr Genscher arrive at RAF Benson (?)
0930	Other German Ministers arrive at RAF Northolt (?)
1015	Chancellor Schmidt and Herr Genscher arrive at Chequers
1015 - ~~1245~~ 1145	Tête-à-tête talks between Chancellor Schmidt and Prime Minister at Chequers
1015 - ~~1245~~ 1145	Tête-à-tête talks between Herr Genscher and Lord Carrington at Chequers
1030	Other Ministers arrive at various ministries in central London
1030 ~~1300~~	Talks between other German Ministers and their British opposite numbers in London, followed by working lunches.
~~1245 for 1300~~ 1145 - 1315 (1315 for 1330)	Lunch at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher
~~(1300 for 1315~~	~~Working lunches for other Ministers in London)~~
~~1430 - 1600~~	Talks between Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher at Chequers
~~1500~~ 1400	Other Ministers leave London
1515 - 1645	Plenary session at Chequers for all participants in talks.
~~1600~~ 1645	Tea ~~at Chequers for Prime Minister, Chancellor Schmidt, Lord Carrington and Herr Genscher and other Ministers~~
~~1630 - 1800~~	~~Plenary meeting at Chequers~~
~~1800 - 1900~~ 1730 - 1830	Press Conference at RAF Halton
~~1945~~ 1915 for ~~2000~~ 1930	Dinner at Chequers for Ministerial participants (subsidiary dinner for officials at The Bell, Aston Clinton)

1,/ FFR

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F.6

Foreign and Commonwealth Office

London SW1A 2AH

11 February 1982

Sir Robert Armstrong KCB CVO
CABINET OFFICE

Dear Robert,

ANGLO-GERMAN SUMMIT: 19 MARCH

1. The next in the series of six-monthly Anglo-German consultations between the Prime Minister and Chancellor Schmidt will be held in Chequers/London on 19 March. The Private Secretary will be writing separately to John Coles about ministerial participation and the administrative arrangements, on which no decisions have yet been taken by the Prime Minister.

2. Since we are the home team on this occasion it is up to us to propose an agenda (or check-list of subjects for discussion, as the Germans prefer to call it). A suggested list at Annex A, which has been cleared at desk level around Whitehall, has been given to the German Embassy here on the understanding that it is subject to revision in the light of responses from the recipients of this letter. The Germans may come up with some ideas of their own and we shall keep your office informed if they do. It is as usual not intended that the Prime Minister cover all the subjects: we shall, nearer the time, draw up a schedule (along the lines of that enclosed at Annex D to the Steering Brief prepared for the last Summit) identifying the subjects which individual participants are expected to cover.

3. At Annexes B and C, I attach an assessment of British and likely German objectives for the meeting, and at Annex D a suggested list of briefs, the preparation of which will, I imagine, be coordinated in the usual way by the Cabinet Office. It would be useful to have an early indication of the deadline by which briefs will have to be with you. As the meeting is on a Friday it might perhaps be best to aim for a deadline of close of play on Monday 15 March; experience has shown that there is advantage in making this as close to the date of the Summit as is possible. Alternatively, the Prime Minister may prefer the briefs to be in her weekend box on Friday 12 March, even if some last minute additions/revisions then became necessary. It would also be useful to have an early indication of the timing of the Prime Minister's briefing session.

/4.

4. I understand that you propose to rearrange the postponed meeting of Permanent Secretaries for around the last week in February. Although this was originally intended to concentrate on follow-up to the last Summit and on the possible scope for greater inter-departmental coordination of policy towards the Federal Republic of Germany (David Wright's letter of 23 December 1981 to Andrew Burns), it can now also serve as the forum for discussion of the Steering Brief for the Summit. We shall therefore aim to circulate a draft in good time beforehand. The main Community briefs will, of course, be cleared through the Cabinet Office European Secretariat in the usual way.

5. I am sending copies of this letter to the Permanent Secretaries whose Ministers may be attending.

Yours ever,

Michael

Michael Palliser

cc: Sir Douglas Wass GCB
HM TREASURY

Sir Brian Hayes KCB
MAFF

Sir Frank Cooper GCB CMG
MINISTRY OF DEFENCE

Sir Peter Carey KCB
DEPARTMENT OF INDUSTRY

Sir Kenneth Barnes KCB
DEPARTMENT OF EMPLOYMENT

Sir Donald Maitland GCMG OBE
DEPARTMENT OF ENERGY

C A Whitmore Esq
10 DOWNING STREET

bcc: PS
PS/LPS
PS/PUS
Sir Peter Preston KCB, ODA
Mr Bullard
Lord Bridges
Mr Wright
Mr Day
Sir J Graham
Mr Goodison
Mr Hannay
HM Ambassador, Bonn

ANGLO-GERMAN SUMMIT: 19 MARCH

DRAFT CHECK LIST OF SUBJECTS FOR DISCUSSION

1. European Community Questions

(a) 30 May Mandate
(b) CAP Price-Fixing
(c) Enlargement of the Community
(d) The internal market of the Community (including liberalisation of air transport, insurance services, 'reconquest' of French market)
(e) Community Steel Policy
(f) European Union
(g) External trade issues (including textiles, EC/Japan, EC/USA, International Tin Agreement)

2. East/West and West/West Questions

(a) Poland
(b) Transatlantic relations in the light of the Polish crisis
(c) The NATO Summit
(d) The future course of East/West relations
(e) CSCE/CDE

3. Defence/Arms Control

(a) Defence Resource Issues including:
  (i) UK Defence Programme
  (ii) FRG Defence Programme
  (iii) Defence equipment collaboration
(b) Spain/NATO
(c) Greece/NATO
(d) INF/START
(e) MBFR

4. World Political Issues

(a) Afghanistan: how to keep the pressure on the Soviet Union
(b) Arab/Israel
(c) Turkey, Greece and the Eastern Mediterranean
(d) Iran/Iraq and its repercussions in the area
(e) Southern Africa/Namibia
(f) Central America

5. International Economic Questions

(a) International economic and monetary questions (including prospects in the UK and the FRG)
(b) US economic policy

ANNEX B

ANGLO-GERMAN SUMMIT: 19 MARCH

Primary United Kingdom Objectives

1. To keep the Germans as far as possible in step with the British approach to the Mandate negotiations, and to press our interests on other Community topics.

2. To reach agreement on the best way to preserve Alliance unity in the light of recent and possible developments, especially in Poland, and to discuss the future course of East/West relations.

3. To strengthen the UK/FRG relationship in the defence field, and to confirm our commitment, through the stationing of British Forces in Germany, to the defence of Europe, in spite of budgetary constraints.

4. To build on the goodwill generated at the last Summit (the tenth in the series).

Subsidiary United Kingdom Objectives

5. To exchange views on the international economic situation, with particular reference to US interest rate and trade policy.

6. To ensure that the German approach to nuclear arms control, particularly INF, remains closely aligned with our own.

7. To explain Her Majesty's Government's economic policies.

ANNEX C

ANGLO-GERMAN SUMMIT: 19 MARCH

Likely German Objectives

1. In view of their concern at current divergences of policy and view within the Alliance, and in particular between the US and Europe, to review and reach the widest possible agreement on:

(a) Current world political issues (especially Poland, arms control issues, East/West relations, Middle East, Southern Africa, Central America).

(b) Current economic issues (especially US and French economic policies - in particular US interest rates and their effect on the world economic situation - protectionism, inflation and unemployment, energy and North/South issues).

2. To further the prospects for an early conclusion to the discussion of the Mandate within the Community, and to promote their interests in other Community issues.

3. To review and reach the widest possible agreement on defence policy and planning issues in the light of the serious pressures on defence expenditure in both countries and with an eye to the handling of the NATO Summit in June.

4. To improve and strengthen their relationship with British Ministers, building on the present community of interest between the two governments.

5. To assess for themselves the prospects for Her Majesty's Government's policies in the light of current political and economic developments in the UK.

ANNEX D

ANGLO-GERMAN SUMMIT: 19 MARCH

PROPOSED LIST OF BRIEFS

		Lead Department	In Consultation with
1.	Steering Brief	FCO [WED]	As appropriate
2.	European Community Questions		
	a. Steering Brief on the European Community	FCO [ECD(I)]	MAFF, Treasury Trade
	b. 30 May Mandate	FCO [ECD(I)]	Treasury, MAFF
	c, CAP Price-Fixing	MAFF	FCO[ECD(I)] Treasury
	d. Common Fisheries Policy [Defensive]'	MAFF	FCO [ECD(I)]
	e. Enlargement of the Community	FCO[ECD(E)]	Treasury, Trade, MAFF, Employment
	f. EMS [Defensive]	Treasury	FCO [ECD(I)/ESID]
	g. Internal Market of the Community (including liberalisation of air transport, insurance services, 'reconquest'of French internal market)	Trade	FCO[ECD(I)], MAFF, Industry
	h. Community Steel Policy	Industry	FCO[ECD(I)]
	i. European Union	FCO[ECD(I)]	As appropriate
	j. External Trade Issues (including textiles, EC/ Japan, EC/USA, International Tin Agreement)	Trade	FCO[ECD(E)/TRED] Treasury
3.	Poland	FCO[EESD]	Treasury, Trade, MOD
4.	NATO Summit and Transatlantic relations in the light of the Polish crisis	FCO[Defence Dept/Planning Staff]	As appropriate

/ 5.

ANNEX D (continued)

5.	The future course of East/ West relations	FCO[EESD]	As appropriate
6.	CSCE/CDE	FCO [CSCE Unit]	
7.	Defence Matters	MOD	FCO[Defence Dept]
8.	Arms Control and Disarmament	FCO [Defence Dept]	MOD
9.	World Political Issues		
	a. Afghanistan: how to keep the pressure on the Soviet Union	FCO[SAD]	
	b. Arab/Israel	FCO[NENAD]	
	c. Turkey, Greece and the Eastern Mediterranean	FCO[SED]	
	d. Iran/Iraq and its repercussions in the area	FCO[MED]	
	e. Southern Africa/Namibia	FCO[SAfD]	
	f. Central America	FCO[MCAD]	
10.	International Economic and Monetary Questions	Treasury	FCO[ESID/ERD]
11.	US Economic Policy	Treasury	FCO[ESID/ERD]
* 12.	Franco-German relations	FCO[WED]	As appropriate
* 13.	FRG Scene		
	a. Political	FCO[WED]	
	b. Economic	Treasury	

* Background Brief

Germany

file

Germany

10 DOWNING STREET

From the Private Secretary

20 January 1982

Anglo/German Summit

Since writing to you yesterday about the Anglo/German Summit next March I by chance met Klaus Zeller of the Chancellery in Bonn at a lunch given by the German Ambassador today.

Zeller said that the Chancellor had not yet focussed on the arrangements for his next visit to London and that, as of now, the Germans had no strong views on whether he should stay for the night of 19/20 March or not. We agreed that we should plan on the basis that the Chancellor would arrive on the morning of 19 March and that in principle all working sessions would take place on that day. Meanwhile, we would keep open the option of the Chancellor staying at Chequers overnight on 19/20 March. Zeller thought that Herr Schmidt might conceivably want to make a private visit on the Saturday morning to e.g. an art gallery in London.

In the light of the above I do not think you need pursue enquiries in Bonn about the Chancellor's intentions. But it would be helpful if in due course you could let me have a proposed programme for the Summit.

A. J. COLES

F.N. Richards, Esq.,
Foreign and Commonwealth Office.

FILE

RM

Germany

10 DOWNING STREET

From the Private Secretary

19 January, 1982

Anglo/German Summit

You wrote to me on 11 January. You will since have seen my letter of the same day.

I think it would now be helpful to take the planning for this event a little further. As I told you orally the other day, we need to know whether Chancellor Schmidt is expecting to stay in this country on the night of 19/20 March and whether, therefore, some time on Saturday, 20 March would be available for meetings connected with the Summit. As you know, the Prime Minister will be attending the return banquet given by Qaboos on 18 March at the end of his state visit. She would, therefore, not be able to meet Chancellor Schmidt if he planned to arrive here on that evening.

Once you have established the Chancellor's travel plans, I should be grateful if you could let me have a proposed programme for the Summit which I might show to the Prime Minister.

A. J. COLES

F N Richards, Esq
Foreign and Commonwealth Office

10 DOWNING STREET

From the Private Secretary

11 January 1982

ANGLO/GERMAN SUMMIT: 19 MARCH 1982

The Prime Minister has agreed to 19 March as the date for the next Summit, which is to be held at Chequers. As on previous occasions, the Prime Minister will wish to involve other Ministers in the Summit programme. She will not decide who these will be until nearer the time, but I should be grateful if you and the other recipients of this letter could make an appropriate note in your diaries.

I am sending copies of this letter to Francis Richards (Foreign and Commonwealth Office), John Rhodes (Department of Trade), Ian Ellison (Department of Industry), David Omand (Ministry of Defence), Robert Lowson (Ministry of Agriculture, Fisheries and Food) and David Wright (Cabinet Office).

A. J. COLES

John Kerr, Esq.,
HM Treasury.

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

11 January 1982

Dear John,

Anglo/German Summit: 19 March 1982

In the course of the last Anglo/German Summit in Bonn Michael Alexander agreed with the Federal Chancellor's Office that the most suitable date for the next Anglo/German Summit would be Friday 19 March (Alexander's letter of 20 November to Richards). The Summit is due to be held on British soil and we assume that Chequers will, as usual, be the venue.

We hope that it will be possible to follow the previous practice of involving other Departmental Ministers from both sides in the Summit. While it is too early to decide who will be involved this time round, it might be as well to ensure that these dates are kept free in the diaries of Ministers who might particpate. Ministers attending the last Summit were - in addition to the Foreign and Commonwealth Secretary - the Chancellor of the Exchequer, the Secretaries of State for Trade, for Industry and for Defence, and the Minister of Agriculture, Fisheries and Food.

I attach a draft letter which you may care to send.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing St

CONFIDENTIAL

CONFIDENTIAL

DS[illegible] (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

PS/No 10

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:
PS/Chancellor of the Exchequer

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

ANGLO/GERMAN SUMMIT: 19 MARCH 1982

The Prime Minister has agreed to 19 March as the date for the next Summit, which is to be held at Chequers. As on previous occasions, the Prime Minister will wish to involve other Ministers in the Summit programme. She will not decide who these will be until nearer the time, but I should be grateful if you and the other recipients of this letter could make an appropriate note in your ~~Ministers'~~ diaries.

I am sending copies of this letter to Francis Richards (FCO), John Rhodes (Department of Trade), Ian Ellison (Department of Industry), David Omand (Ministry of Defence), Robert Lawson (MAFF) and David Wright (Cabinet Office).

AR 11/1

Enclosures—flag(s).....

Germany

COMMISSIONER OF POLICE
OF THE METROPOLIS

Sir David McNee QPM

NEW SCOTLAND YARD
BROADWAY LONDON SW1H OBG

22 May 1981

Dear Mr Alexander.

Thank you so much for your letter of 15 May. It will give me great pleasure to convey to the officers concerned the Prime Minister's thanks for the help given during Chancellor Schmidt's recent visit to London.

Yours sincerely.

David McNee

Mr Michael Alexander
Private Secretary
10 Downing Street
London SW1

HS

Germany

CF to file

15 May 1981

I am writing on the Prime Minister's behalf to thank you for the help given by the Metropolitan Police during the visit of Chancellor Schmidt earlier this week. I know that the police were particularly stretched at the time. Your provision of a special escort group was therefore the more appreciated.

MICHAEL ALEXANDER

Sir David McNee, Q.P.M.

HS

15 May 1981

I am writing on the Prime Minister's behalf to thank you for making available the facilities at RAF Halton on Tuesday morning. As was the case last year, the Press Conference was a great success: the setting in which it takes place is undoubtedly a major factor. The Prime Minister was most grateful.

MICHAEL ALEXANDER

Group Captain O.J. Truelove, M.B.E., R.A.F.

HS

15 May 1981

I am writing on the Prime Minister's behalf to thank you for the invaluable help provided by your force during Chancellor Schmidt's visit earlier this week. The escorts could not have carried out their duties more admirably. The Prime Minister was most grateful.

MICHAEL ALEXANDER

Chief Constable H.S. Ross, Q.M.M.

MR. ALEXANDER

Douglas Gordon from Protocol is anxious for you to write thank you letters to the following re the German visit:

1. Sir David McNee (a special escort group were specially helpful at a time when they were particularly stretched);

2. Chief Constable H. S. Ross, QPM: Thames Valley Police Headquarters, Oxford Road, Kidlington, Oxford, OX45 2NX (they provided the escorts);

3. Group Captain O. J. Truelove, MBE, RAF: Station Commander, RAF Halton, Aylesbury, Bucks.

C.S.

14 May 1981

Mr Sherman

GPS 310
UNCLASSIFIED
FM BONN 131415Z MAY 81
TO ROUTINE FCO
TELEGRAM NUMBER 367 OF 13 MAY
INFO SAVING WASHINGTON ATHENS COPENHAGEN THE HAGUE UKREP BRUSSELS
EMBASSY BRUSSELS ROME PARIS DUBLIN LUXEMBOURG

YOUR TELNO 714 TO WASHINGTON: ANGLO/GERMAN SUMMIT - FRG PRESS

1. THE SUMMIT IS THE SUBJECT OF MUCH COMMENT IN TODAY'S FRG PRESS. ALL REPORTS AND COMMENTS HIGHLIGHT THE EXCELLENCE OF THE ATMOSPHERE AND FRANKFURTER ALLGEMEINE ZEITUNG IS TYPICAL IN SEEING A CONSIDERABLE IMPROVEMENT IN ANGLO/GERMAN RELATIONS. GENERAL ANZEIGER SEES THIS AS A RESULT OF MITTERRAND'S VICTORY.

2. REPORTS MAKE MUCH OF THE JOINT WELCOME TO MITTERRAND AND NOTE THE ACCEPTANCE THAT THE TIMETABLE FOR THE NEXT STEPS IN EUROPE MAY HAVE TO SLIP A LITTLE, BUT SCHMIDT'S INSISTENCE ON A SOLUTION TO THE BUDGET PROBLEM BY THE END OF THE YEAR IS WIDELY REPORTED. WELT COMMENTS THAT WAITING FOR THE FRENCH HAS HOBBLED THE COMMUNITY FOR MANY MONTHS AND THE NEW PRESIDENT CANNOT COUNT ON BEING GRANTED SO GENEROUS A BREATHING SPACE.

3. WELT CITES IMFORMED SOURCES AS SAYING THAT BOTH BRITISH AND GERMAN LEADERS ARE MORE CAUTIOUS, FOLLOWING MITTERRAND'S ELECTION, IN ASSESSING THE CHANCES OF THE EC/MIDDLE EAST INITIATIVE. STUTTGARTER ZEITUNG, NOTING THAT IMPETUS TOWARDS EUROPEAN UNION IS GENSCHER'S IDEA AND NOT YET FRG POLICY, SAYS THE BRITISH EXPRESSED QUOTE POLITE INTEREST UNQUOTE BUT REJECTED ANY NEW TREATIES. IT ALSO REPORTS LAMBSDORFF AND SIR KEITH JOSEPH AS AGREEING THAT SUBSIDIES FOR STEEL ARE QUOTE IMMORAL UNQUOTE.

4. MUCH COMMENT FOCUSSES ON THE EXTENT TO WHICH BRITISH AND GERMAN INTERESTS COINCIDE OVER CAP REFORM AND BUDGET RESTRUCTURING, AND SUEDDEUTSCHE REMARKS THAT A YEAR AGO THE PRIME MINISTER WAS ALONE IN CALLING FOR THE CUTTING OF THE BRITISH CONTRIBUTION: NOW SHE AND SCHMIDT ARE ON THE SAME SIDE. WELT'S COMMENT (BY WIRTH) CONCLUDES THAT, SINCE THE MAIN RESISTENCE TO REFORM OF THE EC BUDGET COMES FROM PARIS, THE LINE-UP IS AUTOMATICALLY CLEAR. UNDER THE PRESSURE OF COMMON PROBLEMS A DEGREE OF POLITICAL COORDINATION AND CO-OPERATION WAS REACHED AT CHEQUERS WHICH DESERVES ACKNOWLEDGEMENT. THERE ARE SIGNS THAT CHEQUERS CAN BECOME THE START OF A NEW PARTNERSHIP AMONG THE BIG THREE WITHIN EUROPE.

FCO PLEASE PASS SAVING
GOODALL

[REPEATED AS REQUESTED]

FCO/WHITEHALL
WED

GRS 240
UNCLASSIFIED
FM PARIS 131555Z MAY 81
TO PRIORITY FCO
TELEGRAM NUMBER 354 OF 13 MAY 1981
INFO ROUTINE BONN
INFO SAVING BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, UKREP BRUSSELS, ATHENS.

ANGLO/GERMAN SUMMIT: FRENCH PRESS COVERAGE

1. THE FRENCH PRESS HAVE COVERED THE ANGLO/GERMAN SUMMIT AS PROMINENTLY AS INTERNAL PREOCCUPATIONS HAVE ALLOWED. THE TONE HAS GENERALLY -PERHAPS NOT UNNATURALLY- BEEN DETERMINED BY GISCARDIAN ATTITUDES AND HAS THEREFORE BEEN GRUDGING AND DEFENSIVE, WITH SOME SCEPTICISM EXPRESSED AS TO THE EXTENT OF FUTURE ANGLO/GERMAN COOPERATION. TODAY'S LE FIGARO (RIGHT-WING) REFERS DISMISSIVELY TO BRITISH OPTIMISM ABOUT THE NEW START IN RELATIONS WITH THE FRG AND, WHILE ADMITTING SOME IMPROVEMENTS, ATTRIBUTES THIS TO GERMAN FORBEARANCE AND A WILLINGNESS TO FORGET PREVIOUS ANNOYANCE WITH THE UK.

2. ALL PAPERS RECOGNISE THAT M GISCARD'S DEFEAT WILL MEAN THAT COMMON INTERESTS BETWEEN LONDON AND BONN MAY NO LONGER BE OBSCURED BY AN OVER-RIDING EMPHASIS ON FRANCO-GERMAN ENTENTE: THE AGREEMENT BETWEEN THE PRIME MINISTER AND CHANCELLOR SCHMIDT ON THE NEED FOR COMMUNITY BUDGET REFORM IS QUOTED AS AN EXAMPLE AND DESCRIBED BY LE MATIN (SOCIALIST) AS A WARNING TO M MITTERRAND. ALL PAPERS REPORT THE CHANCELLOR AND THE PRIME MINISTER AS ACCEPTING THAT LITTLE SUBSTANTIVE PROGRESS ON BUDGET REFORM WILL BE POSSIBLE UNTIL AFTER THE FRENCH LEGISLATIVE ELECTIONS.

3. LE MONDE (INDEPENDENT) HAS BEEN THE ONLY PAPER TO COVER IN ANY DETAIL THE OTHER SUBJECTS DISCUSSED, WITH LIBERAL REFERENCES TO BRITISH SATISFACTION AT THE TONE AND CONTENT OF THE DISCUSSIONS. LE MONDE DATED 14 MAY CARRIES NO EDITORIAL COMMENT, BUT COMMENTS THAT THE TALKS ''HAVE CONFIRMED THAT RELATIONS BETWEEN THE TWO GOVERNMENTS HAVE CLEARLY WARMED UP''.

FCO PLEASE PASS SAVING.

HIBBERT (REPEATED AS REQUESTED)

FCO WHITEHALL
WED

CONFIDENTIAL

cc PM
IND
MAFF
TRADE
CO

10 DOWNING STREET

From the Private Secretary

13 May 1981

Visit by Chancellor Schmidt

I enclose a copy of the record of the discussion in plenary session between the Prime Minister and Chancellor Schmidt at Chequers on Monday.

I am sending copies of this letter and its enclosure to John Wiggins (HM Treasury), Ian Ellison (Department of Industry), Kate Timms (Ministry of Agriculture, Fisheries and Food), John Rhodes (Department of Trade) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

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SUBJECT

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY, HERR HELMUT SCHMIDT, AT CHEQUERS ON MONDAY 11 MAY 1981 AT 1800 HOURS

Present

The Prime Minister
Foreign and Commonwealth Secretary
Chancellor of the Exchequer
Secretary of State for Industry
Minister of Agriculture, Fisheries and Food
Secretary of State for Trade
Sir Robert Armstrong
Sir Michael Palliser
Sir Brian Hayes
Sir Jock Taylor
Mr. Julian Bullard
Mr. Michael Franklin
Lord Bridges
Mr. Gordon Manzie
Mr. Robin Gray
Mr. Clive Whitmore
Mr. Bernard Ingham
Mr. D.J.S. Hancock
Mr. Michael Alexander
Mr. George Walden
Mr. David Gladstone

Herr Helmut Schmidt
Herr Genscher
Graf Lambsdorff
Herr Ertl
Herr Schulmann
Herr Kurt Becker
Herr Hans-Jürgen Rohr
Herr Jürgen Ruhfus
Herr Herrmann Heick
Herr Per Fischer
Herr Franz Pfeffer
Herr Otto von der Gablentz
Herr von Alten
Herr Gero Mocklinghoff
Herr Klaus Zeller
Herr Waldemar Müller-Thuns
Herr Merkel
Herr Reinhold Frickhinger
Herr Wilfred Heck
Herr Reinhold Schenk
Herr Walter Rode
Herr Karl Paschke
Herr Kiewitt

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Summing up her discussions with Chancellor Schmidt, the Prime Minister said that their talks had been dominated by the outcome of the French Presidential election. They had noted that the next European Council seemed likely to fall the day after the second ballot of the French Legislative elections, which would make it very difficult for Heads of Government to take decisions.

On CAP reform and budget restructuring, the Prime Minister said that they had agreed that M. Thorn should stick to the

/ timetable

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timetable for submitting proposals for reform. The British and German Government positions were very much the same: we must stick to the 1 per cent VAT ceiling and find methods to reduce surpluses. Co-responsibility levies, which amounted to another way of raising finance, could frustrate our joint aim of holding to the 1 per cent ceiling. National aids should not be allowed to encourage surplus production. They had agreed on the importance of finding a solution to the problem of steel. On trade with Japan, they had agreed that there must be discussion at the next Heads of Government meeting.

The Prime Minister said that on defence, she and the Chancellor had noted the problem posed by collaborative ventures, especially if there were no agreement on whom the products could be sold to. They had compared notes on their visits to Saudi Arabia and her own visits to the Gulf and India. On Arab/Israel they had agreed that the Camp David process would continue to the point where the remainder of Sinai had been handed back to Egypt. There would probably be further activity by the US before that time, but no major new European initiative. The implementation of the Venice Declaration would continue. On East/West relations, they had noted that Herr Schmidt would be seeing President Reagan shortly and that the latter had sent a hand-written message to Mr. Brezhnev. They had endorsed the NATO communique with special reference to the passage on TNF negotiations.

The Foreign and Commonwealth Secretary said that he and Herr Genscher had agreed that the NATO meeting, which the Europeans had approached with some trepidation, had turned out very satisfactorily, both for the US and for Europe. They could only speculate about the foreign policies of the new French government, which would depend partly on the personality of the new Foreign Minister. He and Herr Genscher were agreed on the following likely consequences of the election outcome: East/West relations would be little changed; the essentials of French defence policy would not change (especially on the nuclear side); in the third world France might wish to adjust her policy towards, e.g.

/ black Africa

black Africa and Central America. This could have some impact on the policies of the West as a whole: it was, for example, not certain that France would again join the US and the UK in vetoing resolutions on South Africa. The new French Government might also give higher priority to her relations with Israel as opposed to those with Arab governments. As to the Community, a decision on restructuring, which was badly needed by the end of the year, would now be harder to reach. Every effort must be made to press ahead after the French Legislative elections.

Turning to the third world, the Foreign and Commonwealth Secretary said that there was an obvious danger of conflict between Israel and Syria if Israel "took out" the Syrian Surface to Air Missiles in the Lebanon. Both sides would probably seek to avoid conflict, though Mr. Begin might go too far. Only the US had the influence to affect Israeli decision-making substantially. Asked by Herr Schmidt about the future of Namibia, the Foreign and Commonwealth Secretary drew attention to the South African Foreign Minister's visit to the US the following week. It was not clear whether South Africa seriously wanted a settlement. He hoped that the Washington meeting at the end of the month would be able to devise constitutional safeguards which would secure the support of the internal parties while being acceptable to the Front Line States. Herr Schmidt said that President Eanes on a recent private visit had warned strongly of the need to abstain from "fiddling around" with UNITA. Eanes thought this would be disastrous.

Asked to report on his discussions with Herr Schulmann, the Chancellor of the Exchequer said that the UK and FRG shared interests as the joint paymasters of the Community. They were at one on the importance of the 1 per cent VAT ceiling and reform of the CAP. On the latter, they stressed the need for a prudent price policy leading to a reduction of surpluses and supplemented by the right kind of co-responsibility measures. Changes would be needed in intervention techniques to reduce the cost to the Community. It was necessary to hold the rate of increase in

/ guarantee

guarantee expenditure markedly below the rate of increase in own resources. Structural fund expenditure should be expanded within the 1 per cent ceiling and concentrated on the areas of greatest need. The administrative costs of Community institutions should be held down. To the extent that CAP reform and other policies did not succeed in preventing the development of unacceptable situations (in response to an intervention by Herr Schmidt, the Chancellor of the Exchequer explained that this meant Britain and Germany having to pay too much), it would be necessary for the Community to take conscious decisions on the shape of the budget and devise mechanisms to prevent such situations arising. There would be further exchanges of views with the German Government on possible mechanisms.

Herr Schmidt asked whether the British Government were contemplating unilateral action to achieve their ends. The Chancellor of the Exchequer said that decisions would have to be taken by the Ten. The Prime Minister commented that Herr Schmidt and M. Giscard had spoken earlier of the possible need to set a limit on payments to and benefits from the Community budget. This would not be easy to achieve. Herr Schmidt recalled that at Maastricht he had said he would propose a limit on the FRG contribution. The Chancellor of the Exchequer said that this would require a mechanism. The Commission must put forward options for consideration at the next European Council. The British Government would then make their position clear so that others could not evade the issue. The Prime Minister asked whether the timing of the European Council might be affected by the French Legislative elections. Herr Schmidt agreed that it might be difficult for President Mitterrand to attend a Council the day after the second ballot. However, any proposal for a postponement must come from the French Government. Taking up the Chancellor of the Exchequer's point, Herr Schmidt said that the mandate given to M. Thorn required him to put proposals to the European Council: we should not make it too easy for him by allowing him simply to put forward a large number of options. The Chancellor of the Exchequer said that the Council should have before it clear proposals of the kind they had discussed.

/ Reporting

Reporting on his discussion with the Secretary of State for Industry, Graf Lambsdorff said they had concentrated on three issues: steel, textiles and trade with Japan. On steel, they expected that the Council of Ministers on 25 May would be able to confirm the voluntary producers agreement. This covered 95 per cent of the market; what was needed was an interim solution on the basis of Article 95 to cover the German firm Klöckner. As a last resort, this firm could be forced into the system by applying quotas under Article 58 to the product they made - hot rolled coil. This arrangement could be policed by the Commission. There would be a difficulty if the position of France changed following the election: this could affect the timetable for phasing out subsidies. It was very important to reach a result on 25 May, otherwise the third quarter of 1981 could be chaotic: steel producers faced great losses. The British and German governments agreed that subsidies must end; he himself now accepted that restructuring in the UK had come later than in the FRG. He understood that Sir Keith Joseph had told BSC that there would be no further subsidies and that the UK would henceforward follow the new aids decision.

Herr Schmidt asked whether this meant that Ministers had found a way of including Klöckner in the proposed arrangements such as would be acceptable to the Commission and valid before the Court. If so, it was good news. What would be said in public? Graf Lambsdorff said that the arrangement must remain confidential pending final scrutiny by the Legal Advisers. But everyone agreed that it was feasible. He explained that Article 58 could be applied to one product but not to a single company. The problem was that one producer of the magnitude of Klöckner could wreck the whole system if it remained outside. Herr Schmidt said he found interesting the spectacle of a neo-liberal forcing a private company into a cartel.

On trade with Japan, Graf Lambsdorff criticised the 'voluntary' US/Japan agreement on cars. The Europeans would have to live with this agreement but an agreed line must be prepared in the Article

113 Committee for Sir R. Denman's use in Tokyo. This should cover four main issues:

a) the Japanese argument that protection for the US motor industry was justified since that industry, unlike its European equivalent, was restructuring itself;

b) the European expectation that there would be no diversion to Europe of cars which would now not be sold in the US market;

c) the European insistence that there should in any case be no increase in 1981 imports over the 1980 figures (while avoiding putting precise figures to the Japanese since the differing practices of member states needed to be disguised);

d) the necessity for Japan to open their market and change their import structure (at present finished goods accounted for only 30-40 per cent of imports).

The Secretary of State for Trade concurred: he hoped that the Japanese could be persuaded to restrict the volume of motor exports without detailed figures having to be discussed. Graf Lambsdorff suggested that Foreign Ministries could help by taking parallel action through the Ambassadors of the Ten in Tokyo after the decision of the Council.

On textiles, Graf Lambsdorff said there was agreement that the multifibre agreement must be prolonged. In an ideal world he would prefer to have no such agreement, but he accepted that it was a practical necessity. The difficulty would be obtaining the signatures of the developing countries for a new agreement given that the existing bilateral agreements did not expire until December 1982. The FRG believed that Singapore, the Philippines, South Korea and Hong Kong should receive less favourable treatment than India, Sri Lanka and others but had noted the UK arguments that Hong Kong was an open market and deserved special consideration. As to duration of a new agreement, the FRG thought that three years was long enough but

/would

would compromise on five. The Secretary of State for Trade noted the difference of emphasis between the British and German Governments on this issue. The UK Government tended to take a more restrictive view but he thought agreement could be reached that the new agreement should not run for more than five years; and that a distinction should be drawn between the poorest developing countries and the others. Hong Kong should not be penalised.

Graf Lambsdorff said that the British position on outward processing was not acceptable. There was also still disagreement over origin marking. The German Government had asked the Commission to review the question under Article 30 of the Treaty since they regarded a requirement for marks of origin as equivalent to an import restriction with a similar effect as quotas. The Secretary of State for Industry said that as regards telecommunications, the British Government were removing the monopoly on telephones. British exporters were facing difficulties in the German market and he had agreed with Graf Lambsdorff to provide the latter with details.

Asked to report on his discussions with Herr Ertl, the Minister of Agriculture said that it was proving difficult to tackle the problem of surplusses since all ten members of the Community had different views. The British proposal for a superlevy was unacceptable to the FRG whose milk producers were less efficient. The UK for its part was a net importer and did not wish to reduce production. Any mechanism would thus affect the two countries quite differently. The UK objected to co-responsibility levies because they passed the extra cost on to the consumer. British and German views on cereals also differed. The British side thought it important to take a long term view of acceptable production levels but Herr Ertl had pointed out that attempts to tackle the problem had always failed in the past. The problem would, however, get worse when there were ten beneficiaries from the system instead of eight as at present.

/Turning to fish,

Turning to fish, the Minister of Agriculture said that it was agreed that the outcome of the French elections would make it impossible to reach a solution in June. In the light of M. Mitterrand's pre-election comments it seemed likely that any solution acceptable to the UK would not be acceptable to France. The British and German Governments both deeply wanted a settlement and would remain in close contact with a view to bringing influence to bear on France.

On enlargement, Herr Ertl commented that every new member cost the Community money. The Prime Minister said this had not been true of the UK. Herr Ertl said that Greece, Spain and Portugal wanted to improve and increase their farm production with Community finance. The Prime Minister said that Ministers of Agriculture were good at analysing the problems of the CAP. But when was Herr Ertl, with so many years of experience, going to produce solutions? Herr Ertl said that depended on the Ten and not on the FRG alone.

Summing up, the Prime Minister said it would be impossible to sort out all these problems in the next six months. A period of uncertainty in the Community was now inevitable. We must seek to make the best of it and if possible turn it to mutual advantage. There were no undue differences between the British and German positions and contact would be maintained. It had been a very useful day's work.

The meeting ended at 1900 hours.

13 May 1981

Schmidt
Genscher
Lambsdorff
Ertl
Schulmann
Becker
Hans-Jurgen Rohr
Rhufus
Heick
Fischer
Pfeffer
von der Gablentz
von Alten
Mocklinghoff
Zeller
Muller-Thuns
Merkel
Frickhinger
Heck
Schenk
Rode
Paschke
Kiewitt

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

CR

Type for signature. Bonl first ask W.E.D. to put the Germans in protocol order.

Your Reference

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CAVEAT.....

Mr Alexander

(copy sent to Mr. Franklin)

12/5

(1) (10) (6) (13) (11) (2) (4) (5)

Enclosures—flag(s).....

SUBJECT:

RECORD OF DISCUSSION BETWEEN THE PRIME MINISTER AND THE CHANCELLOR OF THE FEDERAL REPUBLIC OF GERMANY, HERR HELMUT SCHMIDT, AT CHEQUERS ON MONDAY 11 MAY 1981 (at 1800 HOURS

Present

Prime Minister	Herr Helmut Schmidt
Foreign and Commonwealth Secretary	Herr Genscher
	Graf Lambsdorff
Chancellor of the Exchequer	Herr Ertl
Secretary of State for Industry	Herr Schulmann
	Herr Kurt Becker
Minister of Agriculture, Fisheries and Food	Herr Herrmann Heick
Secretary of State for Trade	Herr Otto von der Gablentz
	Herr Klaus Zeller
Sir Robert Armstrong	Herr Merkel
Mr Clive Whitmore	Herr Reinhold Frickhinger
Mr Michael Franklin	Herr Jürgen Ruhfus
Mr Michael Alexander	Herr Franz Pfeffer
Mr Bernard Ingham	Herr Per Fischer
Sir Michael Palliser	Herr Reinhold Schenk
Sir Jock Taylor	Herr Karl Paschke
Mr Julian Bullard	

DSR 11C

Lord Bridges	Herr Waldemar Müller-Thuns
Mr George Walden	Herr Hans-Jürgen Rohr
Mr David Gladstone	Herr Gero Möcklinghoff
Mr D J S Hancock	Herr Walter Rode
Sir Brian Hayes CB	~~Herr Horst Schulmann~~
Mr Gordon Manzie	Herr Wilfrid Heck
Mr Robin Gray	Herr von Alten
	Herr Kiewitt

1. Summing up her discussions with ~~Herr~~ Chancellor Schmidt, the Prime Minister said that their talks had been dominated by the outcome of the French Presidential election. They had noted that ~~the fact that~~ the next European Council ~~fell~~ seemed likely to fall the dayafter the second ballot of the French Legislative elections, which would make it very difficult for Heads of Government to take decisions.

2. On CAP reform and budget restructuring, the Prime Minister said that they had agreed that M Thorn should stick to the timetable for submitting proposals for reform. The British and German Government positions were very much the same: we must stick to the 1% VAT ceiling & find methods to reduce surpluses. ~~and find other ways of raising finance~~. Coresponsibility levies (which amounted to another way of raising finance) could frustrate our joint aim of holding to the 1% ceiling. National aids should not be allowed to further encourage surplus production. ~~and a method of reducing surpluses must be found which would fall as a charge on the Community budget~~. They had agreed on the importance of finding a solution to the problem of steel. On trade with Japan, they had agreed that there must be discussion at the next Heads of Government meeting.

3. ~~Turning to wider issues~~, The Prime Minister said that

/on

On defence, she and the Chancellor had noted the problem posed by collaborative ventures, especially if there were no agreement on whom the products could be sold to. They had compared notes on their visits to Saudi Arabia and her own visits to the Gulf and India. On Arab/Israel they had agreed that the Camp David process would continue to the point where the remainder of Sinai had been handed back to Egypt. There would probably be ~~no fresh initiative~~ further activity by the US before that time, ~~nor any~~ but no major new European ~~Community~~ initiative. ~~before the Camp David process was complete.~~ The implementation of the Venice Declaration would continue. On East/West relations, they had noted that Herr Schmidt would be seeing President Reagan shortly and that the latter had sent a hand-written message to Mr Brezhnev. They had endorsed the NATO communique with ~~a~~ special reference to the passage on ~~arms control.~~ TNF negotiations.

4. The Foreign and Commonwealth Secretary said that he and Herr Genscher had agreed that the NATO meeting, which the Europeans had approached with some trepidation, had turned out very satisfactorily, both for the US and for Europe. They could only speculate about the foreign policies of the new French government, which would depend partly on the personality of the new Foreign Minister. ~~but~~ He + Herr Genscher were agreed on the following ~~broad~~ likely consequences of the election outcome: East/West relations would be little changed; the essentials of ~~Western~~ French defence policy would not change (especially on the nuclear side); in the third world France might wish to ~~take~~ adjust her policy towards ~~greater care might need to be taken over the West's relations in her~~ ~~with~~ eg. black Africa and Central America; it was, for example, not certain that France would ~~now~~ again join the US and the UK in vetoing resolutions on South Africa, ~~greater~~ / the new ~~care~~

This ~~which~~ could have same impact on the policies of the west as a whole:

~~care might also have to be taken over Israel, since~~ The new French Government ~~would be less pro-Arab~~ ~~and less fully committed to the Venice Declaration~~. As to the Community, a decision on restructing, which was badly needed by the end of the year, would now be harder to reach. Every effort must be made to press ahead after the French Legislative elections.

5. Turning to the ~~Middle East~~, the Foreign and Commonwealth Secretary said that there was an obvious danger of conflict between Israel and Syria if Israel "took out" the Syrian ~~SAM's~~ ~~sites in~~ Lebanon. Both sides ~~wished~~ to avoid conflict, though Mr Begin might ~~be tempted to~~ go too far. ~~We must leave the US to handle the matter since~~ Only the had ~~any~~ ~~necessary~~ influence ~~with~~ Israel. Asked by Herr Schmidt about the future of Namibia, the Foreign and Commonwealth Secretary drew attention to the South African Foreign Minister's visit to the US the following week. It was not clear whether South Africa seriously wanted a settlement. He hoped that the Washington meeting at the end of the month would be able to devise constitutional safeguards ~~such as to ensure the acquiescence~~ of the ~~existing~~ parties ~~and also be~~ acceptable to the Front Line States. Herr Schmidt said that President Eanes on a recent visit had warned strongly of the need to abstain from ~~meddling~~ with UNITA. ~~He appeared to understand Angola.~~ ~~which he (Eanes)~~ Eanes thought ~~this~~ would be disastrous.

6. Asked to report on his discussions with Herr Schulmann, the Chancellor of the Exchequer said that ~~they had covered much the same ground as the Foreign Ministers.~~ The UK and

/FRG

FRG shared interests as the joint Paymasters of the Community. They were at one on the importance of the 1% VAT ceiling and reform of the CAP. On the latter, they stressed the need for a prudent price policy leading to a reduction of surpluses and supplemented by the right kind of co-responsibility measures. Changes would be needed in intervention techniques to reduce the cost to the Community. It was necessary to hold the rate of increase in guarantee expenditure markedly below the rate of increase in own resources. Structural fund expenditure should be expanded within the 1% ceiling concentrated on the areas of greatest need. The administrative costs of Community institutions should be held down. To the extent that CAP reform and other policies did not succeed in preventing the development of unacceptable situations (in response to an intervention by Herr Schmidt, the Chancellor of the Exchequer explained that this meant Britain and Germany having to pay too much), it would be necessary for the Community to take conscious decisions on the shape of the budget and devise mechanisms to prevent such situations arising. There would be further exchanges of views with the German Government on possible mechanisms.

7. Herr Schmidt asked whether the British Government were contemplating unilateral action to achieve their ends. The Chancellor of the Exchequer said that decisions would have to be taken by the Ten. The Prime Minister commented that Herr Schmidt and M Giscard had spoken earlier of the possible need to set a limit on payments to and benefits from the Community budget. This would not be

/easy

easy to achieve ~~this result.~~ Herr Schmidt recalled that at Maastricht he had said he would propose a limit on the FRG contribution. The Chancellor of the Exchequer said that this would require a mechanism. The Commission must put forward options for consideration at the next European Council. The British Government would then make their position clear so that others could not evade the issue. The Prime Minister asked whether the timing of the European Council might be affected by the French Legislative elections. Herr Schmidt agreed that it might be difficult for President Mitterrand to attend a Council the day after the second ballot. However, any proposal for a postponement must come from the French Government. Taking up the Chancellor of the Exchequer's point, Herr Schmidt said the mandate given to M ~~Thom~~ Thorn required him to put proposals to the European Council: we should not make it too easy for him by allowing him simply to put forward a large number of options. The Chancellor of the Exchequer ~~agreed~~ said that the Council should have before it clear proposals of the kind they had discussed.

8. Reporting on his discussion with the Secretary of State for Industry, Graf Lambsdorff said they had concentrated on three issues: steel, textiles and trade with Japan. On steel they expected that the Council of Ministers on 25 May would be able to confirm the voluntary producers agreement. This covered 95% of the market; what was needed was an interim solution on the basis of Article 95 to cover the German firm Klöckner. As a last resort, this firm could be forced, ~~by steps taken under Article 58,~~ into the ~~quota~~ system ~~for~~ by affixing quotas under Article 58 to the product they made – hot rolled coil. This arrangement could be policed by the Commission. There would be a difficulty if the

/position

position of France changed following the election: this could affect the timetable for phasing out subsidies. It was very important to reach a result on 25 May, otherwise the third quarter of 1981 could be chaotic: steel producers faced great losses. The British and German governments agreed that subsidies must end; he himself now accepted that restructuring in the UK had come later than in the FRG. ~~and~~ He understood that Sir Keith Joseph had told BSC that there would be no further subsidies and that the UK would henceforward follow the new aids decision.

9. Herr Schmidt asked whether this meant that Ministers had found a way of including Klöckner in the proposed arrangements such as would be acceptable to the Commission and valid before the Court. If so it ~~would not be necessary to pursue the matter. He asked whether it was intended to make the arrangement public~~ was good news. What would be said in public. Graf Lambsdorff said that the arrangement must remain confidential pending final scrutiny by the Legal Advisers. But everyone agreed that it was feasible. He explained that Article 58 ~~can~~ could be ~~invoked providing all producers agreed~~ applied to one product but not to a single company, ~~except Klöckner~~. The problem was that one producer of the magnitude of Klockner could wreck the whole system if it remained outside. Herr Schmidt said he ~~found interesting~~ ~~would be~~ the ~~spectacle of~~ a neo-liberal forcing a private company into a cartel. [as types]

10. On trade with Japan, Graf Lambsdorff criticised the 'voluntary' US/Japan agreement on cars. The Europeans would have to live with this agreement but an aspect line must be prepared in the Article 113 Committee for Sir R Denman's ~~visit to~~ use in Tokyo. This should cover four main issues: ~~covering four main issues~~

a) ~~a defence against~~ the Japanese argument that protection for the US motor industry was justified since that industry, unlike its European equivalent, was ~~in the process of adjusting~~ restructuring itself; ~~by contrast with the European industry~~;

b) the European expectation that there would be no diversion to Europe of cars which would now not be sold in the US market; ~~would similarly not be sold in Europe;~~

c) ~~the avoidance of~~ without putting precise figures to the Japanese (in order to discuss the fact that the French were in practice imposing a 3% quota which was contrary to EC rules) (the European insistence that there should be no increase in 1981 imports over the 1980 figures) (while avoiding putting precise figures to the Japanese since the differing practices of member states needed to be disguised) (in any case);

d) the necessity ~~of seeking~~ for Japan~~ese agreement~~ to open~~ing~~ their market and chang~~ing~~e their import structure (at present finished goods accounted for only 30-40% of imports).

11. The Secretary of State for Trade concurred: he hoped that the Japanese could be persuaded to restrict the volume of motor exports without detailed figures having to be discussed. Graf Lambsdorff suggested that Foreign Ministries could help by ~~making the position clear to~~ taking parallel action through ~~Japanese~~ the Ambassadors of the Ten in Tokyo after the decision of the Council.

12. On textiles, Graf Lambsdorff said there was agreement that the multifibre agreement must be prolonged. In an ideal world he would prefer to have no such agreement, but he accepted that it was a practical necessity. The difficulty would be obtaining the signatures of the developing countries for a new agreement given that the existing bilateral agreements did not expire until December 1982. The FRG ~~accepted~~ believed that Singapore, the Philippines, South Korea and

/Hong

Hong Kong should receive less favourable treatment than India, Sri Lanka, and others. ~~though they had doubts about the openness of the Hong Kong market.~~ As to duration of a new agreement, the FRG thought that three years was long enough but would compromise on five. The Secretary of State for Trade noted the difference of emphasis between the British and German Governments on this issue. ~~They agreed that:~~

~~(a)~~ the new agreement should not run for more than five years; and that

~~(b)~~ a distinction should be drawn between the poorest developing countries and the others. ~~He maintained that~~ Hong Kong ~~had an open market and~~ should not be penalised, ~~by comparison with~~ ~~other~~ eg. the ~~ASEAN countries~~.

but had noted the UK argument that Hong Kong was an open market and deserved special consideration.

The UK Govt tended to take a more restrictive view but he thought agreement could be reached that

13. Graf Lambsdorff said ~~noted~~ that the British position ~~government adopted a restrictive attitude towards~~ on outward processing was not acceptable. There was also still disagreement over origin ~~the problem of~~ marking. ~~of origin.~~ The German government had asked the Commission to review the question under Article 30 of the Treaty since they regarded a requirement for marks of origin as equivalent to an import restriction with a similar effect as ~~to~~ quotas. The Secretary of State for Industry said that as regards telecommunications, the British Government were removing ~~reducing~~ the monopoly on telephones. British exporters were facing difficulties in the German market and he had agreed with Graf Lambsdorff to provide the latter with details.

14. Asked to report on his discussions with Herr Ertl, the Minister of Agriculture said that it was proving difficult to tackle the problem of surpluses since all ten members of the Community had different views. The British proposal for a superlevy was unacceptable to the FRG whose milk producers were less efficient. The UK for its part was a net importer and did not wish to reduce production. Any mechanism would thus affect the two countries quite differently. The UK objected to coresponsibility levies because they passed the extra cost on to the consumer. British and German views on cereals also differed. The British side thought it important to take a long term view of ~~the problem,~~ acceptable production levels but Herr Ertl had pointed out that attempts to tackle the problem had always failed in the past. The problem would, however, get worse when there were ten beneficieries from the system instead of eight as at present.

15. Turning to fish, the Minister of Agriculture said that it was agreed that the outcome of the French elections would make it impossible to reach a solution in June. In the light of M Mitterrand's pre-election comments it seemed likely that any solution acceptable to the UK would not be acceptable to France. The ~~British and German governments~~ both deeply wanted a settlement and, would remain in close contact with a view to bringing influence to bear on France.

16. On enlargement, Herr Ertl commented that every new member cost the Community money. (The Prime Minister ~~contested~~ said this ~~statement in the case~~ had not been true of the UK. Herr Ertl said that Greece, Spain and Portugal wanted to improve and increase their

/farm

farm production with Communtiy finance. ~~Asked by~~ The Prime Minister said ~~when this old problem might find a solution,~~ Herr Ertl said that depended on the Ten and not on the FRG alone.

17. Summing up, the Prime Minister said it would be impossible to sort out all these problems in the next six months. A period of uncertainty in the Community was now inevitable, ~~and~~ We must seek to ~~make the best of it and turn~~ it to ~~mutual~~ the best advantage. There were no undue differences between the British and German positions and contact would be maintained. It had been a very useful day's work.

18. The meeting ended at 1900 hours.

That Ministers of Agriculture were good at analysing the problems of the CAP. But when was Herr Ertl, with so many years of experience, going to produce solutions?

CONFIDENTIAL

cc: MOD

DK

file

10 DOWNING STREET

From the Private Secretary

12 May 1981

Visit of the Chancellor of the Federal Republic: Tornado

I will be sending separately a copy of the record of the plenary session at Chequers yesterday.

The Prime Minister has told me that most of the issues which came up in her talks with Herr Schmidt were referred to at the plenary session. However there is one point which was not and which may be worth mentioning.

The Prime Minister raised the question of our wish to sell Tornado in one version or another to the Saudis. Chancellor Schmidt said that he himself had no objection to this. However the idea was politically unnegotiable in Germany at the moment. Opposition in the Bundestag would be too great.

I am sending a copy of this letter to Brian Norbury (Ministry of Defence).

M. O'D. B. ALEXANDER

CS

George Walden, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

No. 10

ADVANCE COPY

IMMEDIATE

PS
PS/LPS
PS/PUS
MR BULLARD
LORD BRIDGES
MR. FERGUSSON
MR. HAYNAY
MR GILLMORE
HD WED
HD ECD-E (L)
HD ECD-I (L)
HD EESD
HD NEWAD

PAFO ØØ1/11

OO FCO DESKBY 11Ø6Ø

OO BONN DESKBY 11Ø7Ø

GRS 84Ø
CONFIDENTIAL
DESKBY 11Ø6ØØZ FCO
DESKBY 11Ø7ØØZ BONN
FM PARIS 11Ø1ØØZ MAY
TO IMMEDIATE FCO
TELEGRAM NUMBER 34Ø OF 11 MAY 1981
INFO IMMEDIATE BONN

YOUR TELNO 159: FRENCH PRESIDENTIAL ELECTION

1. IT IS DIFFICULT TO SEE M MITTERRAND'S VICTORY AS THE RESULT OF POPULAR ENTHUSIASM FOR HIM. IT IS MUCH MORE A REJECTION OF M GISCARD AND HIS STYLE, WITH MANY GLAD TO SEE HIM TOPPLED. AT THE TIME OF WRITING, M MITTERRAND SEEMS TO HAVE WON BY ABOUT 4 PERCENTAGE POINTS, WHICH IS A GOOD SHOWING IN FRENCH TERMS. BUT HE WOULD BE FOOLISH TO REGARD IT AS A STRONG VOTE OF CONFIDENCE IN HIMSELF OR IN THE SOCIALIST PARTY. AND, QUITE APART FROM THE AMBIGUITY OF THE COMMUNIST VOTE, THE SOCIALIST PARTY ITSELF WILL NOT NECESSARILY STAY UNANIMOUSLY BEHIND HIM. AS WELL AS BEING A VOTE AGAINST M GISCARD, THE VOTE HAS BEEN AGAINST THE ECONOMIC CRISIS. M MITTERRAND WILL NOW HAVE TO TRY TO DELIVER ON HIS PROMISES TO SOLVE UNEMPLOYMENT AND INFLATION.

2. AS I EXPLAINED IN MY TELNO 334, M MITTERRAND IS COMMITTED TO DISSOLVING THE NATIONAL ASSEMBLY STRAIGHT AWAY IN ORDER TO TRY TO GET A MAJORITY WHICH WILL SUPPORT HIM. DURING THE PRE-ELECTORAL PERIOD WHICH WILL NOW FOLLOW, THE SAME CONSTRAINTS WHICH MADE HIM APPEAR SO IMMOBILE DURING THE ELECTION CAMPAIGN WILL CONTINUE TO

APPEAR SO IMMOBILE DURING THE ELECTION CAMPAIGN WILL CONTINUE TO OPERATE. WHILE HE WILL HAVE TO TAKE OVER THE REINS OF GOVERNMENT AND START MAKING THE EXTENSIVE CHANGES IN PERSONNEL NECESSARY TO GET AN EFFECTIVE GRIP ON THE ADMINISTRATION, HE IS UNLIKELY TO BE IN A POSITION TO TAKE ANY MAJOR POLICY INITIATIVES IN THE PRE-ELECTORAL PERIOD.

3. ONCE THE ELECTIONS ARE OVER, WHICH WOULD AT THE EARLIEST BE BY END JUNE, HE WOULD HAVE TO FACE UP TO FINDING A MAJORITY IN THE NATIONAL ASSEMBLY. I ASSUME, AND SO DOES EVERYONE ELSE, THAT HE CANNOT GET A SOCIALIST MAJORITY, ALTHOUGH THE SOCIALIST PARTY MAY BE STRENGTHENED. HE WILL NOT WANT TO DEPEND ON THE COMMUNISTS. HE IS THEREFORE MORE LIKELY TO HAVE TO PATCH UP SOME ARRANGEMENT WITH THE CENTRE OR RPR. THIS WOULD INVOLVE SOME VERY HARD BARGAINING AND IT IS DIFFICULT TO SEE A SOCIALIST PROGRAMME EMERGING (EG WITH THE FULL SLATE OF PROMISED NATIONALISATIONS). THE ASSUMPTION MUST BE THAT HE WOULD OFFER MODERATE POLICIES ANGLED TO ECONOMIC EXPANSION AND MODEST REFLATION IN ORDER TO CURB UNEMPLOYMENT. BUT THE QUESTION WILL BE WHETHER THIS WOULD BE ENOUGH FOR HIS OWN FOLLOWERS.

4. THERE IS A REAL CHANCE THAT FRANCE COULD BE UNGOVERNABLE AFTER THE ELECTIONS IF THE CENTRE AND RIGHT DO WELL ENOUGH AND OPT FOR CONFRONTATION. ON THE OTHER HAND M MITTERRAND HAS BEEN ELECTED AS PRESIDENT OF FRANCE FOR SEVEN YEARS AND IT CANNOT BE EXCLUDED THAT A COMPROMISE WILL BE WORKED OUT. IT SEEMS TOO EARLY TO SPECULATE ON THIS NOW, ALTHOUGH SOME GISCARDIANS COULD BE HEARD MUTTERING THIS EVENING THAT M MITTERRAND COULD NOT POSSIBLY LAST.

5. THE IMPLICATION OF ALL THIS FOR EUROPEAN AND WORLD AFFAIRS SEEMS TO BE THAT FRANCE WILL NOT BE ABLE TO PLAY A SIGNIFICANT ROLE OR EVEN TAKE PART WITH OTHERS IN CONSTRUCTIVE POLICY MAKING UNTIL THE END OF JUNE AT THE EARLIEST AND MORE PROBABLY UNTIL AFTER THE SUMMER HOLIDAYS. THERE IS A DANGER TOO THAT DURING THE ELECTION CAMPAIGN AND AFTER, THE CENTRE AND RIGHT WILL USE FOREIGN AFFAIRS AS A STICK WITH WHICH TO BEAT M MITTERRAND AND DEMAND THAT HE TAKES UP TOUGH POSITIONS FOR FRANCE. IT IS TRUE THAT HE HAS SAID THAT HE WILL BE TOUGH ANYWAY. BUT IN PRACTICE, IF HE GETS THE CHANCE, HE WILL HAVE AN INTEREST IN PUTTING FORWARD CONSTRUCTIVE PROPOSALS TO SHOW HE IS MORE CREATIVE THAN HIS PREDECESSOR.

6. ON DEFENCE AND EAST/WEST RELATIONS NO EARLY INITIATIVE SEEMS LIKELY, ALTHOUGH HE HAS SPOKEN OF A NATO SUMMIT TO CLARIFY OBLIGATIONS AND HE HAS PROMISED HIGHER PRIORITY FOR ARMS CONTROL.

ATIONS AND HE HAS PROMISED HIGHER PRIORITY FOR ARMS CONTROL.

7. THE OTHER IMMEDIATE PROBLEM WILL BE THAT, HOWEVER QUICKLY HE APPOINTS MEMBERS OF HIS GOVERNMENT AND NEW SENIOR OFFICIALS, THEY WILL NOT BE ABLE TO GET A GRIP OF THE DOSSIERS STRAIGHT AWAY. IF THE RUMOUR THAT CHEYSSON WILL GET HIGH OFFICE AS PRIME MINISTER OR FOREIGN MINISTER IS CORRECT, HE WILL BE FAMILIAR ENOUGH WITH COMMUNITY SUBJECTS. THE NATURE OF HIS IDEAS CAN MORE EASILY BE ASSESSED IN BRUSSELS THAN IN PARIS.

8. IT SEEMS UNLIKELY THAT M MITTERRAND WOULD GO IN FOR ANYTHING LIKE THE PERSONAL AND HIGHLY PERSONALISED RELATIONSHIPS WITH THE FRG THAT M GISCARD CULTIVATED. HE HAS EXPRESSED MISGIVINGS ABOUT THE EXCLUSIVENESS OF THE FRANCO-GERMAN RELATIONSHIP. HE HAS NO COMMITMENT IN THAT DIRECTION ALTHOUGH HE IS ON GOOD TERMS WITH HERR BRANDT. IF THE FRANC IS SHAKEN BY THE CHANGEOVER TO M MITTERRAND THE FRG'S FIRST EXPERIENCE OF A MITTERRAND ADMINISTRATION IS LIKELY TO BE AN IMMEDIATE NEED TO SUPPORT THE FRANC IN THE EMS. MUCH IS LIKELY TO DEPEND ON M MITTERRAND'S EARLY CONTACTS WITH THE PRINCIPAL PARTNERS, BUT IT SEEMS POSSIBLE TO EXPECT THAT HE WILL NOT AIM AT A FRENCH EUROPE BASED ON A PRIVILEGED RELATIONSHIP WITH GERMANY AND THIS MAY MAKE HIM A BETTER NEGOTIATING PARTNER FOR THE UK, IF HE MANAGES TO SETTLE DOWN ON A STEADY COURSE AT HOME.

9. THE ELECTION HAS OFFERED THE FRENCH PEOPLE A CHOICE BETWEEN ''ALTERNANCE'' AND STABILITY. THE ELECTORATE HAVE CHOSEN ''ALTERNANCE'' AND IT REMAINS TO BE SEEN WHETHER THIS CAN BE ACHIEVED WITHOUT LOSS OF STABILITY. IF IT CAN BE, AND IF THE IMPORTANT POLITICAL CHANGE BROUGHT ABOUT IN THE ELECTION THROUGH THE DIMINUTION OF THE COMMUNIST PARTY'S VOTE CAN BE CONSOLIDATED FRANCE MAY EVENTUALLY BECOME A LESS BRITTLE AND SHARP EDGED PARTNER. BUT IN THE SHORT TERM, THE RESULT OF THE ELECTION IS PROBABLY GOING TO CAUSE FRANCE TO BECOME A PROBLEM CHILD IN EUROPEAN AFFAIRS FOR AT LEAST A PERIOD, ACTING AS A DRAG ON THE DESIRE OF OTHERS TO PUSH ON.

HIBBERT.

NNNN

Mufaxed 1650 4/5

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB
TELEPHONE DIRECT LINE 01-212 3301
SWITCHBOARD 01-212 7676

Secretary of State for Industry

11 May 1981

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street SW1

Dear Tim

ANGLO-GERMAN CONSULTATIONS, 11-12 MAY
STEEL - BSC FINANCES

I understand that the Prime Minister has asked for a speaking note on finance for the British Steel Corporation in preparation for her discussion with Chancellor Schmidt. I enclose a short note. Officials here understand that Chancellor Schmidt wishes to raise the question of steel and is particularly concerned about the level of subsidies to the British steel industry.

Yours ever
Catherine

CATHERINE BELL
Private Secretary

ANGLO-GERMAN CONSULTATIONS, 11-12 MAY

STEEL

BSC Finances

We are determined to end subsidies for losses at the British Steel Corporation, and Mr Ian MacGregor, the BSC Chairman, was appointed with the specific task of making BSC profitable.

But this cannot be achieved within a few months. It takes time to close major steelworks and improve productivity at those which remain. Much was achieved in 1980: 50,000 people in BSC lost their jobs, and 3 major steelworks were permanently closed, at Shotton, Corby and Consett, with large cutbacks in manned capacity in S. Wales. In 1981 at least a further 20,000 jobs in BSC will go, with one further large steelworks being closed at Normanby Park, Scunthorpe. The reduction in manned capacity since December 1979 is 7 million tonnes of liquid steel per year - from 21½ million tonnes to 14.4 million tonnes by July 1981. No other European country has done so much to reduce steel capacity in so short a time as we have in Britain. There have been further permanent closures of private sector

steelworks too, during the past year: by Patent Shaft (part of the Laird Group); by Duport at Llanelli; and recently Hadfields have announced the closure of the larger of their 2 steelworks.

Most of the £730 million finance for BSC for 1981/82 does not represent subsidy for losses. Half the money is required to meet redundancy and closure costs (£180 million) and to provide extra working capital (£180 million). It is essential for there to be some increase in BSC's output from the very low levels of September/October 1980 when production was only 50 per cent of the corresponding period in 1979: the recession in UK steel demand was much steeper than elsewhere in Europe. £200 million will go to capital expenditure which does not include any new major projects: the capital expenditure programme consists of completion of projects agreed in 1979 or earlier, together with minor improvement schemes. Total losses for the year are to be limited to £225 million after depreciation but before interest, and the level of these losses is expected to decline during the year so that the BSC will achieve break-even in 1982/83.

If BSC cannot get its losses under control, then Mr MacGregor has made it clear that he will take the necessary action, including the closure of further major steel works if

necessary, to keep to his target of limiting losses to £225 million in 1981/82. But he has also made it clear that BSC cannot return to profitability unless a stable market regime is established in Europe: hence the importance of reaching agreement on limiting steel production and on bringing state subsidies for steel to an end.

11 May 1981

ANGLO GERMAN CONSULTATIONS

11-12 MAY 1981

1. STEERING BRIEF

2. EUROPEAN COMMUNITY QUESTIONS

   a. STEERING BRIEF ON THE EUROPEAN COMMUNITY
   b. REFORM OF THE COMMON AGRICULTURAL POLICY
   c. RESTRUCTURING THE COMMUNITY BUDGET
   d. FISHERIES
   e. STEEL
   f. OTHER INTERNAL COMMUNITY QUESTIONS
   g. ENLARGEMENT
   h. DEVELOPMENT OF POLITICAL CO-OPERATION

3. INTERNATIONAL ECONOMIC AND FINANCIAL QUESTIONS

4. RELATIONS WITH DEVELOPING COUNTRIES

5. INTERNATIONAL ENERGY QUESTIONS

6. DEFENCE MATTERS

7. ARMS CONTROL AND DISARMAMENT

8. UK/FRG RELATIONS

BACKGROUND NOTES

9. REGIONAL QUESTIONS

   a. AFGHANISTAN/PAKISTAN
   b. ARAB/ISRAEL AND LEBANON
   c. IRAN/IRAQ AND OTHER MIDDLE EAST QUESTIONS
   d. SOUTHERN AFRICA
   e. CENTRAL AMERICA AND CARIBBEAN
   f. FAR EAST

10. UNITED STATES POLICIES AND TRANSATLANTIC RELATIONS

11. EAST-WEST RELATIONS

12. IRISH QUESTIONS

13. FRG INTERNAL POLITICAL AND ECONOMIC SCENE

This set of briefs destroyed; a copy is preserved in CAB 133/520
CAWayland. 26/1/12

MEAL ARRANGEMENTS ANNEX 4

LUNCH AT CHEQUERS

The Prime Minister	Chancellor Schmidt
Lord Carrington	Herr Genscher
	(Herr Weber will be present as interpreter for Herr Genscher)

SEPARATE LUNCH WILL ALSO BE PROVIDED FOR:-

Mr Whitmore	Herr VON DER GABLENTZ
Mr Ingham	Herr Zeller
Mr Alexander	Herr Ruhfus
Mr Walden	Herr von Braunmuhl
Sir Jock Taylor	Herr Frickhinger

Remainder of Herr Schmidt and Herr Genscher's party will lunch at The Red Lion, Wendover, with British officials as follows:-

Sir Michael Palliser	Herr von Staden
Mr Bullard	Herr ~~BECKER~~
Mr Franklin	Herr Merkel
Lord Bridges	Herr Bunis
	Herr Pfeffer
	Herr Fischer
	Herr Schenk
	Herr Paschke
	Herr Rothen
	Herr Von Alten

DINNER AT CHEQUERS

The Prime Minister	Chancellor Schmidt
~~Mr Thatcher~~	X ~~Herr Genscher (+ Weber)~~
Lord Carrington	Count Lambsdorff
Sir Geoffrey Howe	Herr Ertl (+ interpreter)
Sir Keith Joseph	Herr Ruhfus
Mr Peter Walker	Herr Schulmann
Mr John Biffen	HERR BECKER
Sir Jock Taylor	HERR VON DER GABLENTZ.
Sir Robert Armstrong	
Mr Whitmore	

DINNER AT 'THE BELL', ASTON CLINTON

Sir Michael Palliser	~~Herr Becker~~
Sir Brian Hayes	Herr Rohr
Mr Manzie	Herr Heick
Mr Gray	Herr Pfeffer
Mr Hancock	Herr Fischer
Mr Ingham	Herr Muller Thuns
Mr Bullard	~~Herr von der Gablentz~~
Mr Franklin	Herr Heck
Mr Gladstone	Herr Mocklinghoff
Lord Bridges	Herr Zeller
Mr Walden	Herr Schenk
	Herr Paschke
	Herr von Braunmuhl
	Herr Rode
	Herr Merkel
	Herr Bunis
	Herr Frickhinger
	Herr Peruzzo
	Herr Rothen

Germany

ADMINISTRATIVE PLAN FOR
VISIT OF CHANCELLOR OF
THE FEDERAL REPUBLIC OF GERMANY,
HIS EXCELLENCY HERR HELMUT SCHMIDT

11/12 MAY 1981
(ANGLO-GERMAN CONSULTATIONS)

To be read in conjunction with GHF Programme

1. PROGRAMME

Talks between the German delegation led by Chancellor Helmut Schmidt and the United Kingdom delegation led by the Prime Minister, The Rt Hon Mrs Margaret Thatcher MP, will take place in plenary at Chequers on Monday 11 May at 1800. The plenary session will be preceded by tête-à-tête talks between Herr Schmidt and the Prime Minister at Chequers at 1500 in the Study. They will be joined at 1630 by Herr Genscher and Lord Carrington who will have had separate talks in the White Room and by other Ministers who will have arrived from London by 1755 The Hawtrey room will be available for senior officials attending talks.

2. Details of the Programme are given at Annex 1.

3. COMPOSITION OF DELEGATIONS

Details of the two delegations are shown at Annex 2.

4. ACCOMMODATION

a. Chancellor Schmidt will stay at Chequers with the Prime Minister.

b. Herr Genscher will also stay at Chequers.

c. Members of their party will stay at Chequers and hotels in the area as detailed in Annex 3.

d. Annex 4 contains details of meal arrangements.

5. OFFICE ARRANGEMENTS

a. The German delegation will have an office at Chequers.

b. The United Kingdom delegation will also have an office at Chequers.

c. Telephone numbers are given in the Telephone Directory at page 4

6. PRESS ARRANGEMENTS

Arrangements for the Press will be coordinated by Mr Bruce Hannaby of News Department of the Foreign and Commonwealth Office. Details are given at Annex 5.

/7.

7. INTERPRETATION

Herr Genscher will be accompanied by an interpreter, Herr Weber. will act as interpreter for Herr Ertl at the Plenary Session.

8. SECURITY

a. Special Branch will provide personal security arrangements for Chancellor Schmidt and Herr Genscher throughout the visit.

b. Entry to Chequers is strictly controlled. Unless otherwise stated all vehicles should enter and leave by the Bothy Gate. Names of drivers and vehicle numbers will be given in advance and

c. Car stickers will be provided for vehicles requiring access to Chequers.

9. TRANSPORT

a. Government Hospitality Fund will provide cars for the German delegation as necessary. Car Processions are listed at Annex 6.

b. The Special Escort Group of the Metropolitan Police and Thames Valley Police will arrange for motorcades to be escorted throughout the visit as necessary.

c. Cars for the British delegation should be obtained through normal departmental channels. They should remain at Chequers in the evening. Officials going to the Bell should travel by GHF cars which will bring them back to Chequers after dinner.

d. Aircraft

i. Chancellor Schmidt's aircraft will remain at RAF Benson overnight. Herr Genscher's aircraft will also remain overnight at RAF Benson.

ii. Count Lambsdorff's aircraft will remain at RAF Northolt overnight.

10. DEPARTURE ARRANGEMENTS

11 May- Count Lambsdorff, Herr Ertl and Herr Schulmann and their staff will leave by road from Chequers at 2230 approx. Count Lambsdorff and Herr Ertl will spend the night at Brown's Hotel* and leave for Bonn from RAF Northolt. Herr Schulmann will stay at the Bell at Aston Clinton.

12 May- Chancellor Schmidt and Herr Genscher will travel by car direct to RAF Benson from RAF Halton accompanied by the Prime Minister and Lord Carrington. Officials not at Halton will travel direct to Benson from their hotels.

* and the Bristol Hotel respectively

/11.

11. MEDICAL

The RAF Hospital Halton, have accepted medical coverage for the German and British Delegations during the Summit Conference 11-12 May.

The Hospital will have a Surgeon and a Consultant Physician in attendance throughout the visit.

DAY 0296 623535 Extension 7520

NIGHT 0296 623535 Extension 7528

12. GHF ESCORT OFFICERS

The following escort officers will be in attendance throughout the visit:-

Gp Captain R Thomson	(based at Chequers)
Gp Captain P Heal	(based at The Red Lion)
Mr Neville Coppel	(London)
Mr Robert Swann	(London)

R D Gordon
Inward Visits Section
Protocol and Conference Department

FOREIGN AND COMMONWEALTH OFFICE

5 MAY 1981

TELEPHONE DIRECTORY

10 Downing Street - dial 233-3000 and ask for No. 10

Chequers Cottage No. 1 (GHF) Cottage No. 3 (Communications Centre, German Embassy, plus office) Bledlow Manor	dial 233-3000 and ask for No. 10 Downing Street who will put you through on their direct line

FRG Embassy : 01-235-5033

RAF Benson : 0491-37766

RAF Halton : 0296-623535

RAF Northolt : 01-8452300
General Enquiries x 315
Operations Room x 233 or x 234

Press Centre - Shoulder of Mutton : 08444-4304/4305/4307
(15 special lines will be put in for use by Press)
Telex 837002

Hotels - The Bell, Aston Clinton : 0296-630252

Red Lion : 0296-622266

Black Prince : 0844-45569

Browns : 01-493-6020

Bristol : 01-493-8282

Government Departments

FCO, Protocol and Conference Department : 233-8617/233-3218

GHF : 01-214-8142

Ministry of Agriculture, Fisheries and Food : 217-6129

Department of Trade : 215-5422

Treasury : 233-5418/5728

Department of Industry : 212-3301

Cabinet Office : 233-3000 (ask for Cabinet Office)

Thames Valley Police : 08675-4343

ANNEX 1

VISIT OF CHANCELLOR SCHMIDT - PROGRAMME

Monday 11 May

1130	Count Lambsdorff and Herr Ertl arrive by special flight (Jetstar) at RAF Northolt. Met by Lt Colonel M Docherty (FCO Greeter) and the Agriculture Attache and Economic Counsellor
1155	Herr Genscher arrives at RAF Benson by special flight.
	Met by Lord Carrington
1200	Chancellor Schmidt arrives by special flight at RAF Benson
	Met by Prime Minister
	Leave by car for Chequers.
1215	Herr Ertl arrives at Ministry of Agriculture, Fisheries and Food, Whitehall Place,
1215	Count Lambsdorff arrives at Intercontinental Hotel for lunch at German Chamber of Industry & Commerce.
1240	Chancellor and Prime Minister and Herr Genscher and Lord Carrington arrive at Chequers
1315	Lunch at Chequers. Officials will lunch at Red Lion
1315	Herr Ertl: Lunch with Mr Peter Walker, MP at Admiralty House
1500	Tête à tête talks between Chancellor Schmidt and the Prime Minister in the Study.
	Separate tête à tête talks between Herr Genscher and Lord Carrington. in the White Room
1500-1555	Talks between Count Lambsdorff and Sir Keith Joseph at Department of Industry, Ashdown House, Victoria Street
1500-1645	Talks between Herr Ertl and Mr Walker at Ministry of Agriculture, Fisheries and Food. Whitehall Place. Interpreter provided by Ministry of Agriculture, Fisheries and Food
1545 approx	Herr Schulmann and Sir Geoffrey Howe arrive by Flight SN 609 at Heathrow Depart for Chequers
1600-1640	Talks between Count Lambsdorff and Mr Biffen at Department of Trade, 1 Victoria Street.
1630	Herr Genscher and Lord Carrington joins talks with Chancellor and the Prime Minister
1645	Herr Schulman and Sir Geoffrey Howe arrive Chequers

/1650

50 1650	Herr Ertl, Count Lambsdorff, Mr Walker and Mr Biffen leave for Chequers by road from Ministry of Agriculture, Whitehall Place.
	Sir Keith Joseph will travel independently to Chequers
1755	Ministers arrive at Chequers
1800	Plenary Talks begin at Chequers.
1945 for 2000	Dinner at Chequers for Ministers participating in the Plenary talks
2000	Officials will dine at the Bell at Aston Clinton.
2230 approx	Officials will return to Chequers for departure of Count Lambsdorff, Herr Ertl for London. Herr Schulman will stay at Aston Clinton.

TUESDAY 12 MAY

0830	Breakfast
0845	Count Lambsdorff and Herr Ertl leave London for RAF Northolt.
0930	Chancellor Schmidt and the Prime Minister and Herr Genscher and Lord Carrington leave Chequers for Halton House, Royal Air Force Station, Halton. The German Delegation leaving from RAF Benson will travel in this convoy.
0940	Arrive at Halton House
1000	Count Lambsdorff and Herr Ertl depart from RAF Northolt
0945-1005	Press Conference
1005-1035	Chancellor Schmidt gives background briefing to German Press Coffee will be served by RAF Halton. Chancellor Schmidt accompanied by the Prime Minister and Herr Genscher accompanied by Lord Carrington leave Halton for Royal Air Force Station Benson.
1115	Arrive RAF Benson
	Lord Carrington will bid farewell to Herr Genscher
1120	Aircraft doors close The Prime Minister will bid farewell to Chancellor Schmidt
1125	Aircraft doors close

CHANCELLOR'S DELEGATION ANNEX 2

	Overnight Accommodation
His Excellency Herr Helmut Schmidt Chancellor of the Federal Republic of Germany	Chequers Room 3
Herr Kurt Becker Government Spokesman	Bell, Aston Clinton
Herr Herrman Heick Deputy Secretary	Bell, Aston Clinton
Herr Otto von der Gablentz Under Secretary	Bell, Aston Clinton
Herr Klaus Zeller Assistant Secretary	Bell, Aston Clinton
Herr Merkel Principal	Shoulder of Mutton
Herr William Bunis Shorthand Writer	Black Prince Princes Risborough
Herr Reinhold Erickhinger Private Secretary	Chequers Room 4
Herr Lothar Schaack Photographer	Black Prince Princes Risborough
Herr Warnholz Security Officer	Chequers Astley 1
Herr Widneven Security Officer	Black Prince, Princes Risborough
Herr Erkens Security Officer	'' ''
Herr Neuse Security Officer	'' ''

/Herr Amann

Herr Amann

Herr Auer

Herr Bieschke

(Security Officers, responsible for the two aircraft, all three are of Officer's rank)

FOREIGN MINISTER'S DELEGATION

	Overnight Accommodation
His Excellency	
Herr Hans-Dietrich Genscher	
Vice-Chancellor and Federal Minister of Foreign Affairs	Chequers Room 2
Ambassador	
Jurgen Ruhfus	Bell, Aston Clinton
Herr Franz Pfeffer	
Deputy Secretary	'' ''
Herr Per Fischer	
Deputy Secretary	'' ''
Herr Reinhold Schenk	
Assistant Secretary	'' ''
Herr Karl Paschke	Shoulder of Mutton Wendover
Assistant Secretary	
Herr Heinz Weber	Red Lion, Wendover
Assistant Secretary	
Herr Gerold von Braunmühl	
Senior Principal, Private Secretary	Chequers Room 1
Herr Herbert Rothen	
Executive	Shoulder of Mutton, Wendover
Herr Alfons Rugart	
Telecommunications Officer from Federal Foreign Office	Shoulder of Mutton, Wendover
Security Officers	
Herr Kern	Chequers Astley Room 2
Herr Wisotzky	Black Prince, Princes Risborough

DELEGATION of

The Minister for Economic Affairs,	Browns Hotel
His Excellency Count Otto von Lambsdorff	
Herr Waldemar Muller-Thuns	"
Deputy Secretary	
Herr Guido Peruzzo	"
Private Secretary	
Security Officers	
Herr Munster	"
Herr Koch	"

DELEGATION of

His Excellency Herr Josef Ertl, Minister of Agriculture	Bristol Hotel Berkley St
Herr Hans-Jurgen Rohr	"
Permanent Secretary	
Herr Gero Möcklinghoff	"
Under Secretary	
Herr Walter Rode	"
Assistant Secretary	

MINISTRY OF FINANCE

Herr Horst Schulmann	The Bell Aston Clinton
Permanent Secretary	
Herr Wilfird Heck	
Under Secretary	"

UK DELEGATION

Prime Minister

The Rt Hon Mrs Margaret Thatcher MP	Prime Minister
Mr Clive Whitmore	Principal Private Secretary
Mr Michael Alexander	Private Secretary
Mr Bernard Ingham	Chief Press Secretary
Sir Robert Armstrong	Secretary of the Cabinet
Mr Michael Franklin	Cabinet Office

Foreign and Commonwealth Office

The Rt Hon The Lord Carrington	Secretary of State for Foreign and Commonwealth Affairs
Mr George Walden	Private Secretary
Sir Michael Palliser	Permanent Under Secretary of State
Sir Jock Taylor	HBM Ambassador to the Federal Republic of Germany
The Lord Bridges	Deputy Under Secretary
Mr Julian Bullard	Deputy Under Secretary

Treasury

The Rt Hon Sir Geoffrey Howe QC MP	Chancellor of the Exchequer
Mr David Hancock	Deputy Secretary

Ministry of Agriculture, Fisheries and Food

The Rt Hon Peter Walker MP	Minister of Agriculture, Fisheries and Food
Sir Brian Hayes CB	Permanent Secretary

Department of Industry

The Rt Hon Sir Keith Josepth MP	Secretary of State for Industry
Mr Gordon Manzie	Deputy Secretary

Department of Trade

The Rt Hon John Biffen MP	Secretary of State for Trade
Mr Robin Gray	Deputy Secretary

ACCOMMODATION

CHEQUERS	Chancellor Schmidt	bedroom 3
	Herr Genscher	bedroom 2
	Herr Von Braunmuhl	bedroom 1
	Herr Frickhinger	bedroom 4
	Herr Warnholz	Astley 1
	Herr Kern	Astley 2

CHEQUERS COTTAGE 1

GHF Escort Officer	Gp Cpt Thomson	bedroom and office

CHEQUERS COTTAGE 3

Communications/Office	Sleeps 3	Herr Gnodtke
		Miss Baitinger

HOTELS

BELL, ASTON CLINTON

Herr Schulman
Herr Ruhfus
Herr Becker
Herr Heick
Herr Von der Gablentz
Herr Heck
Herr Zeller
Herr Pfeffer
Herr Fischer
Herr Schenk

SHOULDER OF MUTTON, WENDOVER

Herr Paschke
Herr Merkel
Herr Rugart
Herr Von Alten) German
Herr Kiewitt) Embassy

BLACK PRINCE, PRINCES RISBOROUGH

Herr Bunis
Herr Widneven
Herr Erkens
Herr Neuse
Herr Wisotsky
Herr Schaak

/RED LION

RED LION, WENDOVER	Herr Weber Herr Rothen Sir J Taylor
BROWNS, LONDON	Count Lambsdorff Herr Muller Thuns Herr Peruzzo Herr Munster Herr Koch
BRISTOL HOTEL	Herr Ertl Herr Rohr Herr Mocklinghoff Herr Rode

MEAL ARRANGEMENTS ANNEX 4

LUNCH AT CHEQUERS

The Prime Minister	Chancellor Schmidt
Lord Carrington	Herr Genscher
	(Herr Weber will be present as interpreter for Herr Genscher)

SEPARATE LUNCH WILL ALSO BE PROVIDED FOR:-

Mr Whitmore	Herr VON DER GABLENTZ
Mr Ingham	Herr Zeller
Mr Alexander	Herr Ruhfus
Mr Walden	Herr von Braunmuhl
Sir Jock Taylor	Herr Frickhinger

Remainder of Herr Schmidt and Herr Genscher's party will lunch at The Red Lion, Wendover, with British officials as follows:-

Sir Michael Palliser	Herr von Staden
Mr Bullard	Herr BECKER
Mr Franklin	Herr Merkel
Lord Bridges	Herr Bunis
	Herr Pfeffer
	Herr Fischer
	Herr Schenk
	Herr Paschke
	Herr Rothen
	Herr Von Alten

DINNER AT CHEQUERS

The Prime Minister	Chancellor Schmidt
Mr Thatcher	Herr Genscher (+ Weber)
Lord Carrington	Count Lambsdorff
Sir Geoffrey Howe	Herr Ertl (+ interpreter)
Sir Keith Joseph	Herr Ruhfus
Mr Peter Walker	Herr Schulmann
Mr John Biffen	HERR BECKER
Sir Jock Taylor	HERR VON DER GABLENTZ
Sir Robert Armstrong	
Mr Whitmore	

DINNER AT 'THE BELL', ASTON CLINTON

Sir Michael Palliser	~~Herr Becker~~
Sir Brian Hayes	Herr Rohr
Mr Manzie	Herr Heick
Mr Gray	Herr Pfeffer
Mr Hancock	Herr Fischer
Mr Ingham	Herr Muller Thuns
Mr Bullard	~~Herr von der Gablentz~~
Mr Franklin	Herr Heck
Mr Gladstone	Herr Mocklinghoff
Lord Bridges	Herr Zeller
Mr Walden	Herr Schenk
	Herr Paschke
	Herr von Braunmuhl
	Herr Rode
	Herr Merkel
	Herr Bunis
	Herr Frickhinger
	Herr Peruzzo
	Herr Rothen

PRESS ARRANGEMENTS

A press Centre will be established at the Shoulder of Mutton Inn at Owlswick near Chequers from 1000 hours Monday, 11 May, until afternoon (as required) Tuesday 12 May.

The Centre will comprise a communications and press working area in an outhouse to the rear of the car park, and a further room in the accommodation annex for use as an administration/information office and for briefing.

The communications/working area will have ten telephones and two telex machines with operators, 10 typewriters and allied services. The office will provide photocopying facilities. Both the working area and the office will have television. In addition, the working area will receive a relay of the press conference, and a distribution amplifier will be provided for those correspondents wishing to record.

Photocalls

There will be a photocall of the Prime Minister greeting Chancellor Schmidt on his arrival at RAF Benson, for which entry will be by accreditation card. Press wishing to cover this event will arrange their own transport. There will be no press facility on the Chancellor's departure from RAF Benson.

Press Conference

A joint press conference will take place at 0945 hours on Tuesday, 12 May, at Halton House, RAF Halton. Admission by accreditation card. Press assembly point is the Shoulder of Mutton. Coaches will be provided to take the press from the Shoulder of Mutton, where they may leave their cars, to Halton House which is about 20 minutes away. The coaches will be able to take 60 members of the press at one time. Departure from the Shoulder of Mutton will be at 0900 hours. There are no communications facilities at RAF Halton. Press who wish to return to the Shoulder of Mutton may use the communications facilities there which will stay open until demand ceases.

Useful Telephone Numbers

Shoulder of Mutton Inn	08444 4304
Press Administration Office	08444 7964-5
Press communications/working area	08444 7954-

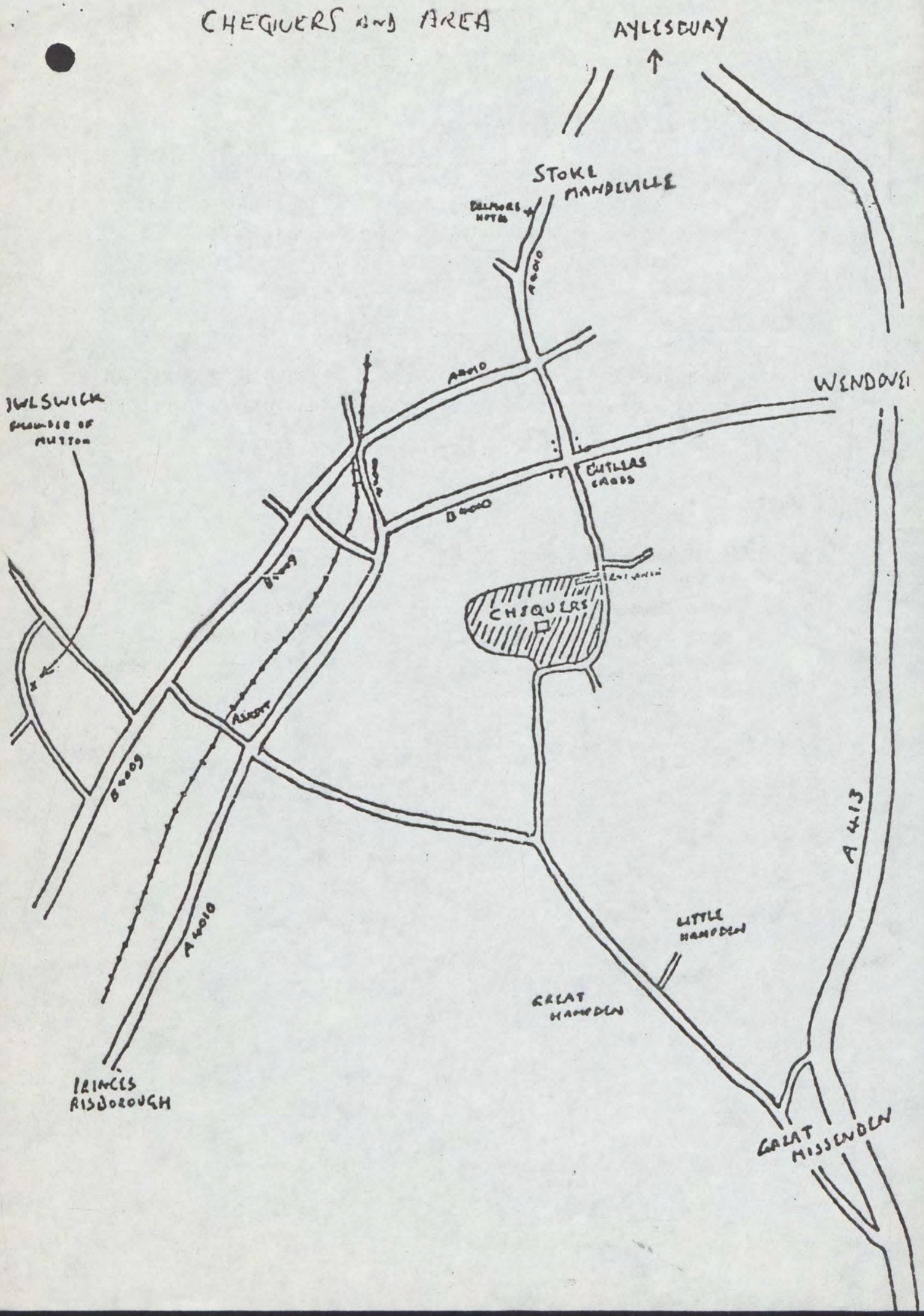
Telex Numbers

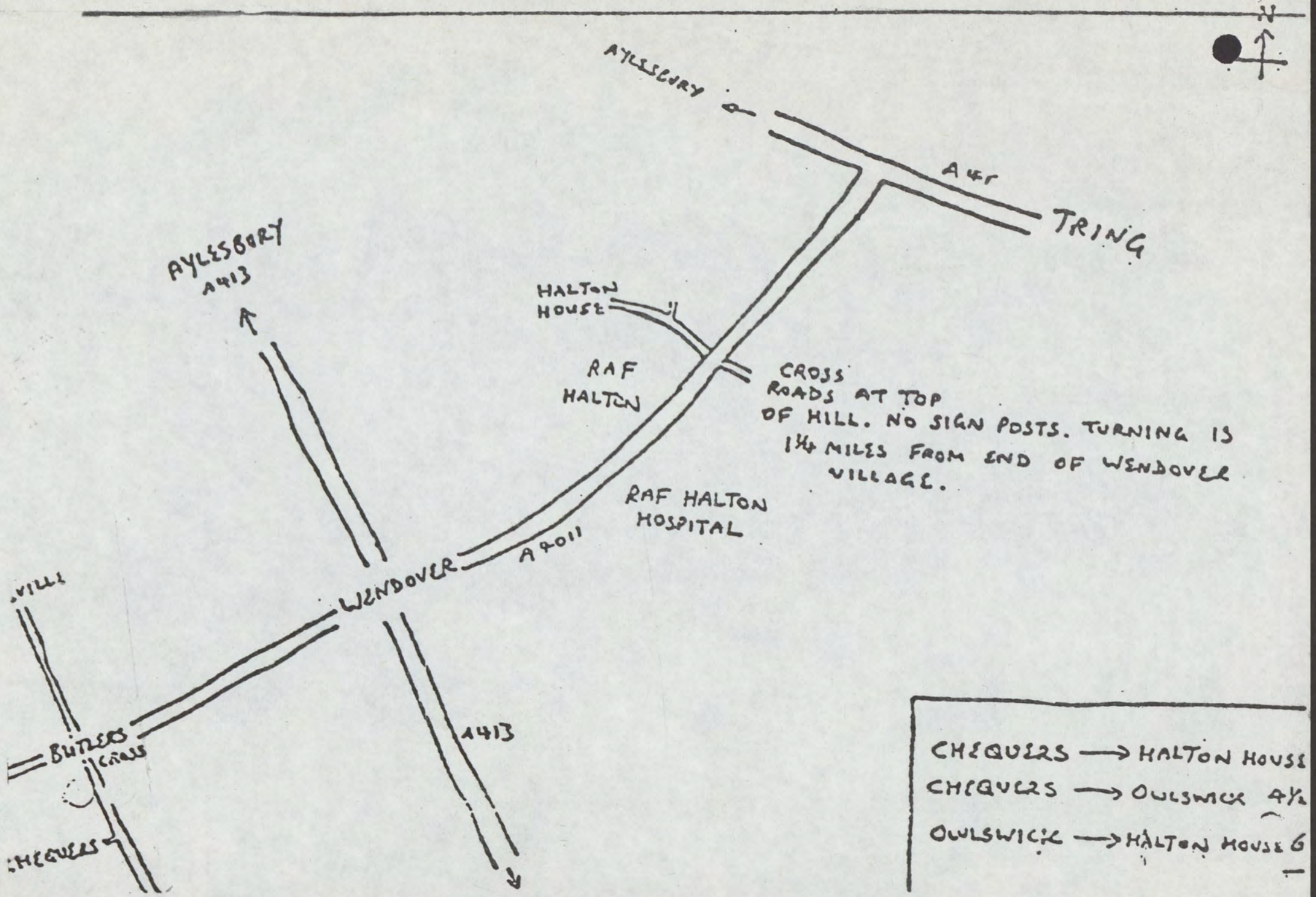
Shoulder of Mutton	837002 a/b SHDRIN
Press communications/working area	837051 a/b PRECEN or 837945

The following officials will be staying at the Shoulder of Mutton:

Mr B. Ingham (No 10)	08444 7966
Miss E. Drummond (No 10)	08444 7967
Mr P. Kiewitt (German Embassy)	Via Hotel Switchboard
Mr B Hannaby (News Dept, FCO	Press Numbers
Mrs R Hair (COI)	Press Numbers

CHEQUERS AND AREA




N
AYLESBURY
A41
TRING
AYLESBURY
A413
HALTON
HOUSE
RAF
HALTON
CROSS
ROADS AT TOP
OF HILL. NO SIGN POSTS. TURNING IS
1¼ MILES FROM END OF WENDOVER
VILLAGE.
RAF HALTON
HOSPITAL
A4011
WENDOVER
VILLE
BUTLERS
CROSS
CHEQUERS
A413
CHEQUERS → HALTON HOUSE
CHEQUERS → OWLSWICK 4½
OWLSWICK → HALTON HOUSE 6

ANNEX 6

CAR PROCESSIONS

CAR PROCESSION 1, RAF BENSON TO CHEQUERS (35 minutes)

Car no. 20		Daimler (Armoured) Prime Minister Federal Chancellor Detective
	21	Police Car PM's Security Officer Special Branch Officer Herr Warnholz
	22	Lord Carrington's Rover Lord Carrington Herr Genscher Detective
	23	Police Car Special Branch Officer Special Branch Officer Herr Kern
	24	Principal Back-up Car Gp Capt Thomson
	25 (159 D 110)	German Ambassador's Car Herr Widneven Herr Erkens Herr Neuse Herr Wisotzky

/Car no. 26

ANNEX 6 (cont'd)

CAR PROCESSION 1 (cont'd)

Car no. 26 — GCS Daimler

Herr Ruhfus
Sir Jock Taylor
Herr Pfeffer
Herr Fischer

27 — GCS Car

Herr Becker
Herr Heick
Herr von der Gablentz
Herr Zeller

28 — GCS Car

Herr Schenk
Herr Weber
Herr Paschke
Herr von Braunmuhl

29 — GCS Car

Herr Merkel
Herr Bunis
Herr Frickhinger
Herr Rothen

30 — Prime Minister's Car (Empty)

31 — PM's Back-up Car

Mr Whitmore
Mr Alexander
Mr Ingham

60 — FCO Car

Mr Walden

32 — Police Car

/CAR PROCESSION 2

ANNEX 6 (cont'd)

CAR PROCESSION 2, CHEQUERS TO RED LION, WENDOVER (6 minutes)

Car no. 26	Herr Pfeffer Herr Fischer Sir Michael Palliser
27	Herr Heick Herr von der Gablentz Mr Bullard Mr Franklin
28	Herr Schenk Herr Paschke Herr von Braunmuhl (if not at Chequers)
29	Herr Merkel Herr Bunis Herr Rothen
41	Herr Von Alten
42	Herr Kiewitt

/CAR PROCESSION 3

CAR PROCESSION 3, NORTHOLT TO WHITEHALL (30 minutes)

Car no. 33 — GCS Car - To Intercontinental, Park Lane

Count Lambsdorff
Dr Kudlich (Minister Economic, German Embassy)
Mr Neville Coppel (GHF Escort)

34 — GCS Car - To Ministry of Agriculture, Fisheries and Food, 1 Whitehall Place

Herr Ertl
Dr Bayer (Agricultural Counsellor, German Embassy)
Mr Robert Swann

35 — GCS Car - To Ministry of Agriculture, Fisheries and Food, 1 Whitehall Place

Herr Rohr
Herr Mocklinghoff
Herr Rode

36 — GCS Car - To Intercontinental, Park Lane

Herr Muller Thuns
Herr Peruzzo
Herr Munster

/CAR PROCESSION 4

ANNEX 6 (cont'd)

CAR PROCESSION 4, HEATHROW TO CHEQUERS (1 hour)

Car no. 37	GCS Car	Herr Schulmann Sir Geoffrey Howe GHF Escort
38	GCS Car	Herr Heck Herr Guntner (German Embassy) Mr Hancock
11	Sir Geoffrey Howe's Car	

/CAR PROCESSION 5

ANNEX 6 (cont'd)

CAR PROCESSION 5, WHITEHALL PLACE TO CHEQUERS

Car no. 33	GCS Car Count Lambsdorff Mr Biffen Mr Coppel
34	GCS Car Herr Ertl Mr Walker Mr Swann
15	GCS Car (Sir Brian Hayes' Office) Sir Brian Hayes Herr Rohr
35	GCS Car Herr Mocklinghoff Herr Rode Dr Bayer
5	GCS Car (Department of Trade) Herr Muller Thuns Mr Robin Gray
36	GCS Car Herr Peruzzo Herr Dr Kudlich Herr Munster
6	Mr Biffen's Car
14	Mr Walker's Car

/CAR PROCESSION 6

ANNEX 6 (cont'd)

CAR PROCESSION 6, CHEQUERS TO BELL, ASTON CLINTON

Car no. 26	GCS Car Sir Michael Palliser Herr Pfeffer Herr Fischer
27	GCS Car Herr Becker Mr Ingham Herr Rohr (if not at Chequers) Herr Heick (if not at Chequers)
28	Herr Muller Thuns Herr von der Gablentz Herr Heck Sir Brian Hayes
29	Herr von Mocklinghoff Herr Zeller Mr Franklin Mr Manzie
30	Herr Schenk Herr Paschke Herr von Braunmuhl (if not at Chequers) Mr Bullard
33	Herr Rode Herr Merkel Herr Bunis Mr Hancock
34	Herr Peruzzo Herr Rothen Mr Gray

/CAR PROCESSION 7

CAR PROCESSION 7, CHEQUERS TO BROWNS HOTEL AND THE BRISTOL HOTEL

Car no. 33	Count Lambsdorff GHF Escort
34	Herr Ertl GHF Escort
35	Herr Rohr Herr Mocklinghoff Herr Rode
36	Herr Muller Thuns Herr Peruzzo Herr Munster Herr Koch

/CAR PROCESSION 8

ANNEX 6 (cont'd)

CAR PROCESSION 8, CHEQUERS TO RAF HALTON AND RAF BENSON

Car no. 20	Daimler (Armoured)	Prime Minister Federal Chancellor Detective
21	Police Car	PM's Security Officer Special Branch Officer Herr Warnholz
22	Lord Carrington's Rover	Lord Carrington Herr Genscher Detective
23	Police Car	2 Special Branch Officers Herr Kern
24	Principal Back-up Car	Gp Capt Thomson
25	German Ambassador's Car	Herr Widneven Herr Erkens Herr Neuse Herr Wisotsky
26	GCS Daimler	Herr Ruhfus Sir Jock Taylor Herr Pfeffer Herr Fischer

/Car no. 27

CAR PROCESSION 8 (cont'd)

Car no. 27	GCS Car Herr Becker Herr Heick Herr von der Gablentz Herr Zeller
37	GCS Car Herr Schulmann Herr Heck
28	GCS Car Herr Schenk Herr Weber Herr Paschke Herr von Braunmuhl
29	Herr Merkel Herr Bunis Herr Frickhinger Herr Rothen
60	Mr Walden
30	Prime Minister's Car (Empty)
31	Prime Minister's Back-up Car
32	Police Car

/CAR PROCESSION 9

CAR PROCESSION 9, BROWNS TO NORTHOLT

Car no. 33	GCS Car Count Lambsdorff Dr Kudlich Mr Neville Coppel
34	GCS Car Herr Ertl Dr Bayer Mr Robert Swann
35	GCS Car Herr Rohr Herr Mocklinghoff Herr Rode
36	GCS Car Herr Muller Thuns Herr Peruzzo Herr Munster Herr Koch

CAR PROCESSION 9, BROWNS TO NORTHOLT

Car no. 33 — GCS Car

Count Lambsdorff
Dr Kudlich
Mr Neville Coppel

34 — GCS Car

Herr Ertl
Dr Bayer
Mr Robert Swann

35 — GCS Car

Herr Rohr
Herr Mocklinghoff
Herr Rode

36 — GCS Car

Herr Muller Thuns
Herr Peruzzo
Herr Munster
Herr Koch

RESTRICTED

FURTHER ALLOCATION OF CAR STICKERS FOR CHEQUERS

UK DELEGATION

No	Name	Designation
2	Sir Robert Armstrong	Secretary of the Cabinet
3	Mr M Franklin	Deputy Secretary
Foreign and Commonwealth Office		
9	Mr George Walden	Private Secretary
10	Sir Michael Palliser	Permanent Under Secretary of State
89	Mr J L Bullard	Deputy Under Secretary
98	Mr R D Gordon	Protocol and Conference Dept
Treasury		
11	The Rt Hon Sir Geoffrey Howe QC MP	Chancellor of the Exchequer
12	Mr D J S Hancock	Deputy Secretary
Ministry of Agriculture, Fisheries and Food		
14	The Rt Hon Peter Walker MP	Minister of Agriculture, Fisheries and Food.
15	Sir Brian Hayes CB	Permanent Secretary
Department of Industry		
8	The Rt Hon Sir Keith Joseph MP	Secretary of State for Industry
7	Mr Gordon Manzie	Deputy Secretary
Department of Trade		
6	The Rt Hon John Biffen MP	Secretary of State for Trade
5	Mr Robin Gray	Deputy Secretary

D I S T R I B U T I O N

Embassy of the Federal German Republic (5)

No 10 Downing Street

Private Secretary (4)
Press Officer (2)
Mr M C Rylands (1)
W/Cdr V Thomas (Chequers) (4)

Miss Carolyn Stephens (1)

Cabinet Office

PS/Secretary of the Cabinet (1)
Mr M Franklin (1)
Mr J L Wright (1)

Foreign and Commonwealth Office

Private Secretary (2)
PS/LPS (1)
PS/PUS (2)
Mr Bullard, DUSS (1)
Mr Fergusson, AUSS (1)
WED (2)
ECD(E) (1)Sir J Taylor (1)
Mr Hannaby (4)
Resident Clerk (1)
Col Durrant, PCD (1)
PCD (4)

HM Treasury

PS/Chancellor of the Exchequer
Mr D Hancock (1)

Ministry of Defence

Air Commodore J Frost (Protocol) (2)

Department of Trade

PS/Secretary of State for Trade (2)
Mr R. Gray

Ministry of Agriculture Fisheries and Food

PS/Minister of Agriculture Fisheries and Food (2)
Sir B. Hayes

Department of Industry

PS/Secretary of State for Industry (2)
Mr G. Mangie

Government Hospitality Fund

Brigadier J A C Cowan
Mr Snell

RAF Northolt (3)

RAF Benson (3)

RAF Halton (3)

Metropolitan Police

Chief Superintendent K Pryde (2)
Inspector Vaisey (2)

Thames Valley Police

Mr H R Ross (2)

File

VISIT OF CHANCELLOR SCHMIDT TO CHEQUERS: 11-12 MAY 1981

CAR ARRANGEMENTS: MONDAY 11 MAY

0900 Car 4 (Mr. Godbeer) to Chequers with GR girls (2) and Switch (2)

Car 4 then becomes Car 1. Weekend car 1 (Mr. Beattie) returns to London with weekend GR and Switch and red boxes.

0930 Depart No. 10 for RAF Benson

Car 3	Mr. Ingham	
(Mr. Green)	Ms. Drummond	To arrive by 1100

1000 Depart No. 10 for RAF Benson

Car 2	Mr. Whitmore	
(Mr. Savage)	Mr. Alexander	To arrive by 1130

c. 1120 Depart Chequers for RAF Benson

Car 1	Prime Minister + Foreign Secretary	
(Mr. Godbeer)	C/I Parker	To arrive by 1150

c. 1210 Depart RAF Benson for Chequers in procession (see administrative arrangements for details)

Armoured Daimler	Prime Minister
	Chancellor Schmidt
	C/I Parker

Car 1 (Mr. Godbeer) joins procession as Car No. 30 (spare)

Car 2 (Mr. Savage) joins procession as Car No. 31

Mr. Whitmore
Mr. Alexander
Mr. Ingham

c. 1215 Depart RAF Benson for Shoulder of Mutton

Car 3	Ms. Drummond
(Mr. Green)	

Car 1 to remain at Chequers.

NB Cars 2 and 3 to switch duties.

Car 2 (Mr. Green) to remain at Chequers for use, as necessary, by Mr. Whitmore and Mr. Alexander

Car 3 (Mr. Savage) to be available for use, as required, by Mr. Ingham and Ms. Drummond.

CAR ARRANGEMENTS: TUESDAY, 12 MAY

0835 Depart Shoulder of Mutton for Chequers

Car 3	Mr. Ingham
(Mr. Savage)	Ms. Drummond

0850 Depart Chequers for RAF Halton to arrive by 0900

Car 3	Ms. Drummond
(Mr. Savage)	

0930 Depart Chequers for RAF Halton and RAF Benson in procession

Armoured	Prime Minister
Daimler	Chancellor Schmidt
	C/I Parker

Car 1 (Mr. Godbeer) to join procession as Car no. 30 (spare)

Car 2 (Mr. Green) to join procession as Car no. 31

Mr. Whitmore
Mr. Alexander
Mr. Ingham

0940 Arrive RAF Halton for Press Conference

c. 1045 Depart RAF Halton

1115 Arrive RAF Benson for farewell ceremony

c. 1125 Depart RAF Benson for No. 10

Car 1	Prime Minister
(Mr. Godbeer)	Mr. Whitmore
	C/I Parker
Car 2	Mr. Alexander
(Mr. Green)	Mr. Ingham
Car 3	Ms. Drummond
(Mr. Savage)	

Car 4 (Mr. Beattie) to arrive at Chequers by 0930 to bring GR and Switch girls back to No. 10

* * * *

GCS cover booked for Monday (all day) and Tuesday (until No. 10 cars return - approximately 1230): one for runaround and one for use by No. 10 staff as required.

PLEASE NOTE THAT THE DEPARTURE AND ARRIVAL TIMES FOR TUESDAY HAVE BEEN BROUGHT FORWARD BY 35 MINUTES

Car Arrangements: Tuesday 12 May

0800 Depart Shoulder of Mutton for Chequers

Car 3	Mr. Ingham
(Mr. Savage)	Ms Drummond

0815 Depart Chequers for RAF Halton to arrive by 0900

Car 3	Ms Drummond
(Mr. Savage)	

0855 Depart Chequers for RAF Halton and RAF Benson in procession

Armoured	Prime Minister
Daimler	Chancellor Schmidt
	C/I Parker

Car 1 (Mr. Godbeer) to join procession as Car no. 30 (spare)

Car 2 (Mr. Green) to join procession as Car no. 31

Mr. Whitmore
Mr. Alexander
Mr. Ingham

0905 Arrive RAF Halton for Press Conference

1010 Depart RAF Halton

1040 Arrive RAF Benson for farewell ceremony

1050 Depart RAF Benson for No. 10

Car 1	Prime Minister
(Mr. Godbeer)	Mr. Whitmore
	C/I Parker
Car 2 Joe	Mr. Alexander
(~~Mr. Green~~)	Mr. Ingham
Car 3	Ms. Drummond
(Mr. Savage)	

Car 4 (~~Mr. Beattie~~ Sid) to arrive at Chequers by 0930 to bring GR and switch girls back to No. 10

* * * * * *

GCS cover booked for Monday (all day) and Tuesday (until No. 10 cars return - approximately 1230); one for runaround and one for use by No. 10 staff as required.

PRIME MINISTER

MT

Anglo/German Talks

There are two points about the arrangements of which you will wish to be aware:-

(a) Chancellor Schmidt decided yesterday afternoon that he needed to return to Bonn a little earlier than previously planned. I have therefore agreed that on Tuesday you and he should leave Chequers at 0855 instead of 0930. All the subsequent arrangements, including of course the time of your own return to Downing Street, have been similarly brought forward by 35 minutes;

(b) the Germans, for reasons best known to themselves, have chosen to bring with them a very large number of officials. For the most part this will not impinge on you, but it does mean that for the plenary session on Monday evening (1800-1930) there are likely to be upwards of 40 people in the room.

M.O'D.B.A.

9 May 1981

GRS 85Ø
CONFIDENTIAL

CONFIDENTIAL

FM PARIS Ø8Ø611Z MAY 81
TO IMMEDIATE FCO
TELEGRAM NUMBER 334 OF 8 MAY 81
INFO ROUTINE UKREP BRUSSELS, WASHINGTON, UKDEL NATO.
INFO SAVING TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG, HM CONSULS GENERAL FRANCE (PASSED BY PARIS).

MY TEL NO 33Ø: FRENCH PRESIDENTIAL ELECTION:
M. MITTERRAND'S POLICIES

1. I GATHER THAT THE DEPARTMENT HAS ASKED THE EMBASSY TO SPECULATE WHAT POLICIES M. MITTERRAND WOULD ADOPT IF ELECTED ON 1Ø MAY.

2. VIRTUALLY EVERYTHING THAT I CARE TO SAY ON THIS SUBJECT WAS CONTAINED IN MY DESPATCH OF 6 APRIL WHERE I EXPLAINED THAT THE CONSEQUENCES OF A MITTERRAND VICTORY WERE SO UNCERTAIN THAT IT WAS UNPROFITABLE TO TRY TO LOOK TOO FAR AHEAD. IF M. MITTERRAND IS ELECTED, HIS FIRST AND PRINCIPAL PREOCCUPATION WILL BE TO HOLD EARLY ELECTIONS TO THE NATIONAL ASSEMBLY IN ORDER TO TRY TO OBTAIN A PARLIAMENTARY MAJORITY. THIS TASK WOULD DOMINATE THE FRENCH POLITICAL SCENE DURING THE FIRST WEEKS OF THE MITTERRAND ADMINISTRATION.

3. PENDING LEGISLATIVE ELECTIONS, TO BE HELD ACCORDING TO M. MITTERRAND BY 1 JULY AT THE LATEST, AN INTERIM GOVERNMENT WOULD BE APPOINTED. THIS COULD BE EXPECTED TO INTRODUCE NY DECREE SOME OF THE ECONOMIC AND SOCIAL MEASURES THAT M. MITTERRAND HAS PUT FORWARD DURING THE CAMPAIGN. DURING THIS PERIOD M. MITTERRAND WOULD ALMOST CERTAINLY MAKE SOME SWEEPING PERSONNEL CHANGES TO SHOW THAT FRANCE WAS UNDER NEW MANAGEMENT. THE CHOICE OF MEASURES TO BE ADOPTED WOULD BE DETERMINED WITH AN EYE TO THE FORTHCOMING LEGISLATIVE ELECTIONS AND BY THE NEED TO HOLD ON TO LEFT - WING SUPPORT WITHOUT SCARING OFF CENTRIST VOTERS. BUT MAJOR POLICY CHOICES REQUIRING LEGISLATION WOULD HAVE TO BE POSTPONED UNTIL A GOVERNMENT HAD BEEN FORMED WHICH HAD SOME CHANCE OF BEING SUPPORTED IN THE NEW NATIONAL ASSEMBLY. THE REAL POLICY OF A MITTERRAND ADMINISTRATION WOULD NOT THEREFORE BECOME CLEAR UNTIL JULY AT THE EARLIEST. BEYOND THIS IT IS POSSIBLE TO ENUMERATE, AS SET OUT BELOW, SOME OF THE POLICIES PROPOSED BY M. MITTERRAND DURING THE CAMPAIGN. BUT IT IS IMPOSSIBLE TO SAY WHICH OF THESE WOULD BE CHOSEN FOR IMPLEMENTATION IN THE SHORT TERM.

4. ECONOMIC POLICY

A) TOP PRIORITY TO REDUCTION OF UNEMPLOYMENT THROUGH INCREASES IN PUBLIC INVESTMENT AND PRIVATE CONSUMPTION STIMULATED BY TAX CONCESSIONS AND SALARY INCREASES FOR THE LOWER PAID. 15Ø,ØØØ NEW JOBS TO BE CREATED IN THE PUBLIC SECTOR AND 6Ø,ØØØ IN LOCAL GOVERNMENT:

(8)

CONFIDENTIAL

B) THE NATIONALISATION OF

- ALL FRENCH PRIVATE BANKS APART FROM THE MUTUALIST BANKS:

- SOME 10 - 12 MAJOR INDUSTRIAL GROUPS, INCLUDING PECHINEY, ST GOBAIN, RHONE - POULENC, THOMSON BRANDT, DASSAULT, ITT FRANCE AND CII HONEYWELL BULL:

- THE MAJOR PRIVATE SECTOR INSURANCE COMPANIES:

C) MEASURES TO ASSIST SMALL AND MEDIUM - SIZED COMPANIES, FARMERS, WINE - GROWERS, THE LOWER - PAID:

D) RESUMPTION OF NEGOTIATIONS ON A 35 - HOUR WEEK.

ALL THESE MEASURES TO BE IMPLEMENTED WITHOUT A SIGNIFICANT INCREASE IN THE BUDGET DEFICIT AND WITHOUT ANY ADVERSE CONSEQUENCES FOR THE EXCHANGE RATE. EXTRA GOVERNMENT REVENUE TO BE GENERATED BY HIGHER TAXES ON THE TOP INCOME EARNERS ACCOMPANIED BY DECREASE IN TAX BURDEN ON THE LOWER - PAID.

5. ENERGY

A) REDUCE FRANCE'S DEPENDENCE ON IMPORTED ENERGY SUPPLIES BUT STRICT CONTROL ON DEVELOPMENT OF NUCLEAR ENERGY. PWRS UNDER CONSTRUCTION TO BE FINISHED, BUT NO NEW ORDERS BEFORE FULL PUBLIC EXAMINATION OF THE NUCLEAR PROGRAMME. M. MITTERRAND PERSONALLY OPPOSED TO COMMERCAIAL DEVELOPMENT OF THE FAST BREEDER REACTOR.

B) INCREASE IN COAL PRODUCTION TO 30 MILLION TONNES BY 1990.

C) GREATER EMPHASIS ON ENERGY CONSERVATION AND ON DEVELOPMENT OF RENEWABLE ENERGY RESOURCES.

6. FOREIGN AND DEFENCE POLICY

A) MAIN CHARACTERISTICS (ATTACHMENT TO NATIONAL INDEPENCENCE, RETENTION OF THE NUCLEAR DETERRENT, AND CONTINUED MEMBERSHIP OF THE ATLANTIC ALLIANCE AND THE EUROPEAN COMMUNITY) UNCHANGED, ALTHOUGH PROPOSAL FOR NATO SUMMIT TO CLARIFY MEMBERS' MUTUAL OBLIGATIONS (DETAILS UNSPECIFIED).

B) GREATER EMPHASIS ON ARMS CONTROL AND DISARMAMENT EG: FRENCH PARTICIPATION IN MBFR. REVIVAL OF 1977 PROPOSAL FOR A EUROPEAN CONFERENCE ON THE REDUCTION OF FORCES AND TENSIONS (WITHIN CSCE), POSSIBLE PARTICIPATION IN GLOBAL NEGOTIATIONS ON NUCLEAR DISARMAMENT, PROVIDED NO CONSTRAINTS ON FRENCH SYSTEMS.

/C)

CONFIDENTIAL

C) FIRMER FRENCH ATTITUDE TOWARDS THE SOVIET UNION (DETAILS AGAIN UNSPECIFIED) MATCHED BY GREATER DISTRUST OF UNITED STATES' ECONOMIC DOMINATION AND MILITARY RELIABILITY.

7. COMMUNITY ISSUES

A) MORE CONSISTENT DEFENCE OF FRENCH INTERESTS, INCLUDING IN FACE OF UK DEMANDS.

B) CAP REFORM THROUGH ADOPTION OF PISANI APPROACH, IE DEGRESSIVE PRICE SYSTEM BASED ON QUANTA, ESTABLSHMENT OF A COMMON COMMERCIAL POLICY IN THE AGRICULTURAL SECTOR, THE STRICTER ENFORCEMENT OF THE PRINCIPLES OF COMMUNITY PREFERENCE, AND MARKET UNITY WITH THE ELIMINATION OF MCAS.

C) DEFENCE OF FRENCH FISHERMEN'S HISTORIC RIGHTS IN BRITISH WATERS, BUT PURSUIT OF DISCUSSIONS ON ACCESS IN THE CFP CONTEXT.

D) AVOIDANCE OF OVER - HEAVY EMPHASIS ON FRANCO - GERMAN RELATIONS. SUPPORT FOR UENLARGEMENT TO SPAIN AND PORTUGAL SUBJECT TO SATISFACTORY ECONOMIC CONDITIONS.

E) CLOSER EC COOPERATION ON INDUSTRIAL POLICY, ENERGY AND RESEARCH, AND CONCERTED ACTION ON UNEMPLOYMENT.

8. THIRD WORLD

A) GREATER ATTENTION TO THE THIRD WORLD, TO NORTH/SOUTH RELATIONS AND TO THE DEFENCE OF HUMAN RIGHTS.

B) REFORM OF INTERNATIONAL MONETARY INSTITUTIONS, INCREASE IN AID TRANSFERS TO ø.7% OF FRENCH GNP, AND SUPPORT FOR A RAW MATERIAL STABILISATION FUND.

C) REDUCTIONS IN ARMS SALES IN SOME AREAS. NO ARMS SALES TO CHINA.

D) PRO - ISRAELI BIAS IN MIDDLE EAST POLICY. SUPPORT FOR THE CAMP DAVID AGREEMENTS.

FCO PLEASE PASS TO BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE, LUXEMBOURG, ROME, ATHENS, UKDEL STRASBOURG.

HIBBERT.

REPEATED AS REQUESTED

FCO|WH
WED

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Ref:A04850

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Prime Minister
This seems right - in particular the suggestion that you should raise Community problems when Herr Genscher and Herr Count are present.
Rmt

PRIME MINISTER

Anglo-German Meeting: 11th-12th May

In his minute of 7th May, the Chancellor of the Exchequer recommends that you should try to pin the Federal Chancellor down to a number of propositions about the Community Budget and the CAP. This is a very desirable objective: it will encourage the Community to feel that we and the Germans are working together, and it will strengthen our position if we can be seen to have public German support on a number of issues over which there will undoubtedly be fierce battles during our Presidency. But, as he says, we should not aim too high. Too overt a ganging up on questions which are due to be discussed in a Community context could be resented by our partners, even if the Germans would be willing to commit themselves without knowing where the French stand. Moreover, Herr Heick, from the Federal Chancellor's office, who came to see Mr. Franklin yesterday, has warned that the Federal Chancellor's mind is largely on the international questions of East/West, the Middle East and his forthcoming Washington visit, and that he does not expect to have any detailed discussions with the Prime Minister on Community matters. Indeed he apparently expressed some surprise at the German Cabinet meeting that Herr Ertl was in the German party - although apart from the milk super levy the Germans have no difficulty with our paper.

2. Mr. Franklin took Herr Heick through the six points mentioned in the Chancellor of the Exchequer's minute, explaining that none of them were very new or surprising and that most of them were likely to come up at the plenary session anyway, when the Chancellor of the Exchequer or Herr Schulmann, and Mr. Walker or Herr Ertl, reported on their respective discussions. Having at first shown some nervousness about our raising fisheries, and stressing again that the Federal Chancellor would not want to get into detail about our budget refunds or about future budget mechanism, he eventually agreed that there was no reason why there could not be agreement on six general points roughly as set out in the Chancellor of the Exchequer's minute.

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3. In the light of this advice, you will want to consider how best to deal with these Community questions. Since Herr Genscher and Lord Carrington will have come from the informal meeting of Foreign Ministers in Venlo, when some other issues will have been discussed, you may feel that Community Questions would be best raised when they join you rather than during the initial tete-a-tete talks. I think you should certainly say to him that the Community is facing some major problems in the coming months; that you want to see as much progress made as possible during our Presidency; and that you believe that there is much common ground and common interest both on the CAP and on the budget itself. It is not reasonable for Germany and the United Kingdom to be virtually the only net contributors. There must be equitable distribution of burdens, and solutions must be found within the 1 per cent ceiling. CAP surpluses must be reduced. You could then say that, at the plenary session, you hope it will be possible to register agreement on some of these points. Provided then that the Chancellor of the Exchequer after his talks with Herr Schulmann, and Mr. Walker after his with Herr Ertl, are able to report suitably to the plenary session, you could aim to secure Chancellor Schmidt's endorsement and agreement that you will both include them in your Press conference the following morning.

4. I am copying this minute to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Minister of Agriculture.

RTA

Robert Armstrong

8th May 1981

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7822~~ 218 2111/3

MO 14/3

8th May 1981

Dear Michael,

ANGLO-GERMAN CONSULTATIONS

At the Prime Minister's briefing meeting on Wednesday, Sir Frank Cooper undertook to let her have some additional material on two points in connection with next week's Anglo-German consultations. I, therefore, attach a supplementary brief on sales of collaborative equipment, and a short factual note on current strengths of British Forces on the European Continent.

Our officials are circulating these notes in the usual way through the Cabinet Office but I am writing to you direct to ensure that the supplements reach the Prime Minister's weekend box in good time.

I am copying this letter with its attachment to Francis Richards (FCO), Richard Tolkien (HM Treasury) and David Wright (Cabinet Office).

Yours sincerely

(J D S DAWSON)

S. Yemen and Soviet
Libya - i.e. Egypt.
Soviet opinion - Middle East.

Gk
sg.
11.

M O'D B Alexander Esq

ANGLO-GERMAN CONSULTATIONS
11-12 MAY 1981

F.R.G.

No-one will act respond to S.A. act because of Begin's attack.

DEFENCE MATTERS
Brief by Ministry of Defence

POINTS TO MAKE

A. Sales of Collaborative Equipment

We understand that, under a Franco-German Agreement concluded in the early 1970s, the French have considerable greater latitude to promote overseas sales of collaborative projects than the UK enjoys on Tornado. Would it be possible to conclude a similar Agreement and could this be brought into effect retrospectively? If not, can we not be given similar treatment to France without a formal Agreement. The question of principleis the same whether an Agreement exists or not.

BACKGROUND

A. Sales of Collaborative Equipment

The Memorandum of Understanding signed by UK, Germany and Italy in 1969 on Tornado simply states:-

"The participating countries will act in agreement in all matters relating to:-

a. sales to other countries of the aircraft and associated equipment developed under this programme;

b. the release to other countries either for information or for use of technical data generated in the execution of the programme.

These conditions were largely of our own making. At the time we were concerned to safeguard the security aspects and also to retain some political control ourselves over sales by our partners.

By contrast the French have an Agreement with the Germans dating from 1971 which covers Alphajet, Milan, HOT, Roland and some minor weapon systems. This states that:-

> "Neither of the two governments will prevent the other government from exporting or causing to be exported to third countries armament materials which are the result of development or production carried out in co-operation." ...
>
> "The two governments have agreed to interpret and apply national laws governing the exportation of armament materials in the spirit of Franco-German co-operation. Only exceptionally may use be made of the possibility of refusing authorisation to export the components of a joint project. In this case, the two governments agree that they will consult one another in depth before a final decision is taken."

It appears that discussions were initiated between ourselves and the Germans early in the 1970s with a view to drafting a similar agreement. There were, however, delays and reservations on both sides and, for reasons that are now not entirely clear, nothing came of this initiative.

In recent discussions with the Germans at official level, they have indicated that they would be prepared to take this matter up again with a view to concluding an Anglo-German Agreement similar to the Franco-German one. Work is already in hand on this but the Germans have advised us that they could not endorse such an agreement until the internal political debate on arms sales within the Federal Republic has been completed later in the year. There are, moreover, different views within the FRG at official and political level as to whether such an agreement can be made retrospective to supercede the existing MOU on Tornado. German

officials informed us in March that a retrospective agreement ought to be possible since the Bundestag had been told that the principles embodied in the Franco-German agreement would apply to other collaborative projects. However, Herr Apel has subsequently told Mr Nott that in his view it would not be possible to alter the Tornado MOU retrospectively. Despite this it could be argued that, notwithstanding the lack of a formal agreement, we should be entitled to the same degree of freedom as the French and the Germans should withdraw their reservations on Tornado exports. The principle of supply to the Middle East is the same whether a formal agreement exists or not.

There is ample evidence that the French have exploited the favourable terms which they enjoy on Franco-German collaborative projects to the maximum possible extent and that the Germans have raised no serious objections:-

a. Alphajet - Alphajet has already been sold to 3 Middle East countries - 24 to Morocco, 30 to Egypt and 6 to Qatar. The Germans may argue that the aircraft is being sold only in the training mode, but it can easily be adapted to carry weapons and we know that 12 of the Moroccan aircraft will be used for combat purposes

b. Missiles - Extensive Missile sales throughout the Middle East by the Franco-German consortium Euromissile have been reported, but some of these reports have been received from sensitive sources and hence should be used with caution. The missiles concerned are:-

Euromissile

i. Milan, ground launch ATGW - believed to have been sold to Iraq, Somalia, Syria, Egypt, UAE and possibly Lebanon and Morocco.

ii. HOT, air launch helicopter ATGW - known to have been sold to Egypt, Iraq, Kuwait and Syria. Unconfirmed

reports of additional sales to Saudi Arabia, UAE and possibly Libya and Morocco.

iii. Roland, surface to air missile - press reports indicate that this has been sold to Iraq and sensitive sources confirm that a major order was signed late in 1980 after the outbreak of war with Iran.

BRITISH FORCES ON THE CONTINENT

Current strengths of British Forces on Continent of Europe are:

Army	56,685
RAF	10,372
	67,057

These are mostly in West Germany, but include the Antwerp contingent (of about 200), units on roulement in Northern Ireland and 9% away on leave, training etc. They do not include 3,550 Army and RAF in Berlin.

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

8 May 1981

M O'D B Alexander Esq.
10 Downing Street
LONDON
SW1

Dear Michael,

ANGLO GERMAN CONSULTATIONS: 11-12 MAY 1981

TMV(81)3 refers to the possibility that Chancellor Schmidt may complain to the Prime Minister about US interest rate policy. Since TMV(81)3 was prepared there have been two developments which may increase the possibility that Chancellor Schmidt will raise this question. There has been a renewed rise in US interest rates which has caused a fall in European currencies against the dollar; and the US Treasury has told Congress that it intends to intervene in the exchange markets much less than the previous Administration.

We know that Chancellor Schmidt feels strongly about US interest rate policy. He would argue that it must be wrong for US interest rates to have risen sharply and then fallen again three times in a little over a year, given that the dollar is the world's main reserve currency. He feels that it is wrong that a low inflation country like Germany should have to face high interest rates mainly in order to defend the DM exchange rate against the dollar; and is being obliged to import deflation and to see investment damaged by high interest rates at a time when interest is particularly needed. This situation has produced differences of opinion between Chancellor Schmidt and the German Finance Ministry on the one hand and the Bundesbank on the other. Moreover there has been some tendency for FDP Ministers (Lambsdorff) to side with the Bundesbank. There are links with Chancellor Schmidt's wider political problems.

Some other Community countries naturally support Chancellor Schmidt's view but there has been no readiness to make concerted representations to the United States. We for our part have attached first importance to supporting the United States in their fight against inflation. We also think that high US interest rates are by no means the only cause of the recent weakness of the DM. In contrast to what has happened with Japan, the German current account deficit has not been reduced yet and the market is conscious

/of German

of German vulnerability to oil imports. Unrest in Poland has also played a part. The table attached shows how the DM has fluctuated against the dollar this year.

However, our main concern during Chancellor Schmidt's visit must be to avoid any difference which might mar the agreement we hope to achieve on other issues. It would be best if the subject were not raised. If it does come up however the Prime Minister may like to turn it by referring to what the UK has itself done. She might say that we all sympathise with the US efforts to reduce inflation which are in everybody's interest, not least in relation to the oil price. We can see that interest rates have to play a part in reducing inflation. They have had to play a part in the UK. However, in the UK we have managed to avoid a switchback movement of interest rates. We have had to be cautious about reducing rates until the trend towards falling inflation was firmly established. But we have also made great efforts to see that interest rates do not have to bear too much of the burden. We endured a Budget which we could not expect to be popular precisely in order to be able to reduce interest rates. We would hope that the United States also would put an appropriate part of the burdan of fighting inflation on to fiscal policy and not put too much of the burden onto interest rates. From that point of view we were glad to see that Congress had approved a programme of public expenditure reductions which if anything went beyond what the new US Administration had first proposed.

We would hope that this approach would appear sympathetic to the Chancellor's preoccupations, while avoiding criticism of US policy. We would also hope that the subject could be avoided or turned at the press conference. If necessary the Prime Minister could say that she hopes the US will be successful in turning back inflation, so making it possible for dollar interest rates to be brought down substantially and quickly.

I am copying this letter to George Walden and Michael Franklin.

Yours sincerely

John Wiggins

A.J. WIGGINS
Principal Private Secretary

vb

8 May 1981

I am replying on the Prime Minister's behalf to your letter to her of 8 May. I have, of course, placed the enclosed message from the Chancellor of the Federal Republic before the Prime Minister.

MODBA

His Excellency Mr. Jurgen Ruhfus, K.B.E.

CONFIDENTIAL

R H

8 May, 1981

Anglo/German Meeting: 11-12 May

The Prime Minister has seen the Chancellor of the Exchequer's minute to her of 7 May setting out a number of propositions on which the agreement of Chancellor Schmidt might be sought at Chequers on Monday. The Prime Minister considers that the Chancellor's minute provides a good basis for discussion of the CAP and will draw on it.

I am sending copies of this letter to Kate Timms (MAFF), Francis Richards and Stephen Gomersall (FCO) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

A J Wiggins Esq
HM Treasury

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(1)

Prime Minister
This seems to me a good minute.
Agree to include in brief?

Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

Yes
MT.

PRIME MINISTER

ANGLO-GERMAN MEETING: 11-12 MAY

At your briefing meeting yesterday, you called attention to the special difficulty of negotiating with Schmidt - namely that what he says to you in private bears little relationship to the policy decisions that he takes in Bonn. I suggest therefore that your main objective on Monday and Tuesday should be to secure his committed support in a more durable form and notably by conveying a sense of unity of purpose on a number of major points when you both speak to the press afterwards.

2. We should not aim too high, for example by endeavouring to agree with him a precise list of commitments on methods of achieving CAP reform. But we should aim to define as clearly as possible the propositions on which the two sides are agreed.

3. In the light of what we know of Schmidt's attitude, it would be realistic to aim to secure his agreement to the following propositions:-

(i) As the German Government made clear following last year's agreement on the UK net contribution, the Common Agricultural Policy must be reformed so as to reduce surpluses and contain the cost. Germany and the UK will continue to stay in close touch

/over possible means

over possible means of achieving this end. CAP reform is an essential element in Budget restructuring.

(ii) The rate of growth of Guarantee Section expenditure should in future be markedly less than the rate of growth of own resources. (Both Governments have already recorded that view in the minutes of the Agricultural Council.)

(iii) Budget restructuring must be carried out within the 1 per cent VAT ceiling.

(iv) In future the distributive effects of the Community Budget cannot be allowed to result haphazardly from unrelated policy decisions as in the past, but must be decided consciously in such a way as to make the result fair and defensible to the electorates of all the member states. (Schulmann came very close to saying this at the informal meeting of Finance Ministers at Breda; it seems well worthwhile trying to get Schmidt to endorse this proposition now.)

(v) The restructuring negotiations must be conducted speedily so as to avoid the need for an extension of the 30 May agreement to a third year. It weakens the Community to have these problems hanging around unresolved. Their solution is necessary to provide the basis for further advance.

(vi) The Community must now make a really determined effort, without further delay, to agree on a common fisheries policy.

/In my discussions

4. In my discussions with Schulmann before the Plenary Session at Chequers, I will seek to persuade him of our common interest in all the above points.

5. One reason why we need to come to an understanding with Schmidt over CAP reform is that German cooperation is likely to be crucial to a successful outcome of the restructuring negotiations. As I said at your meeting, the German Government is split on CAP reform. We should do all we can to encourage the SDP's increasing concern about the cost of agricultural support programmes whether financed from the Community Budget or directly from the domestic German budget. It is not true, as at one point seemed to be suggested at your meeting, that the Germans have no financial incentive to check the creation of agricultural surpluses. The Germans are the largest net contributor to the Community Budget. They pay a higher share of the cost of Feoga than any other member state. Their ambivalent behaviour, to which you and the Minister of Agriculture referred, is a result of a conflict of interest between German taxpayers and consumers on the one hand and German farmers on the other. It is in our interest to encourage the former against the latter, and this is why your talk with Schmidt will be so important. I acknowledge that German taxpayers and consumers pay a smaller proportion of the yield of linear coresponsibility levies than of the VAT tranche of the Community Budget. The moral is clear: we must on future occasions avoid agreeing to an increase in the linear levy - which directly undermines our policy of strict adherence to the 1 per cent ceiling.

6. I am sending copies of this minute to the Lord Privy Seal, the Minister of Agriculture and Sir Robert Armstrong.

(for (G.H.)

(Approved by the Chancellor & signed in his absence)

7 May 1981

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CONFIDENTIAL

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1A 2HB
Telephone 01-218 2111/3 (Direct Dialling)
01-218 9000 (Switchboard)

7th May 1981

Dear Michael,

ANGLO/GERMAN SUMMIT

I have been asked to send you the enclosed advance copy of a supplementary brief, which is being sent to the Cabinet Office in the normal way.

I am sending copies of this letter and the enclosure to George Walden (FCO) and David Wright (Cabinet Office).

Yours ever
Brian Norbury

(B M NORBURY)

M O'D B Alexander Esq

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DRAFT

TMV (81) Addendum
May 1981

ANGLO GERMAN CONSULTATION
11-12 MAY 1981

Defence Matters

Brief by Ministry of Defence

Points to make (if raised)

Changes in BAOR?

Our commitment to defence in Germany not in doubt. Defence Secretary stressed this in Germany last month. Making a thorough examination of our defence programme to get best balance. Areas of study include possible re-organisation of Rhine Army to improve its military effectiveness, but we fully recognise political and military importance of Brussels Treaty obligations. No decisions made. Aim to carry through exercise in accordance with NATO procedures. Like you we are matching our defence programme to a still growing budget.

Background

Daily Telegraph 7 May had the headline "Half of BAOR threatened in Defence cuts" and went on to report the Defence Secretary's statement to the Procurement Executive Management Conference (at Annex A). An article by Julian Critchley, also in the Telegraph, questioned whether the BAOR options under study could be presented as improve-

ments. The Chancellor may probe and ask for assurances that present level of commitment will continue. The main BAOR option under study would keep numbers at the 55,000 Brussels Treaty level; but a lower alternative is being examined, and a firm assurance at this stage could be misleading.

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TO IMMEDIATE F C O
TELEGRAM NUMBER 1420 OF 7 MAY

FOLLOWING FOR PRIVATE SECRETARY.
MY 3 I P T S: PRIME MINISTER'S TALK WITH SCHMIDT ON REAGAN ADMINISTRATION

1. THERE IS ONE OTHER POINT WHICH YOU MIGHT WISH TO CONVEY PRIVATELY TO NO. 10.

2. IT IS OUR IMPRESSION HERE THAT WHEN SCHMIDT TALKS TO THE AMERICANS (AND POSSIBLY TO OTHERS AS WELL) HE FINDS IT IMPOSSIBLE TO RESIST THE TEMPTATION TO EXPRESS HIS PERSONAL OPINIONS, OFTEN UNFLATTERING, OF OTHER EUROPEAN LEADERS AND TO REPEAT VIEWS WHICH THEY HAVE EXPRESSED TO HIM ABOUT ONE ANOTHER OR ABOUT THE AMERICANS. HE DOES NOT HAVE THE NICK-NAME QUOTE BIG-MOUTH UNQUOTE FOR NOTHING. AFTER SCHMIDT'S TALKS WITH CARTER LAST YEAR WE PICKED UP VARIOUS ECHOES WITHIN THE WHITE HOUSE OF THIS SORT OF THING. I THINK WE MUST ASSUME THAT IF THE PRIME MINISTER SAYS ANYTHING TO HIM WHICH IS IN ANY WAY CRITICAL OF ANY ASPECT OF THE REAGAN ADMINISTRATION SCHMIDT MAY USE IT WITH REAGAN.

3. THIS DOES NOT MEAN THAT WE HAVE TO REFRAIN FROM CRITICISING EG CERTAIN ASPECTS OF REAGAN'S ECONOMIC PROGRAMME, BUT IT SUGGESTS THAT IT WOULD BE RISKY TO MAKE ANY SORT OF PERSONAL OBSERVATION ABOUT THE NEW U.S. LEADERSHIP WHICH SCHMIDT AND SUBSEQUENTLY REAGAN COULD CONSTRUE AS BEING UNFLATTERING.

HENDERSON

NNNN

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TO ROUTINE FCO
TELEGRAM NUMBER 330 OF 5 MAY
INFO SAVING ANKARA ATHENS BRUSSELS COPENHAGEN THE HAGUE LISBON LUXEMBOURG OSLO OTTAWA PARIS REYKJAVIK ROME WASHINGTON UKDEL NATO UKREP BRUSSELS DUBLIN MOSCOW BMG BERLIN MUNICH STUTTGART WEST BERLIN FRANKFURT HAMBURG HANOVER DUSSELDORF CICC RHEINDAHLEN

MY TENOS 69 AND 270: STATE OF THE GOVERNING COALITION.

1. IN HIS TELNO 69, MY PREDECESSOR CONCLUDED THAT BY JANUARY THE FORTUNES OF THE GOVERNING COALITION HERE HAD ENTERED A BEAR MARKET PHASE, AND SAW LITTLE PROSPECT OF THIS TREND BEING REVERSED. THREE MONTHS LATER THE CLOUDS REMAIN, AND I SEE NO GROUNDS FOR AMENDING SIR O. WRIGHT'S ASSESSMENT. DISENCHANTMENT AT THE GRASS ROOTS: DIFFERENCES WITHIN THE SPD: AND MISTRUST BETWEEN THE SPD AND ITS COALITION PARTNER THE FDP CONTINUE TO SOUR THE ATMOSPHERE AND TO GIVE AN IMPRESSION OF A GOVERNMENT UNSURE OF ITS FOUNDATIONS AND UNCERTAIN OF ITS DIRECTION. THERE IS A FEELING IN THE AIR THAT, AFTER 11 YEARS OF POWER, THE DAYS OF THE SOCIAL LIBERAL COALITION ARE DRAWING TO AN END.

2. THE DOWNTURN IN THE FRG ECONOMY AFTER YEARS OF PROSPERITY AND RISING LIVING STANDARDS HAS CREATED CRACKS WITHIN THE COALITION ON ECONOMIC POLICY. THE FDP REMAIN ADVOCATES OF THE FREE MARKET APPROACH WHILE THE SPD ARE MORE RESPONSIVE TO PRESSURE FOR GOVERNMENT INTERVENTION. (THERE ARE ALSO SIGNS OF STRAIN BETWEEN THE GOVERNMENT AND THE BUNDESBANK ON INTEREST RATES). THE PROBLEM OF DISAFFECTED YOUTH, GIVEN A FOCUS BOTH BY THE PROBLEM OF HOUSE SQUATTERS AND BY THE CURRENT ANTI-NUCLEAR CAMPAIGN, IS WORRYING THE GOVERNMENT AND ATTRACTING PREDICTABLE BUT UNHELPFUL NOISES OF SYMPATHY FROM THE LEFT WING OF THE SPD. BOTH CIVIL NUCLEAR POWER (70,000 DEMONSTRATED AT BROCKDORF IN FEBRUARY, NECESSITATING THE LARGEST POLICE OPERATION IN POST WAR GERMAN HISTORY) AND LRTNF STATIONING ARE UNDER HEAVY PUBLIC ATTACK FROM AN AMORPHUS BUT GROWING COALITION OF YOUNG SOCIALISTS, COMMUNISTS, ENVIRONMENTALISTS AND LIBERAL ELEMENTS WITHIN THE CHRISTIAN CHURCHES. THIS QUOTE PACIFIST WAVE UNQUOTE (WHICH HAS STRONG ANTI-AMERICAN OVERTONES) LOOKS LIKE CAUSING DEEP DIVISIONS IN THE SPD AND, TO A LESSER EXTENT, WITHIN THE FDP. THERE IS INCREASING CRITICISM WITHIN THE SPD OF ITS OWN 1979 DECISION TO PROCEED WITH A NUCLEAR ENERGY PROGRAMME: AND ON TNF, THOUGH ONLY A HANDFUL OF SPD MEMBERS OF THE BUNDESTAG OPPOSE MODERNISATION OUTRIGHT, THE LIST OF LOCAL PARTY GROUPS AND EXECUTIVES DRAWING UP CRITICAL MOTIONS IS BECOMING SIGNIFICANTLY LONG. MEANWHILE THE DEBATE OVER ARMS EXPORT POLICY (ESPECIALLY IN RELATION TO SAUDI ARABIA AND CHILE) CONTINUES UNRESOLVED, A SOURCE OF FRICTION IN ALL PARTIES, THOUGH NOT BETWEEN THEM.

 /3. IN RECENT

3. IN RECENT WEEKS THE CHANCELLOR, WHO HAD SEEMED DISINCLINED TO DEAL WITH THESE PROBLEMS OR AT A LOSS TO KNOW HOW TO DO SO, HAS SHOWN SIGNS OF RETURNING TO HIS OLD FORM. LAST MONTH, IN A WELL STAGE-MANAGED PARLIAMENTARY DEBATE ON THE EVE OF GENSCHER'S VISIT TO MOSCOW, HE FIRMLY RESTATED HIS GOVERNMENT'S POSITION ON MEMBERSHIP OF NATO AND ITS COMMITMENT TO TNF MODERNISATION (IN THE CONTEXT OF THE NATO QUOTE DOUBLE DECISION UNQUOTE) AND GOT THE BACKING OF THE OVERWHELMING MAJORITY OF THE BUNDESTAG FOR BOTH. HE ALSO SPOKE OUT STRONGLY IN FAVOUR OF THE INCREASED USE OF CIVIL NUCLEAR ENERGY. WHEN YOU MET HIM IN HAMBURG ON 23 APRIL YOU FOUND HIM (AS YOU HAD NOT FOUND HIM IN JANUARY) IN A FIGHTING MOOD ON DOMESTIC ISSUES. BUT IT IS AN OPEN QUESTION WHETHER HE CAN REASSERT CONTROL OVER THE RANK AND FILE OF HIS PARTY: AFTER SO LONG IN POWER THE SPD IS BEGINNING TO FEEL ITSELF RUNNING OUT OF STEAM AS A PARTY OF REFORM, ITS ROOM FOR MANOEUVRE CONSTRAINED BY ITS ASSOCIATION WITH THE FDP AND THE PROSPECT OF A SHRINKING ECONOMIC CAKE.

4. SCHMIDT'S PROBLEMS ARE COMPOUNDED BY STRAINS IN THE TOP ECHELONS OF THE SPD: THE OLD TRIUMVIRATE OF SCHMIDT HIMSELF, HERBERT WEHNER THE PARLIAMENTARY LEADER: (75, DIABETIC, AND REPORTED TO BE SICK IN SWEDEN) AND AGEING PARTY CHAIRMAN WILLY BRANDT (WHO SEEMS TO HAHVE FALLEN OUT WITH THE OTHER TWO) IS NO LONGER WORKING EFFECTIVELY FOR THE MOMENT TOO SCHMIDT IS WITHOUT A POTENTIAL SUCCESSOR: APEL, ONCE REGARDED AS HEIR APPARENT, HAS SUFFERED A SEVERE LOSS OF REPUTATION OVER THE TORNADO AFFAIR AND OTHER PROBLEMS AS DEFENCE MINISTER: MATTHOEFER IS SICK: AND VOGEL, THE BRIGHEST REMAINING STAR, HAS BEEN PACKED OFF TO BERLIN TO TRY TO SAVE THE PARTY THERE. SCHMIDT APART, THE SPD LEADERSHIP IS LOOKING SOMEWHAT PLAYED OUT.

5. FOR ITS PART THE FDP IS BEGINNING TO GROW RESTLESS. IT IS STILL BENEFITTING FROM ITS STRONG SHOWING IN LAST AUTUMN'S ELECTIONS AND FROM GENSCHER'S FIRM AND STATESMANLIKE IMAGE. AT GRASS ROOTS LEVEL IT REMAINS COMMITTED TO THE COALITION WITH THE SPD. NEVER-THE LESS THERE ARE SIGNS OF THE GROUND BEING PREPARED FOR AN EVENTUAL SHIFT. SCHEEL (THE FORMER PARTY LEADER) AND ERTL HAVE BOTH BEEN SPECULATING PUBLICLY ABOUT THE COALITION'S POSSIBLE COLLAPSE ON THE GROUNDS THAT THE LIST OF THINGS WHICH THE FDP AND THE SPD CAN DO TOGETHER IS EXHAUSTED. GENSCHER TOO HAS CRITICISED THE SPD'S TENDENCY TO SHELVE DIFFICULT DECISIONS AND HAS CALLED FOR MORE DECISIVE LEADERSHIP. BUT GENSCHE'S REARKS WERE PROBABLY DESIGNED MORE TO STRENGHTEN SCHMIDT'S HAND AGAINST HIS OWN LEFT WING THAN TO ROCK THE COALITION BOAT. AS LONG AS THE SPD IS WILLING AND ABLE TO CARRY OUT THE MEASURES ENSHRINED IN THE COALITION AGREEMENT, THE FDP HAS NOTHING TO GAIN AND MUCH TO LOOSE BY SWITCHING ALLIES. AT A TIME WHEN THE SPD SEEMS TO BE SLIDING LEFTWARDS, THE FDP'S PROFILE AS THE ANCHOR PARTY OF THE GOVERNMENT IS MUCH STRONGER THAN IT IS LIKELY TO BE AS JUNIOR PARTNER TO THE CDU. AND BECAUSE OF ITS NARROW MARGIN OF SURVIVAL - A COMPARATIVELY SMALL DROP IN POPULARITY COULD LEAVE IT WITH LESS THAN 5 PER CENT OF THE VOTE AND EXCLUDE IT FROM THE BUNDESTAG ALTOGETHER - IT NEEDS TO

BE ESPECIALLY CAREFUL HOW IT JUMPS FROM ONE ALLY TO THE OTHER. THE GENERAL CONSENSUS BOTH INSIDE AND OUTSIDE THE FDP SEEMS TO BE THAT IT WOULD BE FATAL FOR THE PARTY'S CHANCES IF IT WERE THOUGHT BY THE ELECTORATE TO HAVE BROUGHT THE COALITION DOWN WITHOUT GOOD CAUSE. AT THE MOMENT, THERE ARE NO READILY IDENTIFIABLE ISSUES ON WHICH THIS COULD HAPPEN. BUT IF SCHMIDT FOUND HIMSELF UNABLE TO DELIVER HIS PARTY ON LRTNF MODERNISATION, THE SITUATION WOULD LOOK VERY DIFFERENT. HENCE THE STRONG GERMAN DESIRE TO GET THE AMERICANS LOCKED INTO AN LRTNF NEGOTIATION WITH THE SOVIET UNION WELL BEFORE THE NEXT SPD PARTY CONFERENCE IN FEBRUARY 1982, AT WHICH THE NATO QUOTE DOUBLE DECISION UNQUOTE COULD BE A MAJOR ISSUE.

6. MEANWHILE THE CDU/CSU IS FEELING THE WIND IN ITS SAILS. MANY BACKBENCHERS THINK THE PARTY SHOULD RAISE ITS PROFILE IN AN ATTEMPT TO HASTEN THE COALITION'S DISINTEGRATION. BUT THE LEADERSHIP, WITH HELMUT KOHL MORE OR LESS FIRMLY IN COMMAND, IS IN NO HURRY. AWARE OF HAVING NO ALTERNATIVE POLICIES TO DEAL WITH MANY OF THE CAUSES OF GROWING DISSENT, KOHL IS HAPPY THAT SCHMIDT SHOULD REMAIN AT THE HELM THROUGHOUT THE STORM AND THAT THE SPD SHOULD BECOME ASSOCIATED IN THE PUBLIC MIND WITH ECONOMIC RECESSION.

7. SO ALTHOUGH FEW PEOPLE IN THE FRG BELIEVE THAT THE COALITION CAN SURVIVE BEYOND 1984, FEW ARE PREDICTING ITS IMMINENT DEMISE. THE NEXT IMPORTANT POLITICAL INDICATOR WILL BE THE BERLIN ELECTIONS ON 10 MAY (THE RESULTS OF WHICH WILL BECOME KNOWN ON THE MORNING THE ANGLO/GERMAN CONSULTATIONS AT CHEQUERS BEGIN). IN A CITY WHERE THE SPD HAVE RULED SINCE THE RESTORATION OF CIVILIAN GOVERNMENT AFTER THE WAR, THE OPINION POLLS ARE FORECASTING THAT THEY WILL LOOSE HEAVILY, DESPITE VOGEL'S STRENUOUS EFFORTS AND HIS OWN HIGH PERSONAL STANDING. THIS WOULD BE A FURTHER BLOW TO SPD CONDFIDENCE. IT WOULD BE A STILL GREATER BLOW IF THE LOCAL FDP (CONTRARY TO THEIR PRESENT DECLARED INTENTIONS) THEN DECIDED TO GO INTO ALLIANCE WITH THE CDU AS THE ONLY FEASIBLE WAY OF PROVIDING BERLIN WITH A MAJORITY GOVERNMENT. THAT WOULD LEAVE HESSE AS THE ONLY LAND GOVERNED BY AN SPD/FDP COALITION, AND THE COALITION IN BONN WOULD BEGIN TO LOOK UNCOMFORTABLY ISOLATED.

FCO PASS SAVING TO ABOVE EXCEPT BMG BERLIN CONSULATES GENERAL IN FRG AND CICC RHEINDAHLEN

TAYLOR

FCO/WHITEHALL [REPEATED AS REQUESTED]

WED

SAVING TELEGRAM

BAG

FROM BONN

UNCLASSIFIED

TO FCO TELNO 17 SAVING OF 5 MAY 1981

INFO WASHINGTON PARIS TEL AVIV OTHER EC POSTS

TEL AVIV TELNO 180: ISRAEL/EUROPE

1. We have now obtained a text of Schmidt's remarks on First German Television on 30 April. (Unusually they were not put out by the Federal Press Office.)

2. Schmidt argued that in the Saudi view the military threat from Israel did not play a major part. On their side the Saudis' dealings had shown them to be a very moderate government who wanted to see peace achieved through negotiations. He remarked upon the extent to which solidarity with the Palestinians was at the forefront of Saudi concerns - as too the fate of the holy places in Jerusalem.

3. Asked how much weight moral considerations had played in his consideration of the question of arms sales to Saudi Arabia, Schmidt replied: - " I will say once more that in the Palestinian conflict one cannot attribute all moral right to one side and shrug one's shoulders towards the other. That is not on. Particularly so when one is a German, lives in a divided nation and maintains the moral claim of the German people to self-determination. Then you have to recognise also the moral claim of the Palestinian people to self-determination. (Question: Wouldn't we have destroyed such a claim if we used bombs and terror?) A moment, a moment. They are not the only ones who use bombs. I find it bad, this terrorism, but they are not the only ones. Let me say one thing about the PLO: when we in the West regard the PLO fundamentally as terrorists and do not learn to differentiate between the

/different

different component parts within the PLO - the PLO is really nothing more than an umbrella organisation for the most disparate organisations - if we do that, then that is the surest method of driving the PLO into the arms of Moscow. That is not sensible - and quite apart from the fact that it is for me also a moral question whether we take the attitude of unconcern when we are confronted by expellees and refugees from the West Bank and from the East Bank as one says nowadays - ie from the West and East banks of the Jordan. For me it is a tragedy, greek in its extent, that now, when after 2000 years the Jews have been able to find their own state, it should not be possible to consolidate this and secure it in agreement with neighbouring peoples. The Israelis must recognise one day that the Palestinians have the right to think about their own fate, who shall represent them. No-one can decide that apart from the Palestinians themselves, and if they were to or wanted to form their own state then they would in any case have to decide that. They must have the right to organise themselves as a state (Staatliche Selbstorganisation). And the Palestinians must one day recognise that the Israeli people like every other people in the world have the right to live as a state within recognised and secure borders. And if the two only approach each other in the consciousness that they both have in front of them (the need to) recognise the other, then much would have been gained. But they do not even recognise each other as interlocutors. For me that is a tragedy since I would from my heart wish the Jews permanence for their state and that it should not be endangered by a policy which does not see far enough. Unquote.

TAYLOR

MIDDLE EAST STANDARD

NENAD
MED
NAD
UND
EESD
ECD
WED
RID
MAED

ES & SD
ERD
ESID
CONS DEPT
CONS EM UNIT
CABINET OFFICE

ADDITIONAL DISTRIBUTION
ARAB/ISRAEL DISPUTE

THIS TELEGRAM WAS NOT ADVANCED

VB

SIR ROBERT ARMSTRONG

The Prime Minister has seen and taken note of your minute to me of 1 May about your lunch with Herr Ruhfus.

MODBA

5 May 1981

CONFIDENTIAL AND PERSONAL

(2)

Prime Minister

Ref. A04804

MR. ALEXANDER

I had lunch the day before yesterday with the German Ambassador.

2. He told me that he had recently attended a conference of Ambassadors in Bonn, which had also been attended by the Federal Chancellor and the Foreign Minister. The conference came shortly after the disobliging observations made by the President of the French Republic in Alsace about British membership of the European Community, and this had led to a general discussion of the German interest in the matter. Herr Ruhfus told me that all the Ambassadors at the conference without exception had agreed that continued British membership of the Community was in the interests of the Federal Republic of Germany; and that the Federal Chancellor had made it clear that this was also his view: he said that this was a view that he had publicly held throughout his political career, and he saw no reason to change it now.

3. Herr Ruhfus also said that it was evident that the Federal Chancellor had recovered from the depression which had appeared to seize him in recent months, and was back in very good form.

4. These indications coincide with other reports which suggest that the Federal Chancellor will come to Chequers intending that the talks should take place in a cordial atmosphere. If these indications are to be believed, he has for some months felt unable to do or say anything which might upset President Giscard or make his life more difficult before the French elections, and as a result of that the United Kingdom rather than France has tended to get blamed for blocking progress in the European Community. The Federal Chancellor may well be feeling that he over-reacted on fish at Maastricht, and may seek to restore the balance at Chequers.

5. I am sending a copy of this minute to Mr. Walden.

RTA

ROBERT ARMSTRONG

1st May, 1981

CONFIDENTIAL AND PERSONAL

Germany

Foreign and Commonwealth Office
London SW1A 2AH Government Offices, Great George Street

Telephone 01-

Your reference

Our reference

Date
30 April 1981

Miss Caroline Stephens

No. 10 Downing Street

Please file - Mr Alexander has copy & is coping.
CS. 1/5.

Dear Caroline

VISIT OF CHANCELLOR SCHMIDT

/ 1. I enclose a copy of a list given to me last night showing the likely composition of the German Delegation which is coming for the Anglo-German Summit at Chequers on 11 May. It is not their final list as it has still to be approved by Chancellor Schmidt. I also / enclose a copy of the latest version of the programme for the visit which covers the activities of all of the German ministers.

2. As you know we visited Chequers and RAF Halton on 23 April. We had a most useful session with Vera Thomas and she gave us details of the accommodation which would be available for the Germans. On the basis of our discussion with Vera we suggest that this should be allocated as follows:-

Chancellor Helmut Schmidt
Herr Gunther Becker - Government Spokesman
Herr Bernt von Staden - Deputy Secretary
Herr Otto von der Gablentz - Under Secretary
Herr Klaus Zeller - Assistant Secretary
Herr Reinhold Frickhinger - Private Secretary.

3. COTTAGES

We were shown the two cottages which will be available for this visit. A room in the first cottage will be used by Group Captain Thompson, the Government Hospitality Escort Officer, who will be attached to Chancellor Schmidt. He performed this role last year and knows the ropes well. The Germans will use the second cottage which should be able to accommodate two of the communications staff and act as an office.

4. OTHER ACCOMMODATION

The remainder of the staff not with the Chancellor and Herr Genscher (who will again be staying at Bledlow) will have rooms in nearby hotels. / I attach a schedule showing the proposed allocations.

/5.

5. MEALS

Lunch on Monday 11 May

As you have agreed, Lord Carrington and Herr Genscher will now have lunch at Chequers with the Prime Minister. It would be helpful to know whether the Prime Minister would wish, as hitherto, to offer a buffet lunch to the senior officials accompanying the Chancellor and Herr Genscher. On the basis of the present German list, this number would be around 14. This may be too many for Vera to cope with. If it is, the alternative would be for the German and British officials to lunch at nearby hotels - probably the Bell at Aston Clinton.

Dinner on Monday 11 May

On the basis of Michael Alexander's letter of 10 April, we envisage attendance by the following:-

Prime Minister	
Mr Thatcher	Chancellor Schmidt
Lord Carrington	Herr Genscher
Sir Geoffrey Howe	Count Lambsdorff
Sir Keith Joseph	Herr Ertl
Mr Walker	Herr Schulmann
Mr Biffen	Herr Ruhfus
Sir Jock Taylor	A N Other
Sir Robert Armstrong	A N Other.
Michael Alexander	

The remaining senior officials will take dinner at the Bell at Aston Clinton.

6. ARRIVALS AND DEPARTURES

Chancellor Schmidt and Herr Genscher will arrive in separate aircraft. The German Embassy do not yet have the precise flight plan, but we are working on Herr Genscher landing a few minutes before Chancellor Schmidt. In addition to the Prime Minister and Lord Carrington we would expect that the British and German Ambassadors and the Minister from the German Embassy would be present at the arrival. They would drive in convoy to Chequers.escorted by the Thames Valley Police.

7. Sir Geoffrey Howe and Herr Schulmann (Permanent Secretary for Finance, deputising for Herr Matthoefer who is indisposed) will be travelling from Brussels to Heathrow where they intend to arrive by Sabena Airways flight at 1545 hours and propose to drive direct to Chequers. They would thus be at Chequers about an hour before the plenary talks begin.

8. The German Embassy have told us that Count Lambsdorff proposes to return to Germany on the morning of 12 May having spent the night in London. It is also possible that Herr Ertl and Herr Schulmann

/will

will stay overnight in London and return to Bonn in Count Lambsdorff's aircraft from Northolt. They will not be present at the Press Conference at RAF Halton.

9. The Thames Valley Police have timed the route from RAF Halton to RAF Benson and have confirmed that the journey will take 45 minutes using the armoured Daimler. Chancellor Schmidt and Herr Genscher will be able to go straight on to their aircraft. The doors closed time has therefore been fixed for 1120 hours.

10. PRESS CONFERENCE

The Germans have told us that Chancellor Schmidt would again like to give a fifteen minute background briefing to the German Press assembled at RAF Halton. Last year the Prime Minister waited in an ante room whilst this was going on. Should we plan on the same basis again?

Yours sincerely

Douglas

R D Gordon
Inward Visits Section
Protocol and Conference Department

PS This does not take account of the latest development that Herr Genscher might stay at Chequers. When this is confirmed we will readjust the programme etc accordingly

D

CHANCELLOR'S DELEGATION

	Overnight Accommodation
His Excellency Herr Helmut Schmidt Chancellor of the Federal Republic of Germany	Chequers
Herr Gunther Becker Government Spokesman	Chequers
Herr Bernt von Staden Deputy Secretary	Chequers
Herr Otto von der Gablentz Under Secretary	Chequers
Herr Klaus Zeller Assistant Secretary	Chequers
Herr Merker Principal	The Bell Inn
Herr Reinhold Frickhinger Private Secretary	Chequers
Herr William Bunis Shorthand Writer	The Cottage, Chequers
Herr Schaack Photographer	Shoulder of Mutton
Herr Security Officer	Chequers
Herr Security Officer	Chequers
Herr Security Officer	Red Lion
Herr Security Officer	Red Lion

FOREIGN MINISTER'S DELEGATION

	Overnight Accommodation
His Excellency Herr Hans-Dietrich Genscher Vice-Chancellor and Federal Minister of Foreign Affairs	Bledlow
Ambassador Jurgen Ruhfus	The Bell Inn or Shoulder of Mutton
Herr Franz Pfeffer Deputy Secretary	The Bell Inn
Herr Per Fischer Deputy Secretary	The Bell Inn
Herr Reinhold Schenk Assistant Secretary	The Bell Inn
Herr Karl Paschke Assistant Secretary	The Bell Inn
Herr Heinz Weber Assistant Secretary	Bledlow
Herr Gerold von Braunmuhl Senior Principal	The Bell Inn
Herr Herbert Rothen Executive	The Bell Inn
Herr Telecommunication Engineer from the Federal Foreign Office	The Cottage, Chequers
Security Officers:-	
Herr	Bledlow
Herr	
Herr	
Herr	

DELEGATION OF
THE MINISTER FOR ECONOMIC AFFAIRS,
HIS EXCELLENCY COUNT OTTO VON LAMBSDORFF

	Overnight Accommodation
Herr Muller-Thuns Deputy Secretary	Browns Hotel, London
Herr Vogel Assistant Secretary	Browns Hotel, London
Herr Perusz Private Secretary	Browns Hotel, London

Security Officers:-

Herr	Browns Hotel, London
Herr	Browns Hotel, London

DELEGATION OF
HIS EXCELLENCY HERR JOSEF ERTL,
MINISTER OF AGRICULTURE

Overnight
Accommodation

Herr

Herr

Security Officers:-

Herr

Herr

MINISTRY OF FINANCE

Overnight
Accommodation

Herr Horst Schulmann
Permanent Secretary

Herr Heck
Under Secretary

VISIT OF CHANCELLOR SCHMIDT - PROGRAMME

Monday 11 May

1200	Chancellor Schmidt and Herr Genscher arrive by special flights at RAF Benson.
	Met by Prime Minister and Lord Carrington.
	Leave by car for Chequers.
1145 approx	Count Lambsdorff arrives by special flight at RAF Northolt. Drive to London.
	Herr Ertl arrives from Munich at Heathrow. Drive to London.
1230	Herr Ertl arrives at Ministry of Agriculture, Fisheries and Food, Whitehall Place.
1215 approx	Count Lambsdorff arrives for lunch with German Chamber of Industry and Commerce at Intercontinental Hotel, Park Lane.
1240	Chancellor and Prime Minister arrive at Chequers.
1315	Chancellor Schmidt and Herr Genscher lunch at Chequers.
1300	Herr Ertl: Lunch with Mr Peter Walker MP at Admiralty House.
1500	Tête à tête talks between Chancellor Schmidt and the Prime Minister.
	Separate tête à tête talks between Herr Genscher and Lord Carrington.
1500-1545	Talks between Count Lambsdorff and Sir Keith Joseph at Department of Industry, Ashdown House, Victoria Street
1500-1645	Talks between Herr Ertl and Mr Walker at Ministry of Agriculture, Fisheries and Food.
1555-1640	Talks between Count Lambsdorff and Mr Biffen at Department of Trade, 1 Victoria Street.
1545 approx	Herr Schulmann and Sir Geoffrey Howe arrive by flight SN 607 at Heathrow.
	Depart for Chequers.
1645	Arrive Chequers.

/1630

Monday 11 May (cont'd)

1630	Herr Genscher and Lord Carrington joins talks with the Chancellor and the Prime Minister.
1650	Herr Ertl, Count Lambsdorff, Mr Walker and Mr Biffen leave for Chequers by road from Ministry of Agriculture, Fisheries and Food, Whitehall Place.
	Sir Keith Joseph will travel independently to Chequers.
1800	Plenary talks begin at Chequers.
1930	Dinner at Chequers for Ministers participating in the plenary talks.
	Senior officials will dine at the Bell at Aston Clinton.
2230 approx	Officials will return to Chequers for departure of Herr Ertl, Count Lambsdorff and Herr Schulmann.
	Lord Carrington and Herr Genscher drive to Bledlow.

Tuesday 12 May

0830	Breakfast.
0930	Herr Genscher and Lord Carrington leave Bledlow for Halton House, Royal Air Force Station, Halton.
0945	Chancellor Schmidt and the Prime Minister leave Chequers.
0950	Herr Genscher and Lord Carrington arrive at Halton House.
0955	Chancellor Schmidt and the Prime Minister arrive at Halton House.
1000-1020	Press Conference.
1020-1035	Chancellor Schmidt gives background briefing to German Press.
1035	Chancellor Schmidt accompanied by the Prime Minister and Herr Genscher accompanied by Lord Carrington leave Halton for Royal Air Force Station, Benson.
1115	Arrive RAF Benson.
	Lord Carrington will bid farewell to Herr Genscher.
	The Prime Minister will bid farewell to Chancellor Schmidt.
1120	Aircraft doors close.

TMP

Germany

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

ANGLO-GERMAN CONSULTATIONS

Thank you for your minute of 30 April. I am sure the Prime Minister would be content for us to proceed as you propose.

M. O'D. B. ALEXANDER

30 April 1981

Ref: A04796

CONFIDENTIAL

MR. ALEXANDER

Anglo-German Consultations

Thank you for your minute of 28th April.

2. These consultations include discussions between the Foreign and Commonwealth Secretary and Herr Genscher, and between other Ministers and their German counterparts (as well as the talks between the Prime Minister and the Federal Chancellor (see paragraph 2 of my minute), and the lists of objectives and briefs are intended to cover the whole of the consultations. Moreover on many of the topics covered - including some of those suggested by the Prime Minister for omission - it will be valuable for the material available to Ministers to take account of recent developments and in particular of what transpired in the Foreign Secretary's recent discussions with Herr Genscher in Germany.

3. Clearly the Prime Minister herself will not want or need to see all the briefs, and some of them can be prepared as background notes rather than briefs.

4. I have recast the lists of objectives and briefs in the light of your minute, but with the above considerations also in mind. May I leave it to you to decide which briefs the Prime Minister needs to see?

RtA

Robert Armstrong

30th April 1981

CONFIDENTIAL

ANNEX A

ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

UNITED KINGDOM OBJECTIVES

1. To exchange views on restructuring the EC budget and reform of the CAP with the aim of building on the common ground between us and developing co-operation on these issues.

2. To align British and German views on emerging United States policies and on how to handle current crises (Poland, the Gulf, Afghanistan), East-West relations, the Middle East and Western consultation mechanisms.

3. To reach a common assessment of the international economic situation, including energy prospects and policies and our relationship with developing countries and Japan.

4. To underline the importance of the British contribution to Western collective defence and to bring British and German views on defence and arms control questions closer together; to be in a position to respond to enquiries from Chancellor Schmidt about Arab, particularly Saudi, interest in Tornado sales.

5. To strengthen the Anglo-German relationship at the top level, to give an impulse to co-operation in other fields, and to encourage Chancellor Schmidt to give greater public emphasis to the value to the FRG of the relationship, comparable to that with other major partners.

PROBABLE GERMAN OBJECTIVES

1. To co-ordinate policies on major Community problems (especially budget restructuring and CAP reform) in advance of the United Kingdom Presidency and in the light of the French Presidential elections; and to explore Her Majesty's Government's attitude to the Community generally.

2. Given the need for a joint Western strategy in the face of the problems of the 1980s, to reach the widest possible measure of agreement on:

(i) The developing policies and attitudes of the new United States Administration and their implications.

attach to A04796
annex A p.2.

(ii) Current world political issues (especially Poland, security issues, Southern Africa).

(iii) Current world economic issues e.g. prospects for Ottawa Economic Summit, North/South, OPEC surpluses, interest rates in the major Western economies, inflation, unemployment, prospects for resumed growth etc.

3. To assess for themselves the prospects for the United Kingdom economy and for the success of Her Majesty's Government's economic policies.

4. To make it clear that Her Majesty's Government's contribution to defence in the central region is appreciated, and to encourage its continuance at at least the present levels.

5. To seek Her Majesty's Government's assessment of the Middle East situation and to probe our intentions on Tornado following the Prime Minister's visit to Saudi Arabia.

6. To develop a closer relationship with British Ministers over a broad front with the object of promoting, with France and the United States, stability in relationships in Europe and across the Atlantic.

ANNEX B

LIST OF BRIEFS FOR ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

TMV(81)	Subject	Lead Department	In consultation with
1.	Steering Brief	FCO	as appropriate
2.	European Community Questions		
	(a) Steering Brief on the European Community	FCO	as appropriate
	(b) CAP Reform	MAFF	FCO
	(c) Restructuring the Community Budget	Treasury	FCO as appropriate
	(d) Fisheries	MAFF	FCO
	(e) Steel	Industry	FCO
	(f) Other Internal Community Questions	FCO	as appropriate
	(g) Enlargement	FCO	as appropriate
	(h) External Community Questions	FCO	as appropriate
3.	International Economic and Financial Questions	Treasury	FCO
4.	Relations with Developing Countries	FCO	Treasury Trade ODA
5.	International Energy Questions	Energy	FCO Treasury
6.	Defence Matters	MOD	FCO Industry
7.	Arms Control and Disarmament	FCO	MOD
8.	United Kingdom/Federal Republic of Germany Bilateral Relations	FCO	as appropriate
Background Notes			
9.	Regional Questions	FCO	as appropriate
	(a) Afghanistan/Pakistan		
	(b) Arab/Israel		
	(c) Iran/Iraq and Other Middle East Questions		
	(d) Southern Africa		

MV(81)	Subject	Lead Department	In consultation with
	(e) Latin America and Caribbean		
	(f) Far East		
10.	United States Policies and Transatlantic Relations	FCO	as appropriate
11.	East/West Relations	FCO	as appropriate
12.	Irish Questions	FCO	NIO
13.	FRG Political and Economic Scene	FCO	Treasury

CONFIDENTIAL

German

10 DOWNING STREET

From the Private Secretary

SIR ROBERT ARMSTRONG

Anglo-German Consultations: 11-12 May

The Prime Minister has seen your minute to me of 22 April dealing with the preparations for Chancellor Schmidt's visit next month.

The Prime Minister considers that the lists of United Kingdom objectives and of briefs are too long.

As regards the objectives she considers that paragraphs 1 and 3 could be deleted. As regards the list of briefs, she thinks that items 2(e), 2(g), 3, 4, 5, 6, 7 and 12 could all be omitted.

In the Prime Minister's view the items most likely to be discussed are the budget; the CAP; Tornado; visits to the Middle East, and trade difficulties with Japan. The Prime Minister will of course be happy to discuss anything that the Chancellor cares to raise.

28 April 1981

CONFIDENTIAL

Germany
Schmidt Visit

CC Miss Rabagliati
Mr Steel
Mr Lebrecht
Mrs Brock
Mr J H V Davies
Mr Andrews
Mr Ring
Mr Haddon
Mr Cocking
Mr Delaney
Mr Suich - British Embassy, Bonn
Mr Alexander - No 10
PS/Foreign and Commonwealth Secretary
Mr Hilton, Cabinet Office

Herr Josef Ertl
Federal Minister of Food,
Agriculture and Forestry
Postfach 14 02 70
5300 Bonn 1
West Germany

27 April 1981

I was delighted to hear that you expect to accompany Chancellor Schmidt to London on 11 May for the Anglo-German consultations. On this occasion I very much hope that you and your party will consent to be my guests for lunch at Admiralty House. It would give us a useful opportunity to get together before the talks start in earnest later that day in order to discuss issues of mutual interest.

Perhaps you could kindly let me know if this idea appeals to you. If so, may I suggest that we meet here in my office at 3 Whitehall Place at about 12.30 pm.

I look forward to hearing from you.

With best wishes.

PETER WALKER

Prime Minister.

To see. You have already approved the format of the talks. Are you content with the list of subjects for discussion at Annex A?

AWA
23 vi

The briefing can be substantially cut down, not

Ref. A04746

MR ALEXANDER

Anglo-German Consultations: 11-12 May

The next in the series of six monthly Anglo-German consultations between the Prime Minister and the Federal Chancellor will be held in this country on 11-12 May.

2. The Prime Minister has said that she wishes to be accompanied by the Foreign and Commonwealth Secretary; the Chancellor of the Exchequer; the Minister of Agriculture, Fisheries and Food; and the Secretaries of State for Industry and Trade. Ministers of Defence will not be able to participate because of NATO Ministerial meetings in Brussels. We have told the Germans of our proposed Ministerial team, and expect them to be able to provide appropriate interlocutors. There were at one time some doubts about the availability of Agricultural Ministers because of an Agricultural Council. But it now seems likely that they will be able to be present.

3. The Federal Chancellor will arrive at Chequers on Monday 11 May, in time for a tete-a-tete lunch and talks with the Prime Minister. Herr Genscher will be with him, but will go to Bledlow for lunch and talks with Lord Carrington. Other German Ministers will fly direct to London for consultations with their opposite numbers, although we do not expect Herr Matthoefer until the early evening: he and Sir Geoffrey Howe will fly back from the Finance Council to arrive at Chequers in time for the plenary session at 1800. The Foreign Ministers will join the Heads of Government at about 1630, and in the early evening the other Ministers will come to Chequers for a plenary session and the Government dinner. Thereafter we expect the other Ministers to leave, with the Federal Chancellor and Herr Genscher staying overnight (at Chequers and Bledlow respectively), for a press conference at 0930 on Tuesday morning at RAF Halton. The Federal Chancellor and Herr Genscher will then leave from RAF Benson.

4. Following consultation with German officials, a list of likely subjects for discussion has been drawn up. The list as it now stands is at Annex A. Probably not all these subjects will be raised. But they will all be covered in the briefing, since those that the Federal Chancellor does not raise may come up in discussions between other Ministers. The Chancellor's remarks to Sir Jock Taylor during the latter's introductory call suggest that he and Herr Genscher themselves will be hoping for a broad strategic discussion on ways for the Community to repair what they see as its current disarray, and on how it and the Alliance are to cope with the growing political and economic instability of the 1980s. Results of the French Presidential election (2nd Round on 10 May) will become known either immediately before or during the consultations: and the meeting falls usefully in the run-up to the Federal Chancellor's visit to Washington planned for 20-23 May. Since both Heads of Government will have visited Saudi Arabia shortly beforehand, discussion of Middle Eastern affairs, and arms sales to the area, is likely to be fairly high on the agenda.

5. I attach at Annex B an assessment of British and likely German objectives at the meeting, and at Annex C a suggested list of briefs, the preparation of which will be co-ordinated by the Cabinet Office.

RTA

ROBERT ARMSTRONG

22 April 1981

ANNEX A

Anglo-German Consultations: 11 May 1981

LIST OF SUBJECTS FOR DISCUSSION

1. European Community Questions

Community Budget, Restructuring and CAP Reform

Fisheries (if not settled)

Enlargement

Community External Relations

Steel

Development of Political Co-operation

Machinery

Preparation for the European Council

Other Internal Community Questions

2. Regional Questions

Afghanistan (including support for Pakistan)

Iran/Iraq, including Gulf Security and Iran Internal

Arab/Israel, including Lebanon

Southern Africa

Far East

Latin America and Caribbean

3. East-West and West-West Relations

Poland

Consultation Procedures (with the United States and within the Alliance generally, among the Ten and with Japan)

USSR and World Crisis Areas

Inner-German Relations and Berlin

4. Security Questions

SALT

TNF Modernisation and Arms Control

Other Arms Limitation Negotiations

CSCE and Proposed Conference for Disarmament in Europe

NATO

Defence Procurement Collaboration, including Policy on Arms Sales

5. Economic Questions

World Economic Prospects and Macro-Economic Policies

International Financial Questions

International Trade Questions (including EC/Japan)

Relations with Developing Countries

Energy (including short and long term prospects, and international energy co-operation machinery)

6. Bilateral Relations

Other Possibilities for 'thickening up' Relations (eg co-operation in scientific or technological research; Civil Service, cultural and youth exchanges)

British Forces, Germany (BFG)

I think that lists of general objectives serve little useful purpose. We shall discuss Budget, CAP, Tornado, Recent Middle East Talks, Trade with ref. to Japan, anything else the Chancellor wants to raise.

ANNEX B

ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

UNITED KINGDOM OBJECTIVES

1. To remove any misconceptions on Chancellor Schmidt's part about the Government's determination to co-operate fully in the European Community's development and in Europe's response to external political and economic problems.

2. To exchange views on restructuring the EC budget and reform of the CAP with the aim of building on the common ground between us and developing co-operation on these issues.

3. To align British and German views on ~~emerging United States policies and on~~ how to handle current crises (Poland, the Gulf, Afghanistan), East-West relations, the Middle East and Western consultation mechanisms.

4. To reach a common assessment of the international economic situation, including energy prospects and policies and our relationship with developing countries and Japan.

5. To underline the importance of the British contribution to Western collective defence and to bring British and German views on defence and arms control questions closer together; to be in a position to respond to enquiries from Chancellor Schmidt about Arab, particularly Saudi, interest in Tornado sales.

6. To strengthen the Anglo-German relationship at the top level, to give an impulse to co-operation in other fields, and to encourage Chancellor Schmidt to give greater public emphasis to the value to the FRG of the relationship, comparable to that with other major partners.

PROBABLE GERMAN OBJECTIVES

1. To co-ordinate policies on major Community problems (especially budget restructuring and CAP reform) in advance of the United Kingdom Presidency and in the light of the French Presidential elections; and to explore Her Majesty's Government's attitude to the Community generally.

2. Given the need for a joint Western strategy in the face of the problems of the 1980s, to reach the widest possible measure of agreement on:

(i) The developing policies and attitudes of the new United States Administration and their implications.

(ii) Current world political issues (especially Poland, security issues, Southern Africa).

(iii) Current world economic issues e.g. prospects for Ottawa Economic Summit, North/South, OPEC surpluses, interest rates in the major Western economies, inflation, unemployment, prospects for resumed growth etc.

3. To assess for themselves the prospects for the United Kingdom economy and for the success of Her Majesty's Government's economic policies.

4. To make it clear that Her Majesty's Government's contribution to defence in the central region is appreciated, and to encourage its continuance at at least the present levels.

5. To seek Her Majesty's Government's assessment of the Middle East situation and to probe our intentions on Tornado following the Prime Minister's visit to Saudi Arabia.

6. To develop a closer relationship with British Ministers over a broad front with the object of promoting, with France and the United States, stability in relationships in Europe and across the Atlantic.

ANNEX C

LIST OF BRIEFS FOR ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

TMV(81)		Subject	Lead Department	In consultation with
1.		Steering Brief	FCO	as appropriate
2.		European Community Questions		
	(a)	Steering Brief on the European Community	FCO	as appropriate
✓	(b)	CAP Reform	MAFF	FCO
✓	(c)	Restructuring the Community Budget	Treasury	FCO as appropriate
✓	(d)	Fisheries	MAFF	FCO
X	(e)	Enlargement	FCO	as appropriate
✓	(f)	Steel	Industry	FCO
X	(g)	External Community Questions	FCO	as appropriate
?	(h)	Other Internal Community Questions	FCO	as appropriate
3.		Regional Questions	FCO	as appropriate
	(a)	Afghanistan/Pakistan		
	(b)	Arab/Israel		
	(c)	Iran/Iraq and Other Middle East Questions		
	(d)	Southern Africa		
	(e)	Latin America and Caribbean		
	(f)	Far East		

Surely we know these without any extra briefing?

TMV(81)		Subject	Lead Department	In consultation with
4.	X	United States Policies and Transatlantic Relations	FCO	as appropriate
5.	X	East-West Relations	FCO	as appropriate
6.	X	International Economic and Financial Questions	FCO	Treasury
7.	X	Relations with Developing Countries	FCO	Treasury Trade ODA
8.	✓	International Energy Questions	Energy	FCO Treasury
9.		Defence Matters	MOD	FCO Industry
10.		Arms Control and Disarmament	FCO	MOD
11.	✓	United Kingdom/Federal Republic of Germany Bilateral Relations	FCO	as appropriate
12.	X	Irish Questions	FCO	NIO
13.	✓	FRG Political and Economic Scene	FCO	Treasury

cf. copy with NSC

Cabinet Office,
70 Whitehall,
London SW1

22nd April, 1981

PS(81) 10

Dear Private Secretary,

Anglo-German Consultations: 11th-12th May 1981

This letter sets out the briefing arrangements for the Anglo-German consultations from 11th to 12th May.

Objectives for the talks are at Annex A. A list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note carefully the details on the format of briefs set out in Annex C, particularly (b) on the structure of briefs. Neither the objectives for the talks nor the list of briefs has yet been seen by the Prime Minister, who is at present abroad. If any changes have to be made to the objectives and the list of briefs once the Prime Minister has seen them, I will write further.

70 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and should in any event arrive no later than 12.00 noon on Friday, 1st May. They should be addressed to Mr. W. Ewing in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Douglas Wass, Sir Frank Cooper, Sir Kenneth Clucas, Sir Brian Hayes, Sir Peter Carey, Sir Donald Maitland, Sir Peter Preston, Sir Kenneth Stowe, Sir Kenneth Couzens and Mr. Robin Ibbs, and to Michael Alexander, No. 10.

Yours sincerely,

(Signed) D.J. WRIGHT

ANNEX A

ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

UNITED KINGDOM OBJECTIVES

1. To remove any misconceptions on Chancellor Schmidt's part about the Government's determination to co-operate fully in the European Community's development and in Europe's response to external political and economic problems.

2. To exchange views on restructuring the EC budget and reform of the CAP with the aim of building on the common ground between us and developing co-operation on these issues.

3. To align British and German views on emerging United States policies and on how to handle current crises (Poland, the Gulf, Afghanistan), East-West relations, the Middle East and Western consultation mechanisms.

4. To reach a common assessment of the international economic situation, including energy prospects and policies and our relationship with developing countries and Japan.

5. To underline the importance of the British contribution to Western collective defence and to bring British and German views on defence and arms control questions closer together; to be in a position to respond to enquiries from Chancellor Schmidt about Arab, particularly Saudi, interest in Tornado sales.

6. To strengthen the Anglo-German relationship at the top level, to give an impulse to co-operation in other fields, and to encourage Chancellor Schmidt to give greater public emphasis to the value to the FRG of the relationship, comparable to that with other major partners.

PROBABLE GERMAN OBJECTIVES

1. To co-ordinate policies on major Community problems (especially budget restructuring and CAP reform) in advance of the United Kingdom Presidency and in the light of the French Presidential elections; and to explore Her Majesty's Government's attitude to the Community generally.

2. Given the need for a joint Western strategy in the face of the problems of the 1980s, to reach the widest possible measure of agreement on:

(i) The developing policies and attitudes of the new United States Administration and their implications.

(ii) Current world political issues (especially Poland, security issues, Southern Africa).

(iii) Current world economic issues e.g. prospects for Ottawa Economic Summit, North/South, OPEC surpluses, interest rates in the major Western economies, inflation, unemployment, prospects for resumed growth etc.

3. To assess for themselves the prospects for the United Kingdom economy and for the success of Her Majesty's Government's economic policies.

4. To make it clear that Her Majesty's Government's contribution to defence in the central region is appreciated, and to encourage its continuance at at least the present levels.

5. To seek Her Majesty's Government's assessment of the Middle East situation and to probe our intentions on Tornado following the Prime Minister's visit to Saudi Arabia.

6. To develop a closer relationship with British Ministers over a broad front with the object of promoting, with France and the United States, stability in relationships in Europe and across the Atlantic.

ANNEX B

LIST OF BRIEFS FOR ANGLO-GERMAN CONSULTATIONS
11th-12th MAY 1981

TMV(81)	Subject	Lead Department	In consultation with
1.	Steering Brief	FCO	as appropriate
2.	European Community Questions		
	(a) Steering Brief on the European Community	FCO	as appropriate
	(b) CAP Reform	MAFF	FCO
	(c) Restructuring the Community Budget	Treasury	FCO as appropriate
	(d) Fisheries	MAFF	FCO
	(e) Enlargement	FCO	as appropriate
	(f) Steel	Industry	FCO
	(g) External Community Questions	FCO	as appropriate
	(h) Other Internal Community Questions	FCO	as appropriate
3.	Regional Questions	FCO	as appropriate
	(a) Afghanistan/Pakistan		
	(b) Arab/Israel		
	(c) Iran/Iraq and Other Middle East Questions		
	(d) Southern Africa		
	(e) Latin America and Caribbean		
	(f) Far East		

TMV(81)	Subject	Lead Department	In consultation with
4.	United States Policies and Transatlantic Relations	FCO	as appropriate
5.	East-West Relations	FCO	as appropriate
6.	International Economic and Financial Questions	FCO	Treasury
7.	Relations with Developing Countries	FCO	Treasury Trade ODA
8.	International Energy Questions	Energy	FCO Treasury
9.	Defence Matters	MOD	FCO Industry
10.	Arms Control and Disarmament	FCO	MOD
11.	United Kingdom/Federal Republic of Germany Bilateral Relations	FCO	as appropriate
12.	Irish Questions	FCO	NIO
13.	FRG Political and Economic Scene	FCO	Treasury

ANNEX C

INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex D. Those preparing briefs should pay particular attention to ensuring that the following instructions are fully observed:

Content

(a) Briefs should be concise. Each brief should if possible be no more than four sides long.

(b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.

(c) Briefs should be complete and self-contained with all the information required on that particular subject. Briefs should not be divided into separate self-contained sub-sections.

Layout

(d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.

(e) As shown in the specimen at Annex D, the top page only of each brief should contain the following details: the symbol and number of the brief in the top left-hand corner (e.g. TMV(81) 10) with the date of production below: a copy number in red at the top right-hand corner; the visit heading; the title of the brief (in capitals) and the name of the Department responsible.

(f) At the foot of the last page and on the left-hand side, briefs should bear the name of the originating Government Department and the date of origin.

Reproduction

(g) Briefs should be reproduced throughout on white paper, with each page bearing a security classification at top and bottom (as in Annex D). Care should be taken that the reproduction method employed results in clear readable copies.

(h) It is important that on arrival at the Cabinet Office, briefs should be complete in all detail - collated, stapled and copy numbered and ready for immediate circulation.

Updating

(i) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the form described at (e) above, with the brief number (e.g. TMV(81) 10 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation. Revised briefs and corrigenda should be similarly treated.

(j) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

/CLASSIFICATION/

ANNEX D

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

TMV(81) /Serial Number as specified in Annex B/ COPY NO. /in red/

/Date/

ANGLO-GERMAN CONSULTATIONS
11-12 MAY 1981

/Leave 1½" margin/

/SUBJECT/ /Insert subject in capitals/

Brief by /name of originating Department, eg Foreign and Commonwealth Office/

/At the foot of the last page:-/
/left-hand side/

/Originating Government Department, eg Foreign and Commonwealth Office or Department of Industry, not a subordinate section or division/

/Date of origin/

/CLASSIFICATION/

Germany
L Drummond

APS — C/F

DEUTSCH-ENGLISCHE GESELLSCHAFT E.V.

ALLE ANFRAGEN AN DIE HAUPTGESCHÄFTSSTELLE

AN DER KALVEY 11
4000 DÜSSELDORF 31-WITTLAER
TELEFON (0211) 401387

SEKRETARIATSLEITUNG:
ELKE BERGER U. JOAN SALIBA

Prime Minister
A pg.

8th April 1981

Dear Prime Minister,

On behalf of the participants of this year's Königswinter Conference I should like to thank you most warmly for the kind and encouraging message which you sent to us on this occasion.

Your interest in our work and your good wishes were greatly appreciated by us all and we hope that our discussions may in some way have helped to clarify the problems at stake.

With best wishes

Yours sincerely

Lilo Milchsack

(Lilo Milchsack)

The Right Honourable Margaret Thatcher, MP.,
10 Downing Street,
London, S.W.1.

R H

cc:- HMT
MOD
MAFF
D.T
D.I
C.O.

10 DOWNING STREET

From the Private Secretary

10 April,1981

Anglo-German Consultations: 11-12 May

The Prime Minister has seen your letter to me of 6 April on this subject. She has also seen Kate Timms' letter to me of 9 April.

The Prime Minister thinks that it would be helpful if Agricultural Ministers could participate in the consultations. She would be grateful if appropriate arrangements could be made to render this possible.

The Prime Minister would be happy for the two Ambassadors and one or two senior officials to be invited to the dinner on 11 May. You will want to bear in mind that the maximum number that can sit down to a meal at Chequers is 18.

The Prime Minister agrees that only Heads of Government and Foreign Ministers should participate in the Press Conference on the Tuesday morning.

I am sending copies of this letter to the recipients of yours.

M. O'D. B. ALEXANDER

F N Richards, Esq
Foreign and Commonwealth Office

Comp

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's Private Office

M O'D B Alexander Esq
10 Downing Street
London SW1

9 April 1981

Dear Michael,

ANGLO-GERMAN CONSULTATIONS: 11/12 MAY 1981

? with MODOA

I have received a copy of the letter dated 6 April which Francis Richards sent you on this subject.

I understand that the FCO have since had an approach from the Germans indicating that Herr Ertl would be ready to attend this meeting if it is our wish that Agricultural Ministers should be included in the discussions. Mr Walker has asked me to say that he does not consider that the Agriculture Council need prevent his attending if the Prime Minister wishes him to do so. Alick Buchanan-Smith would be able to represent us at the Agriculture Council on the Monday afternoon. The Minister feels that there would be considerable advantage in having Herr Ertl present along with Herr Schmidt for any detailed discussion on the reform of the CAP.

I am copying this letter to those to whom Francis Richards copied his.

Yours sincerely

Kate.

Kate Timms
Principal Private Secretary

Foreign and Commonwealth Office

London SW1A 2AH

(1)

Prime Minister
Agree these queries asked below?

MT

6 April 1981

Dear Michael,

Anglo-German Consultations: 11-12 May

Thank you for your letter of 26 March. with MODEST?

We have transmitted to the Germans our proposed list of participating Ministers. I have, however, since seen Valerie Heathorn's letter of 27 March about the clash with the May Agriculture Council. It would seem a pity if the Agriculture Council prevented the attendance of the two agriculture ministers, as the Summit would provide a useful opportunity to get a concerted German view on CAP reform in the context of restructuring. But we accept that we may need to plan on attendance only by the Prime Minister, the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer (subject to the limitations mentioned in John Wiggin's letter of 27 March), and the Secretaries of State for Trade and Industry. On the German side we would expect Chancellor Schmidt, Herr Genscher, Herr Matthoefer (Finance) and Count Lambsdorff (Economics): the latter would be the interlocutor for both Sir K Joseph and Mr Biffen.

~~Also set for 11/12 May.~~ See now attached letter. Agree that Minister of Ag. should be present if possible. * Yes MT

Meanwhile I should be grateful for your advice on the following:

(a) whom will the Prime Minister wish to invite to the dinner on 11 May? Will this occasion be confined to the Ministerial participants (ie a total of about 9)? Or will the two Ambassadors and a Private Secretary or senior official on each side also be included? *

Include Ambassadors + a couple of officials? Yes MT

(b) who will attend the Press Conference on Tuesday morning? If only the Heads of Government and Foreign Ministers (Herr Genscher having stayed the night at Bledlow), then the other German Ministerial participants and their accompanying officials could return to Bonn after the Ministerial /dinner *

Heads of Govt + Foreign Ministers only? Yes MT

dinner. This would also remove the need for their British Ministerial counterparts to go out to RAF Halton on the Tuesday morning.

I am sending copies of this letter to John Wiggins (HM Treasury), Brian Norbury (Ministry of Defence), Kate Timms (Ministry of Agriculture, Fisheries and Food), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

File
3/F 1/5/81

3 April 1981

ANGLO-GERMAN CONSULTATIONS: 11/12 MAY

You will no doubt already be thinking about the briefing for Chancellor Schmidt's visit next month. It would be helpful if the briefs could be available by close of play on Friday 1 May.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

file XB

cc FCO

Germany.

10 DOWNING STREET

THE PRIME MINISTER

Last year I offered my congratulations to Koenigswinter on its 30th birthday, when it gave me great pleasure to attend your dinner in Cambridge. I am happy to see that as it approaches middle age, Koenigswinter has retained its vigour unimpaired: over this weekend you will be addressing some of the most vital questions of the coming decade.

Much attention has been paid to the dangers which lie ahead, but we must not allow ourselves to forget that there are great opportunities too, if we have the imagination and the will to grasp them. This is particularly true of the European Community, which we are determined to see strengthened, both by the important process of restructuring that we are about to embark on, and by enlargement.

In addition to its contribution to the understanding of the problems of the day, Koenigswinter is important as the mirror of the ever closer relationship between our countries. I should like to offer my best wishes for the success of the 1981 Koenigswinter Conference. I have no doubt that your meeting will be of value to both sides as we prepare for the next of the twice yearly meetings which Chancellor Schmidt and I will be holding next month.

Margaret Thatcher

April 1981

XB

Ministry of Agriculture, Fisheries and Food
Whitehall Place London SW1A 2HH

From the Minister's
Private Office

Oh dear!

MT 30/3

Michael Alexander Esq
Prime Minister's Office
10 Downing Street
London
SW1A

27 March 1981

Dear Mr. Alexander

George Walden copied to this office his letter of 25 March to you about Ministerial participation at the Anglo-German consultations on 11/12 May. My Minister has asked me to mention to you that these dates are scheduled for a meeting of the Council of Agriculture Ministers in Brussels.

I am copying this letter to George Walden, together with the recipients of his letter.

Yours sincerely,

Valerie Heathorn

Miss V A Heathorn
Assistant Private
Secretary

Germany

HMT
MOD
MAFF
TRADE
IND
CO

JFH

10 DOWNING STREET

From the Private Secretary

26 March 1981

Anglo/German Consultations: 11/12 May

The Prime Minister has seen George Walden's letter to me of 25 March on this subject. She agrees that we should plan on the participation of the Ministers listed in that letter. The Prime Minister is also content that we should go ahead to make detailed arrangements on the basis of the programme enclosed by George Walden.

I am sending copies of this letter to John Wiggins (HM Treasury), Brian Norbury (Ministry of Defence), Kate Timms (Ministry of Agriculture, Fisheries and Food), Stuart Hampson (Department of Trade), Ian Ellison (Department of Industry) and David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

Francis Richards, Esq.,
Foreign and Commonwealth Office.

Clb

25 March, 1981.

Koenigswinter Conference 1981

The Prime Minister has seen and approved the message enclosed with your letter to me of 24 March on this subject.

M. O'D. B. ALEXANDER

F.N. Richards, Esq.,
Foreign and Commonwealth Office.

Foreign and Commonwealth Office

London SW1A 2AH

Prime Minister

(1)

Content that we plan on the basis of the participation at A of the plan overleaf - which you have already seen?

Yes

MT 25/3

25 March 1981

Dear Michael,

Anglo-German Consultations: 11-12 May

The FRG Embassy in London have asked us on instructions about plans for the Anglo-German consultations on 11-12 May. In particular they wish to know which Ministers we expect to participate. Subject to any necessary adjustments nearer the time, the Foreign and Commonwealth Secretary thinks we should plan on participation (in addition to the Prime Minister and himself) by the Chancellor of the Exchequer; the Minister of Agriculture, Fisheries and Food; and the Secretaries of State for Trade and Industry. Unfortunately, neither Minister of Defence will be able to participate because of NATO Ministerial meetings in Brussels on those two days. I should be grateful if you could let me know if the Prime Minister agrees.

A.

The German Embassy have also asked about arrangements for the summit. It is clearly too soon to make detailed plans but it would be useful if we could confirm to the Germans that we are making provisional arrangements on the basis of the plan attached to your letter of 15 December (copy enclosed for ease of reference).

Lord Carrington is thinking incidentally of entertaining Herr Genscher to lunch at Bledlow before joining in the Prime Minister's talks at Chequers. The logistical advantages to him of such an arrangement are clear.

I am copying this letter to David Wright and to the Private Secretaries to the Chancellor of the Exchequer, the Secretary of State for Defence, the Minister of Agriculture, Fisheries and Food, and the Secretaries of State for Trade and Industry.

Yours ever

GGH

(G G H Walden)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

PROGRAMME FOR CHANCELLOR SCHMIDT'S VISIT: 11/12 MAY

Monday, 11 May

1200	Chancellor Schmidt arrives at RAF Benson His Ministerial party fly direct to London
1315	Tête-à-tête lunch
1500	Tête-à-tête talks (Ministerial talks in London)
1630	Foreign Ministers join Heads of Government
1800	Plenary Session
1930	Dinner for all Ministerial participants Overnight: Chancellor Schmidt at Chequers

Tuesday, 12 May

0830	Breakfast
0930	Depart Chequers
1000	Joint Press Conference at RAF Halton
1100	Depart RAF Benson
1230	Prime Minister arrives back at No. 10

010

Foreign and Commonwealth Office

London SW1A 2AH

24 March 1981

Prime Minister
Agree with overleaf?
MCA

(1)
Yes
MT

Dear Michael,

Koenigswinter Conference 1981

This year's Koenigswinter Conference takes place between 2 and 5 April, this time at Koenigswinter itself. It is customary for the Prime Minister and the Foreign and Commonwealth Secretary to send short messages of goodwill which our Ambassador reads out at the opening session. On the German side messages are normally sent by the Federal President, the Chancellor (who may this year be attending the Conference in person) and the Foreign Minister.

The phrase has caught on!

The theme of the 1981 Conference will be 'The Dangerous Decade'. Mr Blaker will be attending from the FCO; other Government Ministers planning to be present are Mr Kenneth Baker and Mrs Lynda Chalker.

The Foreign and Commonwealth Secretary hopes that the Prime Minister will agree to send a message as usual. I enclose a draft for her consideration. I also enclose a copy of the message that Lord Carrington will be sending.

//

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

DRAFT MESSAGE FROM THE PRIME MINISTER

Last year I offered my congratulations to Koenigswinter on its 30th birthday, when it gave me great pleasure to attend your dinner in Cambridge. I am happy to see that as it approaches middle age Koenigswinter has retained its vigour unimpaired: over this weekend you will be addressing some of the most vital questions of the coming decade.

Much attention has been paid to the dangers which lie ahead, but we must not allow ourselves to forget that there are great opportunities too, if we have the imagination and the will to grasp them. This is particularly true of the European Community, which we are determined to see strengthened, both by the important process of re-structuring that we are about to embark on, and by enlargement.

In addition to its contribution to the understanding of the problems of the day, Koenigswinter is important as the mirror of the ever closer relationship between our countries. I should like to offer my best wishes for the success of the 1981 Koenigswinter Conference. I have no doubt that your meeting will be of value to both sides as we prepare for the next of the twice yearly meetings which Chancellor Schmidt and I will be holding next month.

Dd 0532000 400M 5/78 HMSO Bracknell

Message From Lord Carrington to
the Koenigswinter Conference 1981

I should like to add my good wishes to those of the Prime Minister as Koenigswinter begins its 31st Conference. We continue to attach the greatest value to the closeness and depth of the consultations we have with our German friends and colleagues in so many different places and groupings and on so wide a range of subjects. These exchanges of views, and the common approach which they reflect, are of central importance to the survival and prosperity of the European Community and the Alliance. Koenigswinter's contribution to this process is justly renowned; I applaud its achievements and send good wishes for yet another successful Conference in 1981.

Foreign and Commonwealth Office
24 March 1981

Germany

Foreign and Commonwealth Office

London SW1A 2AH

Mrs Stephens
Mrs. 2/2.
Mrs

2 February 1981

Dear Michael,

ANGLO/GERMAN CONSULTATIONS

You wrote on 15 December about your tentative agreement with Chancellor Schmidt's office on 11-12 May as the dates for the next Anglo/German Consultations. We have now had official confirmation from the German Embassy in London that these dates are acceptable to Herr Genscher and Chancellor Schmidt. We can therefore go ahead, in due course, with firm planning on the basis of these dates.

The German Embassy in London was sent a copy of the programme you enclosed with your letter, though they were told of its provisional nature at this stage.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

M O'D B Alexander Esq
10 Downing Street

Michael

– As you requested this morning

Letter attached is from this

FCO confirming

years Anglo/German Consultations

in May at Cheques.

Richard

7/1/81

B.F. 16.3.81.

Michael

—

Please see your minute of 15 Dec 1980 to Paul Lever at Flag. FCO have rung in to say that they have confirmed in writing through the usual channels the dates of the next meeting as 11/12 May 1980.

Content?

Richard

7/1.
Copy of confirmation letter for file please.

7/1/81

With the compliments of

THE PRIVATE SECRETARY

Richard,

Enclosed is letter your requested.

John

FOREIGN AND COMMONWEALTH OFFICE
SW1A 2AH

Germany

(106)

FOREIGN AND COMMONWEALTH OFFICE LONDON SW1A 2AH

17 December 1980

Dr Hermann Hillger
Minister-Counsellor
Embassy of the Federal Republic of Germany
23 Belgrave Square
LONDON
SW1X 8PZ

WRG 020/5-

RECEIVED IN REGISTRY NO.
18 DEC 1980

DESK OFFICER		REG
INDEX	PA	Action Taken
	22/12	

Dear Dr Hillger,

ANGLO-GERMAN CONSULTATIONS

I am writing in confirmation of my telephone conversation with Herr Gnodtke this afternoon, to let you know that we have heard from the Prime Minister's Office that they have agreed with the Bundeskanzleramt that the next round of Anglo-German consultations should take place at Chequers on 11-12 May next year. I understand that you may already have heard this from the Bundeskanzleramt on your own channels.

For illustrative purposes only, I enclose a copy of a proposed programme for the visit. I should emphasise that, at the present stage, this is highly tentative and has only been mentioned briefly to the Bundeskanzleramt.

Yours Sincerely,

Stuart Laing

J S Laing
Western European Department

bcc. B. Eastwood, Bonn

German

10 DOWNING STREET

From the Private Secretary

15 December 1980

BF 7/1/81

Anglo/German Consultations

I have tentatively agreed with Chancellor Schmidt's Office that the next round of Anglo/German talks should take place at Chequers on 11/12 May next year. I should be grateful if you could now confirm this date in writing through the usual channels. I understand that the Chancellor's Office have already been in touch with the Embassy here.

I enclose a programme for the visit. This is highly tentative and has only been mentioned in the most cursory way to the Chancellor's Office.

Paul Lever, Esq.,
Foreign and Commonwealth Office.

(1)

PRIME MINISTER

Anglo-German Consultations: May 1981

You agreed with Chancellor Schmidt that the next Anglo-German bilateral should take place in May at Chequers. You agreed with me that we should try to reproduce as nearly as possible the pattern of the Chancellor's last visit to Chequers.

Unfortunately, the Germans (for parliamentary reasons) would greatly prefer to come on a Monday and Tuesday rather than on any other two days (the days we have tentatively identified are 11 and 12 May). The difficulty about a Monday/Tuesday agenda is that, because of Questions, you cannot give a "plenary" lunch on the second day. Would you regard a programme along the following lines as a satisfactory alternative?:

9/10 May You spend the weekend at Chequers.

Monday, 11 May

1200	You meet Chancellor Schmidt at RAF Benson and return with him to Chequers. (His Ministerial colleagues would fly direct to London).
1315	Tete-a-tete lunch
1500	Tete-a-tete talks (Ministerial colleagues would be having their own bilaterals in London at this time)
1630	Foreign Ministers join in
1800	Plenary talks at Chequers
1930 for 2000	Plenary dinner
Overnight	Chancellor Schmidt at Chequers

Tuesday, 12 May

~~0800~~ 8.30	Breakfast
~~0900~~	~~Further brief tete-a-tete(?)~~
0945	Depart Chequers
1000	Joint Press Conference at RAF Halton
1100	You see Chancellor Schmidt off from RAF Benson
1230	You arrive back at Downing Street

Agree?

Yes

12/XII

12 December 1980

PROGRAMME FOR CHANCELLOR SCHMIDT'S VISIT: 11/12 MAY

Monday 11 May

1200	Chancellor Schmidt arrives at RAF Benson His Ministerial party fly direct to London
1315	Tete-a-tete lunch
1500	Tete-a-tete talks (Ministerial talks in London)
1630	Foreign Ministers join Heads of Government
1800	Plenary Session
1930	Dinner for all Ministerial participants
	Overnight: Chancellor Schmidt at Chequers

Tuesday 12 May

0830	Breakfast
0930	Depart Chequers
1000	Joint Press Conference at RAF Halton
1100	Depart RAF Benson
1230	Prime Minister arrives back at No. 10

Germany

Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

4 December 1980

Dear Michael,

Visit by Chancellor Schmidt: 4 December

The Prime Minister is to attend a dinner given by the German Ambassador in honour of Chancellor Schmidt tonight, Thursday 4 December.

Chancellor Schmidt is coming to the UK on a private visit in order to present an award to Mr Henry Moore. The award is the Federal Service Cross with Star and Shoulder Band - the second highest in the Order, the highest being presented only to visiting Heads of State. The Prime Minister may know that Chancellor Schmidt has long been an admirer of the work of Henry Moore. They are personal friends, and Moore's "Two Large Forms" stands in front of Chancellor Schmidt's office in Bonn. On the occasion of its erection in September 1979, a showing was held in Bonn of the largest collection ever brought together of small Moore compositions. Chancellor Schmidt is said particularly to appreciate the way in which Henry Moore bears no resentment for the destruction by German bombs of his studio in London in 1940, the event which decided him to move to Much Hadham. Henry Moore's other connection with Germany is that several of his bronzes are cast at a foundry in Berlin; a representative of the foundry will also attend the dinner.

(You saw this on your visit to Bonn last Autumn.)

We understand that the evening will begin at 19.30 with the arrival of guests and the presentation of the award, with press present, at 19.45. The Ambassador's private dinner will follow at 20.00 or 20.15. We have not been given a complete guest list by the Embassy, but we understand that Mr Nott, Mr Howell, Mr St John-Stevas, Mr Callaghan and Mr Shore will be attending. Other guests include Dr Bertram (International Institute of Strategic Studies), Sir Karl Popper, and Dr von Dohnanyi who is also in London on a private visit. (Dr von Dohnanyi is seeing the Foreign and Commonwealth Secretary briefly on Friday morning.)

The Prime Minister may wish to take the opportunity, should one arise, to mention to Chancellor Schmidt the importance we attach to a decision being reached on New Zealand butter at next week's Agricultural Council. The Chancellor failed to provide the support on this issue for which we had hoped when the Prime Minister raised it at the European Council. This was disappointing, particularly since we know privately from the New Zealanders that he has sent Mr Muldoon a message in encouraging terms.

/So soon

So soon after the European Council Meeting, there are no other points which we would like to recommend the Prime Minister to raise with Chancellor Schmidt during the dinner, but she should be aware that Chancellor Schmidt is reported again to be in poor health, as a result of strain and overwork. I enclose a copy of Bonn telegram no 889 commenting on this. The German Embassy tell us that Chancellor Schmidt is to take a holiday in Hamburg immediately after the present visit.

The Prime Minister might also find it useful to discuss with Chancellor Schmidt his visit to Washington and the contacts the German Government and we are having with Republican figures (Bonn telegram no 829, copy attached).

I am sending a copy of this letter to Stuart Hampson (Dept of Trade), Julian West (Dept of Energy) and Robin Birch (Chancellor of the Duchy of Lancaster's Office).

Yours ever

Paul

(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
LONDON

CONFIDENTIAL

GRS 165
CONFIDENTIAL
FM BONN 011520Z DEC 80
TO PRIORITY FCO
TELEGRAM NUMBER 889 OF 1 DECEMBER

PERSONAL FOR FERGUSSON (AUSS)
CHANCELLOR SCHMIDT'S VISIT TO LONDON: 4 DECEMBER

1. A CONTACT IN THE CHANCELLOR'S OFFICE HAS CONFIRMED PRIVATELY TO US THAT (AS HAS BEEN APPARENT FROM HIS APPEARANCE IN PUBLIC) SCHMIDT IS REALLY VERY TIRED. THE ELECTION CAMPAIGN (AFTER WHICH HE TOOK NO REAL BREAK), THE DIFFICULT COALITION NEGOTIATIONS AND THE CRITICAL PUBLIC REACTION TO HIS STATEMENT OF 24 NOVEMBER SETTING OUT THE GOVERNMENT'S POLICY HAVE ALL CONTRIBUTED TO HIS GENERAL EXHAUSTION AND IRRITABILITY. THIS HAS BEEN FURTHER AGGRAVATED BY HIS HAVING BEEN ORDERED TO GIVE UP SMOKING CIGARETTES ON MEDICAL GROUNDS (HE IS AT PRESENT SMOKING A PIPE INSTEAD). OUR CONTACT COMMENTED THAT WHAT SCHMIDT NEEDED WAS THREE WEEKS IN THE BAHAMAS.
2. OUR CONTACT TOLD US AGAINST THIS BACKGROUND THAT SCHMIDT REGARDS HIS VISIT TO LONDON AS A CHANCE TO GET AWAY FROM IT ALL AND ENJOY HIMSELF. WHILE THE THE CHANCELLOR'S OFFICE EXPECT THAT HE WILL IN THE NATURE OF THINGS HAVE A CHAT WITH THE PRIME MINISTER, THEY HAVE MADE IT CLEAR THAT HE WILL NOT BE GOING TO LONDON WITH THE INTENTION OF DOING ANY SERIOUS BUSINESS.

WRIGHT

LIMITED
WED
PCD
PS
PS/LPS
PS/PUS
MR BULLARD
MR FERGUSSON

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PS/NO 10 DOWNING ST

CONFIDENTIAL

CONFIDENTIAL

GRS 180
CONFIDENTIAL
DESKBY 031400Z
FM BONN 031000Z DEC 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 892 OF 3 DECEMBER
INFO WASHINGTON

TELECON LAING/EASTWOOD: BRIEFING FOR PRIME MINISTER'S DINNER AT GERMAN EMBASSY

1. THE PRIME MINISTER MAY WISH TO DEBRIEF CHANCELLOR SCHMIDT FURTHER THAN WAS POSSIBLE IN LUXEMBOURG ABOUT HIS WASHINGTON TRIP AND THE CONTINUING CONTACTS THAT THE GERMANS ARE HAVING WITH US REPUBLICAN FIGURES. SCHMIDT AND GENSCHER HAD SEPARATE TETE-A-TETE CONVERSATIONS HERE YESTERDAY WITH KISSINGER AND STRAUSS-HAUPE HAS BEEN IN BONN (WASHINGTON TELNO 4765).

2. THERE ARE ECHOES HERE OF THE CONTROVERSY IN THE US STIRRED UP BY THE EVANS AND NOVAK ARTICLE LAST WEEK. THIS CLAIMED APPARENTLY THAT SCHMIDT EXPLOITED A COURTESY CALL ON REAGAN TO GIVE A LENGTHY POLITICAL EXPOSITION AND THAT HE IS NOW REPRESENTING REAGAN AS AGREEING WITH THIS, ALTHOUGH THE LATTER ONLY LISTENED. THIS ACCOUNT HAS BEEN ROBUSTLY DENIED BY THE FRG SPOKESMAN AND, YESTERDAY, BY GENSCHER, WHO DESCRIBED THE REPORTS AS MALICIOUS AND UNTRUE AND SAID THAT SCHMIDT HAD ANSWERED QUOTE VERY INTERESTED UNQUOTE QUESTIONS BY REAGAN, THAT REAGAN HAD STRESSED THE IMPORTANCE HE PLACED ON CONSULTING THE WESTERN ALLIES AND HAD SAID THAT CONTACTS AND ARMS NEGOTIATIONS WITH THE SOVIET UNION WOULD BE CONTINUED.

WRIGHT

LIMITED	PS/PUS
WED	SIR E YOUDE
NAD	MR BULLARD
EESD	MR DAY
DEF.D	MR FERGUSSON
NEWS.D	MR HARDING
INFO.D	MR P.H. MASERLY
PS	
PS/LPS	
PS/MR RIDLEY	

CONFIDENTIAL

GUEST LIST FOR THE FEDERAL GERMAN AMBASSADOR'S DINNER, THURSDAY 4 DECEMBER 1980

Prime Minister
Chancellor and Mrs. Schmidt
Mr. and Mrs. Henry Moore
Dr. von Dohnanyi
Herr von der Gablentz
Herr Millecker
Dr. Bott
Herr Noak
Mr. John Nott
Mr. and Mrs. David Howell
Mr. Norman St.John Stevas
Mr. James Callaghan
Mr. and Dr. Peter Shore
Sir Karl Popper
Mr. and Mrs. Peter Ustinov
Dr. and Mrs. Christopher Bertram
Mr. and Mrs. Clive Whitmore

Michael

10 DOWNING STREET

Herr Claus Zeller rang from the Chancellor's Office in Bonn to say that he has earmarked 11/12 May 1981 for the next Anglo/German Consultations. He would be grateful if you could now confirm this date through the usual channels in writing. Herr Zeller has not yet consulted either the Chancellor or Herr Genscher.

Charlotte
3/12

2.

Prime Minister

CONFIDENTIAL

GRS 180
CONFIDENTIAL
DESKBY 031400Z
FM BONN 031000Z DEC 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 892 OF 3 DECEMBER
INFO WASHINGTON

Cc No 10

TELECON LAING/EASTWOOD: BRIEFING FOR PRIME MINISTER'S DINNER AT GERMAN EMBASSY

1. THE PRIME MINISTER MAY WISH TO DEBRIEF CHANCELLOR SCHMIDT FURTHER THAN WAS POSSIBLE IN LUXEMBOURG ABOUT HIS WASHINGTON TRIP AND THE CONTINUING CONTACTS THAT THE GERMANS ARE HAVING WITH US REPUBLICAN FIGURES. SCHMIDT AND GENSCHER HAD SEPARATE TETE-A-TETE CONVERSATIONS HERE YESTERDAY WITH KISSINGER AND STRAUSS-HAUPE HAS BEEN IN BONN (WASHINGTON TELNO 4765).

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WRIGHT

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NAD
EESD
DEF.D
NEWS.D
INFO.D
PS
PS/LPS
PS/MR RIDLEY

PS/PUS
SIR E YOUDE
MR BULLARD
MR DAY
MR FERGUSSON
MR HARDING
MR P.H. MOBERLY

CONFIDENTIAL

Germany.

MISS STEPHENS

CS. 24/11

German Bilateral: Spring, 1981

I have put the dates 11/12 May to the Germans who have provisionally accepted. They will let us know in a few days whether or not we can go firm.

dates confirmed as 11/12 May 1981.

GWS

12/12/80

21 November, 1980

10 DOWNING STREET

Mr Alexander

2/3 March

[3rd could be Budget day but only Tomorrow free in March]

11/12 May

CP.

20/11

MR ALEXANDER

German Bilaterals

You asked me to look out two possible dates for you for bilaterals that will take place here in 1981. I am assuming that the talks will take place at Chequers. The dates are Thursday 12 (arrive afternoon) and Friday 13 and Thursday 14 May (arrive afternoon) and Friday 15 May.

You mentioned this morning that May would probably be the more convenient date. Can I just remind you that it is a bad month for the Prime Minister as she has three major speeches on the 8th, 18th and 20th, together with a possible visit to Portugal.

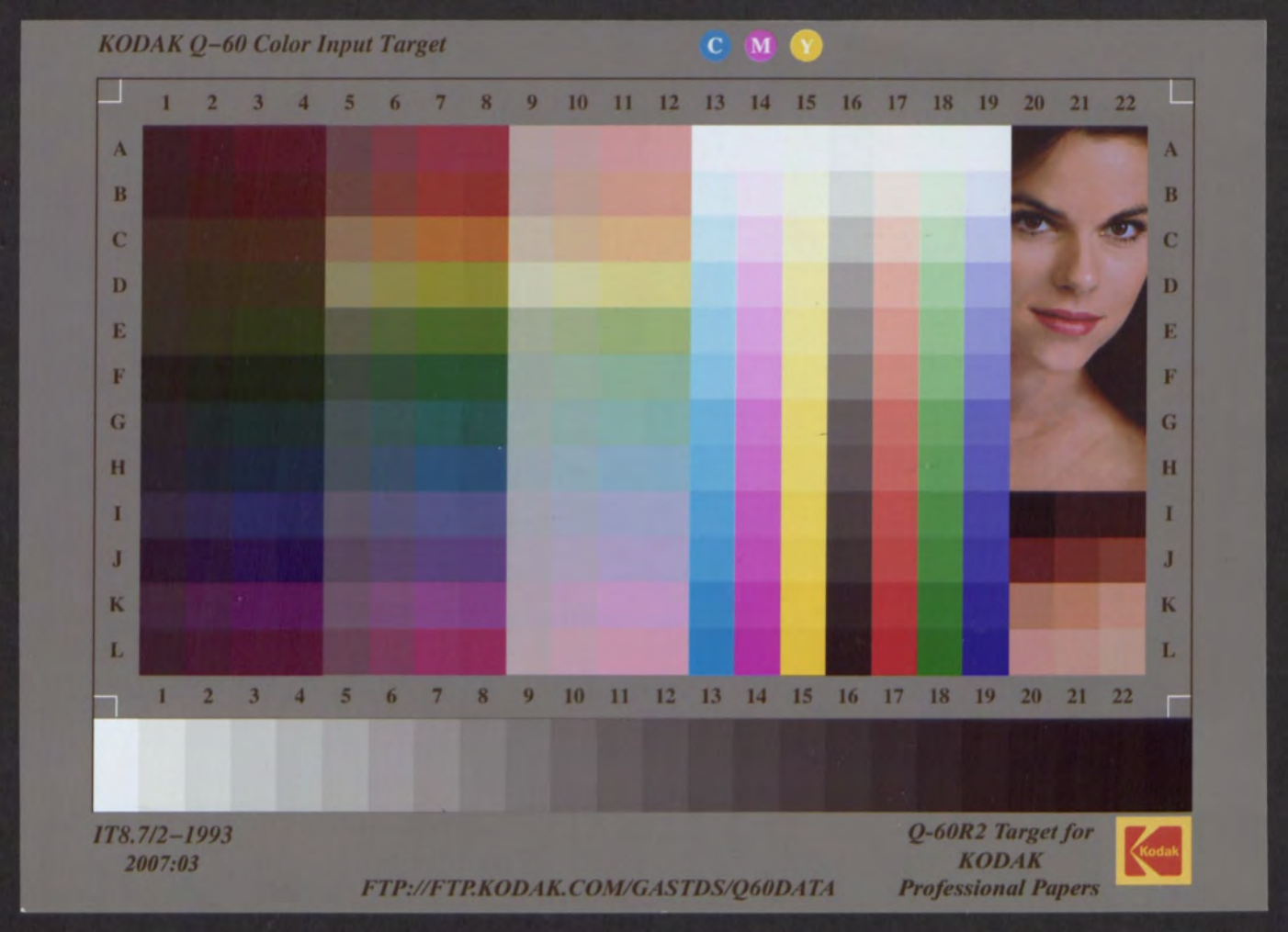
C.S.

13 November 1980

Mrs Stephens:

Zeller would prefer a Monday or Tuesday. Can you suggest something?

Mrs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