

2

CONFIDENTIAL

GROUPS 780A
PRIORITY
CYPHER CAT A

IPS TO PM NO 10 DOWNING ST

FM BONN 141630Z APR

*Request passed orally - to FCO
help we had better get
clear of what
is saying in
Germany. keep it
it will be better
than the brief!*

Prime Minister

CONFIDENTIAL

TO PRIORITY FCO TELNO 272 OF 14 APRIL 1973
INFO UKREP BRUSSELS
INFO SAVING ALL OTHER EEC POSTS

ANGLO-GERMAN BILATERAL: 23-24 APRIL.

(Handwritten circle around the first paragraph)

1. WITH THE EXCEPTION OF FISH, AND TO A LESSER EXTENT FARM PRICES ANGLO-GERMAN RELATIONS OVER THE WHOLE FIELD ON THE EVE OF THE CHEQUERS SUMMIT ARE REASONABLY SOUND. NEITHER BERLIN, NOT THE BILATERAL DEFENCE RELATIONSHIP IN NATO, NOR INDEED THE COMMUNITY RELATIONSHIP IN GENERAL, CALL FOR HIGH LEVEL TREATMENT, EXCEPT PERHAPS TO GET IT ESTABLISHED ON BOTH SIDES THAT THEY ARE REASONABLY GOOD AND BASED ON MUTUAL CONFIDENCE. FOR THIS REASON I HAVE RECOMMENDED THAT MR. MULLEY GIVE APEL A FULL PRESENTATION ON BRITISH FORCES GERMANY.

2. THE EXCEPTIONS ARE FISH AND FARM PRICES, WHICH ARE TROUBLESOME IN THEMSELVES AND TEND TO HAVE AN UNFORTUNATE SPILLOVER EFFECT, CERTAINLY IN THE PRESS AND PUBLIC OPINION GENERALLY AND TO SOME EXTENT THROUGHOUT THE WHOLE GERMAN GOVERNMENT MACHINE. CONSTANT DIFFICULTIES OVER FISH AND FARM PRICES DOMINATE THE MEDIA WITH THE RESULT THAT THE AREAS OF POLICY ON WHICH THERE IS A BENEFICENT MUTUAL INTEREST TEND TO GET IGNORED. THE PROCEEDINGS AT LAST WEEK'S KOENIGSWINTER CONFERENCE BEAR THIS OUT. MOREOVER, ERTL MAY HAVE BEEN THE INSTRUMENT AND PROTAGONIST OF THE INCIDENTS IN BERLIN AND BRUSSELS LAST JANUARY, BUT HE ACTED WITH THE AUTHORITY AND SUPPORT OF THE GERMAN CABINET, AS SCHMIDT'S CORRESPONDENCE WITH THE PRIME MINISTER AND HIS TALK WITH ME AT HAMBURG ON 28 JANUARY MADE PLAIN.

3. DESPITE THE PRIME MINISTER'S PREOCCUPATION WITH THE WORLD ECONOMY AND YOUR OWN WITH AFRICA, I AM GLAD THAT THE PROPOSED AGENDA COVERS BOTH THESE ITEMS. I HOPE THEREFORE THAT BOTH OF YOU

CONFIDENTIAL

/ WILL TAKE

WILL TAKE THE OPPORTUNITY AT CHEQUERS OF STATING THE BRITISH POSITION ON FISH AND FARM PRICES TO SCHMIDT AND GENSCHER. IT WOULD BE ODD, TO SAY THE LEAST, IF THE MAIN APPLE OF DISCORD IN THE ANGLO-GERMAN RELATIONSHIP WERE NOT EXAMINED ON THIS ANGLO-GERMAN BILATERAL OCCASION. WHILE IT IS TRUE THAT SCHMIDT EXCHANGED LETTERS WITH THE PRIME MINISTER LAST JANUARY ON THESE RELATED SUBJECTS, IT WOULD BE WRONG TO ASSUME THAT HE TAKES A CLOSE AND CONTINUING INTEREST IN THEM: LIKE THE PRIME MINISTER, HE HAS OTHER MATTERS ON HIS MIND AS WELL. AND, AS YOU KNOW, GENSCHER EITHER TAKES FLIGHT OR POURS OIL AT THE SLIGHTEST HINT OF UNPLEASANTNESS. WE HAVE A GOOD CASE ON FISH: I DEPLOY IT REGULARLY UP AND DOWN THE COUNTRY, BUT IT NEEDS ALSO TO BE STATED AT THE HIGHEST LEVEL. OUR OBJECT, I SUBMIT, SHOULD BE BOTH TO MAKE THE GERMANS FEEL SLIGHTLY GUILTY AT THE SHARP PRACTICE OF THE ORIGINAL SIX, BUT AT THE SAME TIME TO MAKE IT CLEAR THAT WE WISH TO SETTLE AND SETTLE SOON AND THAT WE SEE NO REASON, GIVEN GOOD WILL, WHY WE CANNOT RECONCILE THE LETTER OF THE TREATY WITH THE SPIRIT OF FAIR PLAY. THE GERMANS ARE PRIMARILY CONCERNED WITH THE LETTER OF THE TREATY, BOTH BECAUSE THEY ARE LEGALISTIC PEOPLE AND ALSO BECAUSE THEIR FISHING INTERESTS, WHILE IMPORTANT, ARE NOT SO POLITICALLY CRUCIAL AS OURS. AS I SEE IT FROM BONN, A SOLUTION LIES CHIEFLY IN GETTING THE NUMBERS RIGHT SO THAT WE GET THE SUBSTANCE OF OUR FISH REQUIREMENTS PRESENT AND FUTURE WITHOUT OBLIGING THE GERMANS TO SWALLOW PREFERENTIAL ACCESS AS A PRINCIPLE.

4. FARM PRICES ARE NOT SO ACUTE A PROBLEM. THE COMMISSION'S PROPOSALS ARE IN LINE WITH OUR OWN IDEAS AND TO BE IN HARMONY WITH THE COMMISSION IS NO BAD COMMUNITY STARTING POINT. MOREOVER, ERTL HAS BEEN GETTING HIS FARMERS ACCUSTOMED TO THE PROSPECT THAT THERE WILL NOT BE AS MUCH AS USUAL FOR THEM IN THIS YEAR'S PRICE ROUND. BUT BASICALLY, THE GERMANS SPEAK WITH FORKED TONGUES ON THIS SUBJECT. ON THE ONE HAND THE FINANCE MINISTRY GRUMBLES ABOUT BEING THE PAYMASTER OF THE COMMUNITY AND PAYING THE COST OF THE CAP, WHILE ERTL'S ACTIVITIES ENABLE GERMAN FARMERS TO FARM UNECONOMALLY AT A HIGH STANDARD OF LIVING. HIS REACTION TO SPEECHES BY COMMISSIONER TUGENDHAT AND MYSELF INDICATE THAT HE IS VULNERABLE ON THIS POINT. THE GERMANS MAY WISH TO EAT THEIR CAKE AND HAVE IT, BUT AT LEAST THEY OUGHT TO BE TOLD AT MINISTERIAL LEVEL THAT THEY HAVE BEEN RUMBLED.

THE FACT IS OF COURSE THAT THE CAP IS THE ONLY REALLY EFFECTIVE REGIONAL POLICY OF THE COMMUNITY. ERTL ADMITS THAT THE OBJECT OF CAP IS NOT ONLY TO GIVE FARMERS A LIVING, BUT TO MAINTAIN EMPLOYMENT ESPECIALLY NOW WHEN THERE ARE NO JOBS IN INDUSTRY, PROVIDE SOCIAL WELFARE IN THE COUNTRYSIDE, PROTECT THE ENVIRONMENT AND PREVENT REVOLUTION. ALL THESE ARE ADMIRABLE OBJECTIVES, BUT NEED NOT NECESSARILY BE ACHIEVED THROUGH THE MILK PRICE.

6. THE FACTS OF THE BRITISH NET CONTRIBUTION TO THE COMMUNITY BUDGET, PRESENT AND PROSPECTIVE, ALSO NEED TO BE ESTABLISHED AT THE HIGHEST LEVEL. THERE IS CONSIDERABLE CONFUSION HERE ON THE SUBJECT AND A TENDENCY TO IGNORE THE TRUE SITUATION.

FCO PLEASE PASS SAVING TO ALL OTHER EEC POSTS

WRIGHT

[REPEATED AS REQUESTED]

*I have the
files to
Schmidt
Do
Oliver
Wright
have
the
also*

FILES

- FRD
- ECON D
- WED
- FED
- N AM D
- EID
- PLANNING STAFF
- ACDD
- TRED
- ES & SD
- NEWS D
- DEFENCE D
- PS
- PS/MR JUDD
- PS/PUS
- SIR A DUFF
- MR HIBBERT
- MR CORTAZZI
- MR BUTLER
- MR GRAHAM
- MR FRETWELL
- MR THOMAS
- MR HALL
- MR MURRAY
- MR HAYES
- MR MOBERLY

ADDITIONAL DISTRIBUTION
ECONOMIC SUMMIT