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Ref. A0413

MR. ALEXANDER

Prime Minister

*Apie Annexes B, C & D. (The German
ambition to win everything need not be taken
too seriously !) !!*

Anglo-German Consultations: 31st October

Phm, 12/x

The next in the series of 6-monthly consultations between the Prime Minister and Chancellor Schmidt will be held in Bonn on 31st October. On the German side the Embassy in Bonn expect the following to attend, in addition to Herr Genscher: Count Lambsdorff (Economy), Herr Matthöfer (Finance), Herr Offergeld (Overseas Development), Herr Apel (Defence) and Herr Ertl (Agriculture). You are considering the composition of the British team in the light of this.

2. The present plan is for the Prime Minister's party to arrive in Bonn on the morning of 31st October in time to begin individual talks in restricted session at 11.00 (equivalent to 10.00 London time). Working lunches are planned for 13.00, after which restricted sessions will be continued unless it is decided at the time that at this stage there should be a wider group. At 16.00 there is to be a plenary session, and at 17.30 a press conference. At 18.00 Lord Carrington is to give a talk, followed by questions, to the German Society for Foreign Policy on the subject "Europe: Prosperity and Security". Chancellor Schmidt will give a dinner in honour of the Prime Minister at 20.30 and the party will return to the United Kingdom the same evening.

3. In place of a formal agenda, German officials have given the Embassy in Bonn a long 'check list' of subjects on which they intend to brief their Ministers and the Chancellor (Annex A). Obviously there will not be time for all these subjects to be discussed. I think nonetheless that we shall have to provide briefs on them all, if only, for some, in a rather foreshortened form, since those which the Chancellor himself does not raise may come up during the discussions between other Ministers. Chancellor Schmidt does of course have wide-ranging interests but it seems most likely that his talks with the Prime Minister will in fact focus on three main topics:

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- (i) European Community questions, including the budget, the CAP, fisheries, our participation in the European Monetary System, etc.
- (ii) Defence and East-West relations, including the implications of President Brezhnev's recent speech in East Berlin.
- (iii) The international economic situation, and in particular energy.

It is towards these main subjects that the steering brief will be directed.

Various aspects of United States/European relations are also bound to come up; and, depending on developments at Lancaster House, Southern Africa is likely to feature fairly prominently as well.

4. I attach at Annexes B and C draft objectives for the meeting and at Annex D a suggested list of briefs. I would be grateful if you would let me know if the Prime Minister is content with these.

M.H.

(John Hunt)

12th October, 1979

ANNEX A

ANGLO-GERMAN CONSULTATIONS, OCTOBER 1979

List of subjects for discussion (proposed by FRG officials)

'FM' signifies: probably for discussion between Foreign Ministers only

1. Community Questions

- (a) Prospects for Dublin European Council
- (b) CAP
- ~~(c) Convergence~~
- (d) Fisheries
- (e) EMS
- ~~(f) European Political Cooperation: Prospects and Tasks~~ FM
- (g) Enlargement FM
- ~~(h) EEC/ASEAN Relations~~ FM
- ~~(i) Lome II~~ FM
- ~~(j) Euratom Chapter VI~~ FM

2. Security Questions

- (a) TNF modernisation
- (b) SALT II/III
- (c) MBFR

3. East/West Questions

- (a) Preparation for CSCE follow-up: Madrid (also military aspects of Security)
- (b) Political and economic relations with China: possible effects on relations with the Soviet Union FM
- ~~(c) Russian position on the North/South dialogue - British impressions of the latest North/South consultations with the Soviet Union~~ FM
- (d) Chancellor Schmidt's visits to Poland and Hungary
- (e) Inner-German and Berlin Questions

4. North/South Questions (including 'The new global dialogue' and Havana) ?

The high worked out may be needed by the P.I. - but not by me.

- 5. International Energy Policy
 - (a) Energy Situation
 - (b) International Energy cooperation
- 6. Regional Questions
 - (a) Rhodesia (London Constitutional Conference)
 - ~~(b) Southern Africa (Namibia, Angola, South Africa)~~ FM
 - ~~(c) Developments in Nigeria and Ghana~~ FM
 - (d) Situation in the Near East FM
 - (e) Situation in the Middle East FM
 - (f) Situation in Iran FM
 - (g) Chairman Hua's visit to Europe
 - (h) Indo/Chinese Refugees
 - (i) Situation in Cambodia FM
 - ~~(j) Nicaragua and Central America~~ FM
- 7. International Economic Situation (including the economic situation in the FRG and UK)
- 8. GATT Questions
 - (a) New developments in trade policy
 - (b) Steel and textiles

ANNEX B

ANGLO-GERMAN CONSULTATIONS, OCTOBER 1979

UK OBJECTIVES

1. To obtain German support for UK objectives on the budget at the Dublin European Council.
2. To extend common ground with the Germans on other pressing Community problems, notably the CAP and fisheries.
3. To exchange views on defence questions and the East-West relationship; to concert efforts to ensure positive decisions in December from the Alliance discussions on TNF Modernisation and arms control; to review defence procurement policy, and particularly to emphasise the importance we attach to the future Tactical Combat Aircraft project.
4. To assess the international economic and monetary situation including international/energy prospects and policies.
5. To enlist German support for our Rhodesia policy, especially in the UN context.

ANNEX C

ANGLO-GERMAN OBJECTIVES

PROBABLE GERMAN OBJECTIVES

1. To consolidate a close working relationship with the Prime Minister, as an essential part of the Bonn-London-Paris tripod.
2. Within the overall aim of encouraging Britain's positive attitude to the Community -
 - a. to explore the minimum terms acceptable to HMG for settlement of the EEC Budget question;
 - b. to ensure that HMG continues to oppose any breach of the 1% VAT ceiling because of its significance for the control of CAP expenditure;
 - c. to press for early progress towards a CFP settlement;
 - d. to maintain bilateral cooperation on energy subjects generally and to seek ready and preferably cheaper access by the FRG to North Sea oil;
 - e. to emphasise the political significance of HMG's joining the EMS exchange rate mechanism.
3. To achieve an understanding with the UK on how to handle the Alliance discussions on Theatre Nuclear Force Modernisation and Arms Control and to exchange views on East/West relations generally in the light of recent developments in US/Soviet relations.
4. To learn how HMG see the way ahead on Rhodesia and South Africa.

ANNEX D

ANGLO/GERMAN CONSULTATIONS

DRAFT LIST OF BRIEFS, OCTOBER 1979

1. Steering Brief
2. European Community questions
 - i Community Steering brief
 - ii Budget
 - iii EMS
 - iv CAP
 - v Fisheries
 - vi External Community questions
 - vii Other internal Community questions
3. International financial and economic questions (including energy, the North-South dialogue, GATT and the MTNs)
4. East/West relations (including inner-German relations and Berlin)
5. Defence matters
6. Arms Control and Disarmament (MBFR, SALT and non-proliferation)
7. Preparation for CSCE follow-up in Madrid
8. China (including China/Vietnam relations, refugees and Cambodia)
9. Rhodesia
10. Regional questions:
 - a) Southern Africa
 - b) Developments in Nigeria and Ghana
 - c) The Near East (including Arab/Israel dispute)
 - d) The Middle East (including Iran and Afghanistan)
11. Relations between the US and Europe
12. FRG Internal Political and Economic scene.