

Ref: A07650

MR. COLES

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Please - only a summary brief, The Chancellor, do initial draft agrees - any expected schedule of car for on the date or from the briefing meeting.

Prime Minister 1

Content

- (a) with the list of subjects for discussion at A?
- (b) with the assessment of objectives for the meeting at B?
- (c) with the suggested list of briefs at C?
- (d) with the deadline for briefing suggested by Sir Robert overleaf?

Anglo-German Summit - 19th March 1982

Wm 1/3

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 19th March. This minute concerns arrangements for briefing: the Foreign and Commonwealth Office have written to you separately about Ministerial participation and the administrative arrangements.

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 is at Annex A. It has been cleared interdepartmentally around Whitehall and has been given to the German Embassy here on the understanding that it may be subject to revision. The Germans may of course also come up with some ideas of their own. It is not intended that the Prime Minister should cover all the subjects. Nearer the time of the Summit, the Foreign and Commonwealth Office will draw up a schedule identifying the subjects which individual participants are expected to cover. As before, this schedule will probably be annexed to the Steering Brief.

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

4. I should be grateful if you could confirm that the Prime Minister is content with the assessments of objectives, the list of briefs, and the list of subjects for discussion. I should also like to know if you would be content for briefs to reach you by close of play on Monday, 15th March. This would, I realise, mean that the Prime Minister would not have the briefs over the weekend. Experience has, however, shown that since the Summit is not to take place until 19th March, briefs which were prepared for a deadline of 12th March would inevitably have to be added to or raised. An alternative



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approach would be to ask for briefs to be submitted by Friday, 12th March if they were unlikely to be subject to subsequent changes but to allow a deadline of Monday, 15th March for briefs which needed somewhat longer to be finalised. The Prime Minister's briefing meeting is on Thursday, 18th March.

Robert Armstrong

1st March 1982

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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

ANGLO-GERMAN SUMMIT - 19 MARCH

Primary United Kingdom Objectives

1. To bring home to the Germans the need for an early, fair and durable conclusion to the Mandate conclusions; to keep them in step as far as possible with our approach, 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, to discuss the future course of East/West relations, to seek to establish the views of the federal Government on objectives for the NATO Summit, and to define the scope for agreement between the United Kingdom and Germany on the proposed and desired outcome of that Summit.
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 United States interest rate and trade policy, and on the objectives and outcome of the Versailles Economic Summit.
6. To ensure that the German approach to nuclear arms control, particular INF, remains closely aligned with our own.
7. To explain Her Majesty's Government's economic policies.

Likely German Objectives

1. In view of their concern at current divergences of policy and view within the Alliance, and in particular between the United States 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 United States and French economic policies - in particular United States 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 United Kingdom.

ANGLO-GERMAN SUMMIT - 19 MARCH

Proposed List of Briefs

	<u>Lead Department</u>	<u>In Consultation with</u>
1. Steering Brief	FCO (WED)	As appropriate
2. European Community Questions		
a. Steering Brief on the European Community	FCO (ECD(I))	MAFF, Treasury Trade, Industry
b. 30 May Mandate	FCO (ECD(I))	Treasury, MAFF, Industry
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, Industry
f. EMS (Defensive)	Treasury	FCO (ECD(I)/ESID)
g. Internal Market of the Community, Trade (including liberalisation of air transport, insurance services, 'reconquest' of French internal market)		FCO (ECD(I)), MAFF, Industry, Treasury
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. The future course of East/West relations	FCO (EESD)	As appropriate

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	<u>Lead</u> <u>Department</u>	<u>In consultation</u> <u>with</u>
6. CSCE/CDE	FCO (CSCE Unit)	MOD
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/(SAID)	
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

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Germany 889

file



10 DOWNING STREET

From the Private Secretary

MR. WRIGHT
CABINET OFFICE

ANGLO-GERMAN SUMMIT - 19 MARCH 1982

The Prime Minister has seen Sir Robert Armstrong's minute of 1 March, reference A07650. She is content with the suggested agenda, assessment of objectives, and list of briefs, annexed to Sir Robert's minute. She has further commented that she feels that only "summary" briefs will be necessary, since Chancellor Schmidt does not interest himself in detail. As far as the deadline for the briefs is concerned, the Prime Minister is quite happy for those briefs which may need to be changed to reach her by 15 March. Indeed, she feels that any last minute changes could be brought to her attention at the briefing meeting on 18 March.

W. F. S. RICKETT

2 March 1982

SW

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CSG
CAW



Foreign and Commonwealth Office

London SW1A 2AH

18 March 1982

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m 15/3

Dear John,

Anglo-German Summit: 19 March

/ You may like to have, before this afternoon's briefing meeting, the enclosed check-list of points which the Prime Minister may wish to raise during her tete-a-tete meeting with Chancellor Schmidt.

/ I also enclose, as requested, a list of the officials, both British and German, who will be at Chequers. I have marked with an asterisk those whom we expect to attend the Plenary Session.

/ Finally, I enclose a copy of the printed programme for the Summit.

I am sending copies of this letter to the Private Secretaries to the Cabinet, the Chancellor of the Exchequer, the Minister of Agriculture, Fisheries and Food, and the Secretaries of State for Defence, Industry and Trade.

Yours ever,

(F N Richards)
Private Secretary

A J Coles Esq
10 Downing Street

RESTRICTED

CHECK LIST OF POINTS FOR THE PRIME MINISTER TO RAISE DURING
HER TETE A TETE WITH CHANCELLOR SCHMIDT

1. Macro-Economic Policy

Much common ground between the UK and FRG. Agree on need to continue firm policies to reduce inflation as key to lasting economic recovery and reduction of unemployment. Share German concern over French and American policies. Hope both can agree on basis for European approach to Americans.

2. Community Issues

(a) Mandate

Share German concern to see progress. Full, detailed settlement now urgently required. Foreign Ministers should get on with fixing method of calculation of UK compensation and agreeing a percentage.

(b) CAP

Implementation of CAP and budget chapters of Mandate must proceed in parallel. Must not relax pressure for CAP reform. This year's CAP price package must contribute.

3. East/West and West/West Relations

Must continue to impress on Russians that productive East/West relations only possible on basis of restraint. Crisis in Poland should not become crisis in Alliance. NATO Summit in Bonn excellent opportunity for public demonstration of Alliance unity.

4. Defence and Arms Control

Maintain commitment to increased defence spending in real terms. Share German concern that arms control negotiations must be pursued. Must guard against danger for European opinion of cosmetic concessions by Russians. Brezhnev's most recent moratorium proposal transparent. Veiled threats about the Soviet retaliatory measures (eg missiles in Cuba) counter-productive to aim of Russian propaganda.

UK DELEGATION

No. 10 Downing Street

*The Rt Hon Margaret Thatcher MP

Prime Minister

*Mr Clive Whitmore

Principal Private Secretary

*Mr John Coles

Private Secretary

*Mr Bernard Ingham

Chief Press Secretary

Cabinet Office

*Sir Robert Armstrong KCB CVO

Secretary of the Cabinet

*Mr David Hancock

Deputy Secretary

Foreign and Commonwealth Office

*The Rt Hon The Lord Carrington KCMG MC

Secretary of State for Foreign and Commonwealth Affairs

Mr **Francis Richards**

Private Secretary

*Sir Michael Palliser GCMG

Permanent Under Secretary of State

*Sir Jock Taylor KCMG

HBM Ambassador to the Federal Republic of German

The Lord Bridges CMG

Deputy Under Secretary

*Mr J L Bullard CMG

Deputy Under Secretary

Mr Gillmore

Assistant Under Secretary

*Mr Gladstone

Head, Western European Department

HM Treasury

*The Rt Hon Sir Geoffrey Howe QC MP

Chancellor of the Exchequer

*Sir Kenneth Couzens KCB

Second Permanent 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 21

Department of Industry

*The Rt Hon Patrick Jenkin MP

Secretary of State for Industry

*Sir Peter Carey KCB

Permanent Under Secretary

Department of Trade

*The Rt Hon John Biffen MP

Secretary of State for Trade

*Mr Michael Franklin CB CMG

Permanent Secretary

Ministry of Defence

*The Rt Hon John Nott MP

Secretary of State for Defence

*Sir Frank Cooper GCB CMG

Permanent Secretary

Translator

*Mrs Bloom

GERMAN DELEGATION

Federal Chancellor's Delegation

*Herr Schmidt	
*Herr Becker	State Secretary, Federal Government Spokesman
*Herr von der Gablentz	Deputy Secretary
Dr Feiter	Assistant Secretary
*Herr Fischer-Dieskau	Assistant Secretary
Herr Frickinger	Private Secretary
Herr Walter	
Herr Poles	
Herr Wienke	

Foreign Minister's Delegation

*Herr Genscher	
*Herr Pfeffer	Deputy Secretary
*Dr Wendler	Principal Officer
Herr Paschke	Assistant Secretary
*Herr Weber	Interpreter
Dr von Ploetz	Principal Officer
Herr Rothen	
* Dr Fischer	<i>Deputy Secretary</i>

Finance Minister's Delegation

*Herr Matthöfer	
*Herr Heck	Deputy Secretary
Herr Hansland	Principal Officer

Defence Minister's Delegation

*Dr Apel	
*Dr Leister	State Secretary
Herr Stuetzle	Deputy Secretary
Col Freisberg	

Economic Ministry Delegation

*Dr Schlecht	State Secretary
*Herr Mueller-Thuns	Deputy Secretary
*Frau Scheben	

Agriculture Ministry Delegation

*Herr Rohr	State Secretary
*Herr Witt	Assistant Secretary

FRG Embassy

*Dr Ruhfus	
*Herr von Alten	
Gen. Oppermann	
Herr Kiewitt	
*Dr Kudlich	
Herr Guentner	
Dr Baier	

ANGLO-GERMAN SUMMIT

19 March 1982

1. STEERING BRIEF
2. EUROPEAN QUESTIONS
 - a. Steering Brief on the European Community
 - b. European Act
 - c. 30 May Mandate
 - d. CAP Price-fixing
 - e. Political Co-operation: Greece
 - *f. Common Fisheries Policy
 - *g. Enlargement of the Community
 - h. Currency Situation in the Community including Future Development of the EMS
 - i. Internal Market of the Community
 - j. Community Steel Policy
 - k. External Trade Issues
 - l. EC/Turkey
3. OTHER EUROPEAN QUESTIONS
 - a. Ireland
 - b. Franco-German Relations
 - *c. Spain
 - d. Eastern Mediterranean
4. POLAND
5. NATO SUMMIT AND TRANSATLANTIC RELATIONS
6. THE FUTURE COURSE OF EAST/WEST RELATIONS
7. CSCE/CDE
8. SPAIN/NATO AND GREECE/NATO
9. DEFENCE MATTERS
10. ARMS CONTROL AND DISARMAMENT
11. WORLD POLITICAL ISSUES
 - a. Afghanistan
 - b. Situation in the Middle East
 - c. Iran/Iraq War
 - *d. Southern Africa/Namibia
 - e. Central America
 - *f. East and Central Africa
 - *g. Libya
 - *h. Cambodia
12. INTERNATIONAL ECONOMIC AND MONETARY QUESTIONS
13. UNITED STATES ECONOMIC POLICY
- *14. NORTH/SOUTH DIALOGUE POST-CANCUN
- *15. UK/FRG BILATERAL RELATIONS
- *16. FRG SCENE
 - a. Political
 - b. Economic

Briefs YMV(82)1-16 b. destroyed.

A complete set can be found

in CAB 133/525

Wayland *Background Briefs
30 August 2012



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

18 March 1982

M C Scholar Esq.
10 Downing Street
LONDON
SW1

did not arise.

MR 19-3

fa.

New Rochel,

ANGLO GERMAN SUMMIT 19 MARCH: INDEXED GILTS

It is just conceivable, though not very likely, that Chancellor Schmidt or Herr Matthoefer might take an opportunity on Friday to criticise the Budget decision to derestrict indexed gilts. The subject is not specifically covered in the general briefing. In case it does come up, and the discussion strays into more detailed aspects, the Prime Minsiter might like to have among her papers the attached short list of points to make.

Copies of this letter and enclosure go to Brian Fall and David Wright.

Yours ever,

J O Kerr

J O KERR

ANGLO-GERMAN SUMMIT: INDEXED GILTSDefensive points to make

1. Institutionalises inflation. On the contrary, it is reliance on conventional high fixed interest stock that gives greatest incentive to Governments to inflate, so as to reduce the real burden of future debt interest.
2. Like wage indexation. Not at all. The return on indexed gilts will be determined by the market price; and only an investor holding them to maturity can be sure of the return he will get at the time of purchase.
3. Breaking ranks with EC/OECD countries who have always resisted offering indexed-linked securities to eg OPEC investors. IGs are not directed specifically at overseas investors. Issued in London in sterling. But we could not have discriminated against overseas purchases: this would have been counter to OECD/EC obligations, and impracticable. It is not clear that indexed debt is more a "breach of the rules" than long term debt at very high nominal rates; or that it will be particularly attractive to OPEC investors, who will have to pay the market price, and take an exchange risk. OPEC official investors (central banks) remain subject to our policy of discouraging excessive official holdings of sterling (though they will be free to switch out of conventional into indexed gilts).
4. Contrary to confidential EC Monetary Committee agreement on indexation. A confidential Monetary Committee opinion in November 1981 opposed generalised financial indexation and referred to an earlier request to Member States to consult each other before making any indexed foreign loan. But indexed gilts issued on the domestic market to all investors are not foreign loans. And in any case the opinion acknowledged that in certain circumstances, financial indexation could have a role in "protecting existence of long term capital market": IGs contribute to non-monetary funding of borrowing requirement.

11 8 MAR 1982



ANGLO-GERMAN SUMMIT
19 MARCH 1982

STEERING BRIEF

Brief by the Foreign and Commonwealth Office

INTRODUCTION

1. The timing of the Summit, ten days before the European Council (29/30 March) means that Community affairs particularly the 30 May Mandate, are bound to feature prominently. Nevertheless, given the evidence of strains within the Alliance (and notably between Bonn and Washington) stemming from differences over how to respond to the imposition of martial law in Poland, the Summit also provides an excellent opportunity to exchange views with Chancellor Schmidt on the best way to preserve Alliance unity and to discuss the future course of East/West relations in advance of the NATO Summit in Bonn (10 June). The Prime Minister will also wish to have a discussion of world economic issues, particularly US interest rate and trade policy, with an eye on the Versailles Economic Summit (4-6 June).
2. Chancellor Schmidt will come to London with domestic problems much on his mind. On the economic front there are some positive signs. German inflation is still low by international standards and export performance remains strong. But 1981 saw a fall in real GDP for the first time since 1975 and unemployment has been rising very rapidly; it now stands at around two million of just over 8%. The Government's efforts to put together an employment programme caused severe strains between the Coalition

partners, and the Opposition has indicated its firm intention of challenging the package in the Upper House.

3. Politically, the Coalition remains in poor shape. Morale is low and relations between the two Coalition partners increasingly uneasy. The fresh impetus which the Chancellor hoped the vote of confidence on 5 February would provide has not materialised. The vote has led to some rallying of the parliamentary ranks, but it is increasingly clear that it has solved none of the basic problems. A number of regional SPD conferences have failed to toe the leadership's line on security policy (particularly INF), although the odds are that Chancellor Schmidt will obtain the party's backing at the SPD's national Conference in Munich at the end of April. The prospects for the four regional elections to be held this year are not good. In the first of these, Lower Saxony on 21 March (only 2 days after the Summit) the SPD look set to suffer heavy losses and the FDP are by no means certain to clear the 5% hurdle required for representation in the Land parliament. The announcement by the Bonn Public Prosecutor's Office on 26 February of official investigations into the conduct of Finance Minister Matthoefer (SPD) and Economics Minister Lambsdorff (FDP), in connection with alleged tax avoidance on donations by industry to the political parties, has been another **severe** blow. Nevertheless the chances still are that the governing Coalition will remain intact, for the time being at least.

4. We have no bilateral problems with the Germans at present.

/OBJECTIVES

OBJECTIVES

5. Both sides will wish to use this occasion to build on the already good relations at ministerial level and to emphasise the extent to which British and German interests coincide.

Both will want to discuss the following subjects in particular:

(a) The Community

See Community Steering Brief

(b) Poland and its impact on East/West relations and Alliance cohesion

Ministers will wish to discuss the prospects for Poland and the best way to exploit the NATO Summit in Bonn to ensure maximum Alliance cohesion. The US/FRG relationship has been under particular strain and the Germans may wish to exchange views on how to avoid further tension on this front.

(c) World Economic Issues

Ministers will wish to exchange views on the world economy, where the prospects for most major countries, including the FRG and the UK, remain poor. Chancellor Schmidt will be seeking the Prime Minister's support for his questioning of US economic policy with its heavy reliance on high interest rates and its protectionist tendencies. Ministers will be able to have a preliminary discussion of prospects for the Versailles Economic Summit.

(d) Defence

The Germans will wish to emphasise the importance they continue to attach to defence in spite of budgetary cuts. Both sides will wish to continue the dialogue on how to adapt defence planning to the climate of budgetary

/constraint

constraint, and discuss how to make best use of the NATO Summit to improve defence effectiveness.

(e) Security and Arms Control

We shall wish to emphasise the need to pursue arms control negotiations with the aim of improving security and assuring public support for defence, despite the deterioration of East/West relations; and the Germans will wish to stress the political role of arms control and to reassure us of their adherence to both tracks of the NATO double decision, despite problems within the SPD.

STRATEGY AND TACTICS

6. A major UK aim will be to put over to the German Ministers our case on the Mandate (see Community Steering Brief).
7. But European Community issues, however important, should not be the exclusive focus of the Summit. There is real need for a dialogue with the Germans on the impact of Poland, both on East/West and inter-Alliance relations. With Bonn and Washington increasingly tending to talk past each other and with the recent loosening of Bonn/Paris ties despite the good vibrations generated at the Franco-German Summit on 24-25 February (see Brief No 3b), we should aim to reassure Chancellor Schmidt of the closeness of our position to his on East/West and inter-Alliance issues generally and remind him of the importance the UK attaches to remaining in step with the FRG in this and other foreign policy areas.
8. The NATO Summit will be an important focal point for discussion. We should express satisfaction that it is being held in Bonn and convey our view that,

in particular though the proposed Declaration, it should serve to symbolise Alliance unity and provide coherent guidelines for the conduct of East/West relations. Preparations for the Summit should be thorough and should provide a framework for tackling many of the basic problems in East/West and transatlantic relations which have been highlighted by events in Poland. The UK and the FRG need to be clear about their objectives at the Summit and we should reassure the Germans that we intend to continue to consult them closely as preparatory work gathers pace. We should also emphasise the importance we attach to addressing defence issues, particularly the need to make the most cost-effective use of scarce defence resources.

ANGLO-GERMAN SUMMIT: 19 MARCH

Primary United Kingdom Objectives

1. To bring home to the Germans the need for an early, fair and durable conclusion to the Mandate negotiations; to keep them in step as far as possible with our approach, 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, to discuss the future course of East/West relations, to seek to establish the views of the Federal Government on objectives for the NATO Summit, and to define the scope for agreement between the United Kingdom and Germany on the proposed and desired outcome of that Summit.
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 rates, on trade policy and on the objectives and outcome of the Versailles Summit.

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.



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.

ANGLO-GERMAN SUMMIT: 19 MARCH

REVISED CHECK LIST OF SUBJECTS FOR DISCUSSION; TAKING GERMAN PROPOSALS INTO ACCOUNT

1. European Community Questions

- a. European Act
- b. 30 May Mandate
- c. CAP Price-Fixing
- d. Political Co-operation
- + e. Enlargement of the Community
- f. Currency situation in the Community, including further development of EMS
- g. Internal market of the Community
 - strengthening of the internal market (removal of border formalities - Narjes initiative)
 - reconquest of French market
 - duty free allowances
 - insurance services
- h. Community Steel Policy
- i. External trade issues
 - EC/Japan
 - EC/USA
 - International Tin Agreement
- + j. EC/Turkey (association, financial protocol, freedom of movement)

2. Other European Questions

- + a. Ireland
 - position after the 18 February elections
 - Northern Ireland
- b. Review of the Franco/German Summit of 24-25 February
- + c. Spain (Spanish/British relations after the visit to London by the Spanish Prime Minister, Gibraltar)

- d. Eastern Mediterranean
 - Greece/Turkey
 - situation in Cyprus
- 3. West/West and East/West Questions
 - a. Poland
 - situation, démarche action
 - catalogue of measures
 - b. Transatlantic relations
 - European/American relations in the light of the Polish crisis
 - USA/PoCo
 - c. The future course of East/West relations
 - d. CSCE/CDE
- 4. Defence/Arms Control
 - a. Preview of NATO Summit, including 'Bonn Declaration'
 - b. Spain/NATO (working on Greece and Holland)
 - c. Greece/NATO
 - d. INF/START (including peace movement)
 - e. MBFR
 - f. UK Defence Programme
 - g. German Defence Programme
 - h. German/British defence equipment collaboration
 - i. Transatlantic defence equipment collaboration (common reaction to US restrictions)
- 5. World Political Issues
 - a. Afghanistan (efforts for a political solution)
 - b. Situation in Middle East
 - c. Iran/Iraq and its repercussions in the area
 - + d. Southern Africa/Namibia
 - e. Central America
 - + f. East and Central Africa (Zimbabwe, Uganda)

+ g. Libya

- Attitude of the West towards Qadhafi
- Relationship between the US and Libya
- Qadhafi's forthcoming Presidency of the OAU

+ h. Cambodia

C. International Economic, Monetary and Energy Questions, North/South

- a. International economic questions
- b. Exchange of views on economic situation in the FRG and the UK
- c. International monetary questions (alignment of interest and exchange rate policies)
- d. US economic policy
- + e. North/South dialogue post Cancun

7. Bilateral Questions

- + a. Proposed meeting of German and British industrialists and trade-unionists.

Prime Minister Herr Schmidt Lord Carrington Herr Genscher	1145-1315	Poland Transatlantic relations The future course of East/West relations Preview of NATO Summit 30 May Mandate and CAP Price Fixing North/South post Cancun
Mr Nott Dr Apel	1030- 1230	Preview of NATO Summit Spain/NATO Greece/NATO INF/START UK and FRG Defence programmes Defence equipment collaboration
Sir G Howe Herr Matthoefer	1030- 1230	30 May Mandate Currency situation in the Community International economic and monetary questions Liberalisation in services sector (in particular insurance)
Mr Biffen Dr Schlecht	1030-1130	Internal market of the Community Community External Trade issues
Mr Jenkin Dr Schlecht	1130-1230	Community Steel policy International Tin Agreement
Mr Walker Herr Rohr	1030-1230	CAP Price Fixing

RESUME OF BRIEFS

Brief No 2: European Community Questions

See the European Community Steering Brief (Brief No 2a)

Brief No 3a: Ireland

Recent Irish elections inconclusive; not yet known who will form government. But excellent working relationship with both Dr Fitzgerald and Mr Haughey. Possibility of new political-initiative in Northern Ireland has aroused interest. Northern Ireland internal matter, but advantage in making our position known to Germans. Mr Prior has been holding discussions with the parties in the Province on the possibilities for devolution of power.

Brief No 3b: Review of Franco-German Summit

Cracks have appeared in the Franco-German relationship since the arrival of M Mitterrand. Germans profess relief at positive outcome of recent Summit, but not pretending the rapport extends very far into the area of practical policies other than East/West relations.

Brief No 3c: Spain/Gibraltar

Apart from Gibraltar, Anglo-Spanish relations are very good. We support Spain's entry to NATO and the EC. Hope that opening of Spain/Gibraltar border and start of negotiations on 20 April will lead to a closer and warmer relationship.

Brief No 3d: Eastern Mediterranean

Immediate tensions between Greece and Turkey now somewhat less acute than feared. But underlying problem remains. Papandreou's obsession with Turkish threat inevitably spilling over into Cyprus problem; real danger that
/intercommunal

intercommunal talks will not make sufficient progress to prevent Greek/Cypriot recourse to UNGA. Maximum effort likely to be needed from all, including Germans, who can influence the parties towards genuine negotiations.

Brief No 4: Poland

Useful to have an exchange of views on the situation in Poland and the future outlook, and to review effect of Western measures, particularly economic.

Brief No 5: NATO Summit and transatlantic relations

Useful ^{to} ~~the~~ exchange views on how the forthcoming Summit in Bonn can be used to narrow the transatlantic divisions revealed by differing responses to the Polish crisis.

Brief No 6: Future course of East/West relations

Useful opportunity to emphasise the damage done to East/West relations by Polish crisis and underline the need for Alliance unity. Declaration to be issued by NATO Summit provides instrument for sending a clear signal to the Russians and for establishing a broadly agreed framework within the Alliance for the future conduct of East/West relations.

Brief No 7: CSCE/CDE

Position in Madrid fluid.
 (The line to take will depend on whether agreement has been reached before the Summit to adjourn the Conference until the autumn. At ^{present} Western delegations are continuing to focus attention on ^{Polish} ~~policy~~ and Soviet violations of the Helsinki Final Act.

Brief No 8: Spain/NATO and Greece/NATO

On Spain/NATO important that Spanish accession be ratified by time of NATO Summit. On Greece/NATO possibility of devising a NATO guarantee which would meet Greek requirements but also be acceptable to Turks.

Brief No 9: Defence matters

We continue to attach importance to cooperation with the FRG in NATO, especially on the Central Front, and in defence equipment collaboration. Summit provides opportunity to examine resource problems, common to both countries, but also to emphasise the scope of the British contribution to the Alliance.

Brief No 10: Arms control and disarmament

We should remind the Germans of the need, for the present, to maintain European support for the US opening position in the Geneva INF negotiations as an significant step towards nuclear disarmament and ^{of} the importance of excluding third party systems. We should agree to press the Americans to announce a timetable for strategic arms control negotiations (START) at, if not before, the NATO Summit and thus by the first week of the Second UN Special Session on Disarmament.

Brief No 11a: Afghanistan

Essential to maintain pressure for Soviet withdrawal. Afghanistan Day on 21 March a useful means of maintaining domestic interest, but continued discussion in international fora very important. Refugees may become increasingly a central focus for international concern.

Brief No 11b: Middle East

No scope for further European activity until after completion

/of

of withdrawal from Sinai on 25 April. Beyond that, need to direct our efforts in the first place to encouraging the US to address the question of Palestinian rights.

Brief No 11c; Iran/Iraq

The war continues; neither side has the upper hand. King Hussein's decision to send volunteers to Iraq could have dangerous repercussions, if his example were followed by others. Gulf States (especially Bahrein) alarmed by threat of Iranian-backed subversion. Mediation ^{efforts} revived with recent visit (24-29 February) of Olof Palme (UN Secretary-General's representative); but no signs of early progress.

Brief No 11d: Southern African Africa/Namibia

Despite the delay in completing Phase I of the relaunched negotiations on Namibia, implementation of the UN Plan during 1982 is still possible. But we have no illusions about the difficult issues to be resolved in the next phase of negotiations. Cohesion of the Five remains important. The Germans are occasionally suspicious of American motives.

Brief No 11e: Central America.

We are concerned about the situation in the region. We welcome the Caribbean Basin initiative. The area has not been of direct interest to European countries in the past. We remain handicapped by lack of information. There is, therefore, a need to exchange views.

Brief No 11f: East and Central Africa

On Uganda we shall wish to inform the Germans of background to despatch of advance party of Commonwealth military training team and to bring them up-to-date on our most recent political and security assessment. In Zimbabwe the dismissal of Mr Nkomo has been a disturbing development. Nevertheless, the country seems basically stable. Mr Mugabe ^{is} giving assurances

to Whites on their future. Lord Carrington's visit **DSR 11C**
successful.

Brief No 11g: Libya

Need to keep in close touch with Allies on planned US action
against Libya, including oil boycott and trade restrictions.
Germans share our interest in Airbus exports to Libya.

Brief No 11h: Cambodia

Lord Carrington impressed on recent tour to South-East Asia
by determination and coherence of ASEAN policy on Cambodia.
Important that Europe and the West should continue to support.

Brief No 12: International economic and monetary questions

Short-term falling oil prices produce beneficial effects
on Western economies, but must not relax oil conservation
measures or this would give the whip hand back to OPEC.
Slack OECD output cause for concern.

Brief No 13: US Economic Policy

Glad to see US inflation and interest rates falling. But
concerned about size of fiscal deficits. Substantial
reduction by Congress would be welcome.

Brief No 14: North/South dialogue post Cancun

The Germans seek a review of North/South relations in the
light of the continued deadlock on Global Negotiations.
Discussion could focus on prospects for sectoral approaches
to urgent problems, and on the need to avoid a
Community/US split.

Brief No 15: UK/FRG Bilateral Relations

At last Anglo-German Summit Chancellor Schmidt suggested (a) a meeting between British and German industrialists and trade unionists, and (b) a seminar of 'young geniuses' to discuss economic policy. We have put both these ideas to the Anglo-German Foundation which is pursuing them.

Brief No 16a: FRG Scene: Political

SPD/FDP Coalition remains in poor shape. Relations between two coalition partners increasingly uneasy. Particular problems within SPD over INF. Senior ministers involved in investigations into malpractices over party financing. But chances are still that Government will stand, for the time being at least.

Brief No 16b: FRG Scene: Economic

German inflation still low by international standards and export performance remains strong. But 1981 saw fall in GDP for first time since 1975 and unemployment has been rising very rapidly; the two million mark is about to be passed for the first time since the War.



5 MAR 1982

CONFIDENTIAL

Germany

Cabinet Office,
70 Whitehall,
London SW1

10th March, 1982

PS(82) 6

A.J.C. 11/3
b.a.

Dear Private Secretary,

Anglo-German Summit: 19th March 1982

In paragraph 2 of my letter (PS(82) 4) of 3th March about briefing arrangements for the forthcoming Anglo-German Summit, I said that a revised list of briefs would be issued shortly to take account of a number of additional subjects for discussion which had been proposed by the Germans.

I enclose this revised list and should be grateful if Departments could prepare briefs accordingly. You will note that certain briefs are marked with an asterisk. This is to signify that they are only for background purposes and need not contain points to make. As with other briefs, these background briefs should not exceed two sides in length.

I am copying this letter to the recipients of my earlier letter (notably the Private Secretaries to Sir Michael Palliser, Sir Douglas Wass, Sir Frank Cooper, Sir Peter Carey, Sir Brian Hayes, Sir Kenneth Barnes, Mr. Michael Franklin, Mr. Robin Ibbs and John Coles at No. 10) and also, with a copy of my earlier letter, to the Private Secretaries to Sir Douglas Lovelock (Customs and Excise) and Mr. Philip Woodfield (NIO).

Yours sincerely,

(Signed) D.J. WRIGHT

CONFIDENTIAL

REVISED LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
19 MARCH 1982

<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief	FCO(WED)	as appropriate
2.	European Questions		
	(a) Steering Brief on the European Community	FCO(ECD(I))	MAFF Treasury Trade Industry and as appropriate
	(b) European Act	FCO(ECD(I))	MOD and as appropriate
	(c) 30 May Mandate	FCO(ECD(I))	Treasury MAFF
	(d) CAP Price-fixing	MAFF	FCO(ECD(I)) Treasury
	(e) Political Co-operation	FCO(ECD(E))	MOD and as appropriate
	*(f) Common Fisheries Policy (Defensive)	MAFF	FCO(ECD(I))
	*(g) Enlargement of the Community	FCO(ECD(E))	Treasury Trade MAFF Employment. Industry and as appropriate
	(h) Currency Situation in the Community including Future Development of EMS	Treasury	FCO(ECD(I))/ ESID)

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<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
	(i) Internal Market of the Community (including removal of border formalities, duty-free allowances, insurance services, "reconquest" of French internal market, origin marking)	Trade	FCO(ECD(I)) Customs and Excise Industry
	(j) Community Steel Policy	Industry	FCO(ECD(I))
	(k) External Trade Issues (including EC/Japan, EC/USA, International Tin Agreement)	Trade	FCO(ECD(E)/ TRED) Treasury Industry
	* (l) EC/Turkey	FCO(ECD(I))	as appropriate
3.	Other European Questions		
	(a) Ireland (position after 18 February elections, Northern Ireland)	FCO(RID)	NIO
	(b) Review of Franco/German Summit of 24-25 February	FCO(WED)	as appropriate
	* (c) Spain (Spanish/British relations, Gibraltar)	FCO(SED)	MOD
	(d) Eastern Mediterranean (Greece/Turkey, Cyprus)	FCO(SED)	
4.	Poland	FCO(EESD)	as appropriate
5.	NATO Summit and Transatlantic Relations in the light of the Polish Crisis	FCO(Defence Dept. / Planning Staff)	MOD and as appropriate
6.	The Future Course of East/West Relations	FCO(EESD)	as appropriate
7.	CSCE/CDE	FCO(CSCE Unit)	MOD

<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
*15.	Herr Genscher's Proposal for Informal Meetings of NATO Foreign Ministers (Defensive)	FCO(Defence Dept.)	MOD
*16.	United Kingdom/FRG Bilateral Relations	FCO(WED)	as appropriate
*17.	FRG Scene		
	(a) Political	FCO(WED)	
	(b) Economic	Treasury	

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VB

Germany

SIR ROBERT ARMSTRONG

Anglo-German Summit: 19 March 1982

The Prime Minister has seen your minute of 8 March. She has confirmed that she is content to speak informally about Northern Ireland if Herr Schmidt raises the question. The Prime Minister made no comment on the other matters referred to in your minute.

AJC

9 March 1982

CONFIDENTIAL

h

Are you content to speak informally
about Northern Ireland if Her Schmidt
raises it?

Ref. A07733

MR COLES

Yes
ml

A.S.C. $\frac{8}{3}$ Anglo-German Summit, 19th March

With my minute of 1st March, I submitted a list of subjects for discussion at this Summit. In doing so, I explained that there was a possibility that the Germans might wish to propose a number of additional subjects.

2. They have now done so and I attach their revised list. Those subjects which are underlined are the Germans' additional suggestions. The Foreign and Commonwealth Office take the view that there is nothing exceptionable in these additions except for the inclusion of Ghana and Chad which do not merit treatment at Summit level. But they have told the Germans that they consider the list to be too long for all the subjects to be dealt with in the short time available. In particular, issues such as EC-Turkey, Spain, Southern Africa and Namibia, East and Central Africa (Zimbabwe, Uganda), Libya, Cambodia, the North-South dialogue and a proposed meeting of German and British industrialists and trade-unionists are all either less important or less pressing than the other issues mentioned in the list. For this reason briefs on these subjects would only be of a summary background nature.

3. You will also note that the Germans have included Ireland in their list. This is meant to cover the position following the Irish elections and also Northern Ireland. The Germans have told the Foreign and Commonwealth Office that they have included this heading not because they believe the Federal Chancellor or the Ministers accompanying him will want a substantive discussion of the subject but in the hope that, if the Federal Chancellor raises the subject, the Prime Minister might be willing to speak informally about developments in Ireland and about the Government's intentions in Northern Ireland. The Federal German Government has always refrained from comment on developments in Northern Ireland. The German press has also generally adopted a responsible attitude



to the problem. Against this background, it might be helpful if the Prime Minister agreed to respond favourably, but on an informal basis, to any enquiry which the Federal Chancellor might make about her assessment of developments in both the Republic and Northern Ireland itself.

4. The full list of subjects which have now been proposed is far too long for the Prime Minister to raise with the Federal Chancellor. The Steering Brief for the Summit, which I shall be discussing with the other Permanent Secretaries concerned tomorrow, will contain proposals for the allocation of specific subjects to the Ministers involved. Present plans recommend that in her bilateral with Chancellor Schmidt the Prime Minister should discuss the Mandate, Transatlantic Relations and the forthcoming NATO Summit, Poland, the future course of East-West Relations, International Economic and Monetary questions and, if the Chancellor raises it, Ireland.

A handwritten signature in dark ink, consisting of the letters 'R' and 'A' in a stylized, cursive font.

ROBERT ARMSTRONG

8th March 1982

ANGLO-GERMAN SUMMIT: 19 MARCH

CHECK LIST OF SUBJECTS FOR DISCUSSION: GERMAN IDEAS

1. European Questions

a. European Act

b. 30 May Mandate

c. CAP Price-fixing

d. Enlargement of the Community

e. Internal market of the Community

- Strengthening of the internal market (removal of border formalities - Narjes initiative)

- reconquest of French market

- liberalisation of air transport

- insurance services (Schadensversicherungen)

f. Community Steel Policy

g. External trade issues

- textiles (including Japan, USA)

- EC/Japan

- EC/USA

- International Tin Agreement

h. Currency situation in the Community, including further development of EMS

i. Ireland

- position after the 18 February elections

- Northern Ireland

j. Review of the Franco/German Summit of 24/25 February

k. Spain (Spanish/British relations after the visit to London by the Spanish Prime Minister, Gibraltar)

l. Eastern Mediterranean

- Greece/PoCo

/- EC/Turkey

- EC/Turkey (association, financial protocol, freedom of movement)

- situation in Cyprus

2. West/West and East/West Questions

a. Transatlantic relations

- European/American relations in the light of the Polish crisis.

- USA/PoCo

b. The future course of relations with the Soviet Union

c. Poland

- situation, démarche action

- catalogue of measures

3. Defence/Arms Control

a. Preview of NATO Summit, including 'Bonn Declaration'

b. Spain/NATO (working on Greece and Holland)

c. Greece/NATO

d. CSCE/CDE

e. INF/START (including peace movement)

f. MBFR

g. UK Defence Programme

h. German Defence Programme

i. German/British defence equipment collaboration

j. Transatlantic defence equipment collaboration (common reaction to US restrictions)

4. World Political Issues

a. Afghanistan (efforts for a political solution)

b. Situation in Middle East

c. Iran/Iraq

d. Southern Africa/Namibia

e. East Africa (Zimbabwe, Uganda)

/f.

f. Ghana, Chad

g. Libya

- Attitude of the West towards Qadhafi
- Relationship between the US and Libya
- Qadhafi's forthcoming Presidency of the OAU

h. Development of the Cambodia question (following Lord Carrington's ASEAN trip)

i. Central America

5. North/South, International Economic and Energy Questions

a. North/South dialogue post Cancun

b. International economic questions

c. Exchange of views on economic situation in the FRG and the UK

d. International monetary questions (alignment of interest and exchange rate policies)

e. US economic policy

6. Bilateral Questions

a. German/British trade union relations (including Anglo-German Foundation)

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Cabinet Office,
70 Whitehall,
London SW1

8th March, 1982

PS(82) 4

A & C. $\frac{9}{3}$

Dear Private Secretary,

k.a.

Anglo-German Summit: 19th March 1982

This letter sets out the briefing arrangements for the Anglo-German Summit on 19th March.

The objectives for the visit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. (This list of briefs does not deal with a small number of additional subjects for discussion which the Germans have proposed over the last few days and on which the Prime Minister's views have yet to be sought. A revised list of briefs, taking account of these additional subjects, will be issued as soon as possible.) 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. On this occasion the Prime Minister has asked that the briefs should not be too detailed and only of a summary nature. Departments should, therefore, aim to ensure that, apart from the Steering Brief, individual subject briefs do not exceed two sides of paper.

70 copies of each brief should be sent to the Cabinet Office as soon as they are ready. If they can be prepared by 12th March without any risk of subsequent revision, they should reach the Cabinet Office by 5.00 pm on that day. Otherwise they should reach the Cabinet Office by 5.00 pm on 15th March at the latest. 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 Peter Carey, Sir Brian Hayes, Sir Kenneth Barnes, Mr. Michael Franklin and Mr. Robin Ibbs, and to John Coles at No. 10.

Yours sincerely,

(Signed) D.J. WRIGHT

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ANGLO-GERMAN SUMMIT
19 MARCH 1982

UNITED KINGDOM OBJECTIVES

Primary

1. To bring home to the Germans the need for an early, fair and durable conclusion to the Mandate conclusions; to keep them in step as far as possible with our approach; 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; to discuss the future course of East/West relations; to seek to establish the views of the Federal Government on objectives for the NATO Summit; and to define the scope for agreement between the United Kingdom and Germany on the proposed and desired outcome of that Summit.
3. To strengthen the United Kingdom/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

5. To exchange views on the international economic situation, with particular reference to United States interest rate policy, international trade issues and the objectives and outcome of the Versailles Economic Summit.
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.

PROBABLE GERMAN OBJECTIVES

1. In view of their concern at current divergences of policy and view within the Alliance, and in particular between the United States 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 United States and French economic policies - in particular United States 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 United Kingdom.

LIST OF BRIEFS FOR ANGLO-GERMAN SUMMIT
19 MARCH 1982

<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief	FCO(WED)	as appropriate
2.	European Community Questions		
	(a) Steering Brief on the European Community	FCO(ECD(I))	MAFF Treasury Trade Industry
	(b) 30 May Mandate	FCO(ECD(I))	Treasury MAFF Industry
	(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 Industry
	(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, duty-free allowances, origin marking)	Trade	FCO(ECD(I)) MAFF Industry Treasury
	(h) Community Steel Policy	Industry	FCO(ECD(I))

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<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
	(i) European Union	FCO(ECD(I))	as appropriate
	(j) External Trade Issues (including EC/Japan, EC/USA, International Tin Agreement)	Trade	FCO/ECD(E)/ TRED) Treasury
3.	Poland	FCO(EESD)	Treasury Trade MOD
4.	NATO Summit and Trans- atlantic Relations in the Light of the Polish Crisis	FCO(Defence Dept. / Planning Staff)	as appropriate
5.	The Future Course of East/ West Relations	FCO(EESD)	as appropriate
6.	CSCE/CDE	FCO(CSCE Unit)	MOD
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 Reper- cussions in the Area	FCO(MED)	
	(e) Southern Africa/Namibia	FCO(SAFD)	
	(f) Central America	FCO(MCAD)	

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<u>YMV(82)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
10.	International Economic and Monetary Questions	Treasury	FCO(ESID/ ERD)
11.	United States 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

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 two 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. YMV(82) 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.

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- (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. YMV(82) 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

YMV(82) Serial Number as specified in Annex B COPY NO. in red
Date

ANGLO-GERMAN SUMMIT
19 MARCH 1982

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

MAR 1882

10 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31

Germany



Foreign and Commonwealth Office

London SW1A 2AH

5 March 1982

D J Wright Esq
CABINET OFFICE

M $\frac{5}{3}$
f-a-

Dear David,

ANGLO-GERMAN SUMMIT: 19 MARCH

1. With Sir Michael Palliser's letter of 11 February to Sir Robert Armstrong were enclosed:

- (a) a suggested list of subjects for discussion;
- (b) draft UK objectives;
- (c) draft German objectives;
- (d) a suggested list of briefs.

Sir Robert was content with (a), (c) and (d), but proposed some changes to (b), which we accepted. Other Whitehall Departments were also content, subject to a few minor amendments, all of which are acceptable to us.

2. Since Sir Michael's letter issued, however, we have received the German response to our suggested list of subjects for discussion. They have proposed a number of additions/amendments, which are underlined on the enclosed version of their list (Appendix 1 of this letter). We can accept all of these (with the exception of "Ghana, Chad", which does not, we believe, merit discussion at Summit level).

3. You will note that the Germans have asked that Ireland be put on the check list of topics for discussion. Of course there is no formal agenda and we understand from the German Embassy that there is no intention on their side to seek a substantive discussion of either Ireland or Northern Ireland. We think rather that the Germans may be hoping that the Prime Minister will be prepared to say something informally about recent developments. Since the Federal Government has always refrained from comment on Northern Ireland and the German press has adopted an extremely responsible attitude to the problem we hope that she may be willing to do so.

/4.



4. The check-list of subjects for discussion is now clearly too long for all subjects to be covered. We have therefore identified a number of issues which are less important/less pressing - these are marked with a cross on the enclosed version of the next check-list (Appendix II). On these items we propose to prepare only background briefs. We have warned the German Embassy of our intention and they are content.

5. I enclose at Appendix III a new suggested list of briefs which takes account of the proposed amendments to the check-list of subjects for discussion.

6. At Appendix IV I enclose a draft Steering Brief for the Summit, (the section on 'Programme' has still to be added). Annex A to this draft is the list of UK objectives (amended to take account of Sir R Armstrong's amendments). Annex B is the list of likely German objectives (with which everyone was content). Annex C is the new check-list of subjects for discussion. Annex D is our suggested allocation of the subjects for discussion by individual participants. This contains a number of question-marks, as it is clearly impossible to determine precisely at this stage at which meeting(or meetings) the major subjects such as Transatlantic relations and Poland will be discussed. Annex E is the traditional resume of briefs. Annexes F (personality notes on German participants) and G (basic statistics on the FRG) will be added to the final version of the Steering Brief.

7. You will see from FCO tel no 92 that the German team will consist of:-

Herr Schmidt, Chancellor
 Herr Genscher, Federal Foreign Minister
 Dr Apel, Federal Minister of Defence
 Herr Matthoefer, Federal Minister of Finance
 Dr Schlecht, State Secretary, Federal Ministry of the Economy.

We have since learnt from the German Embassy that Herr Rohr is likely to be available to replace Herr Ertl. Annex D to the draft Steering Brief reflects this. It is clearly regrettable that neither Graf Lambsdorff nor Herr Ertl can come (we understand they have excellent reasons); but we see no option but to accept the participation of their deputies. We have expressed our disappointment both to the German Embassy here and, through HM Embassy, in Bonn.



8. I am copying this letter to the private secretaries to Permanent Secretaries in all Departments which are involved in briefing for the Summit. We would of course welcome written comments. Some Permanent Secretaries may prefer to comment orally at the meeting which Sir R Armstrong may hold on Tuesday 9 March to discuss Follow-up to the Anglo-French Summit. All comments should reach us by close of play on Tuesday 9 March.

Yours ever,
Andrew

R A Burns
Private Secretary to the
Permanent Under Secretary

cc: PS/Sir Douglas Wass GCB
HM TREASURY

PS/Sir Brian Hayes KCB
MAFF

PS/Sir Frank Cooper GCB CMG
MINISTRY OF DEFENCE

PS/Sir Peter Carey KCB
DEPARTMENT OF INDUSTRY

PS/M D M Franklin Esq CB CMG
DEPARTMENT OF TRADE

PS/Sir Kenneth Barnes KCB,
DEPARTMENT OF EMPLOYMENT

PS/Sir Donald Maitland GCMG OBE
DEPARTMENT OF ENERGY

PS) P J Woodfield Esq CB CBE
NORTHERN IRELAND OFFICE

C A Whitmore Esq
10 DOWNING STREET



APPENDIX I

ANGLO-GERMAN SUMMIT: 19 MARCH

CHECK LIST OF SUBJECTS FOR DISCUSSION: GERMAN IDEAS

1. European Questions

- a. European Act
- b. 30 May Mandate
- c. CAP Price-fixing
- d. Enlargement of the Community
- e. Internal market of the Community
 - Strengthening of the internal market (removal of border formalities - Narjes initiative)
 - reconquest of French market
 - liberalisation of air transport
 - insurance services (Schadensversicherungen)
- f. Community Steel Policy
- g. External trade issues
 - textiles (including Japan, USA)
 - EC/Japan
 - EC/USA
 - International Tin Agreement
- h. Currency situation in the Community, including further development of EMS
- i. Ireland
 - position after the 18 February elections
 - Northern Ireland
- j. Review of the Franco/German Summit of 24/25 February
- k. Spain (Spanish/British relations after the visit to London by the Spanish Prime Minister, Gibraltar)
- l. Eastern Mediterranean
 - Greece/PoCo

/- EC/Turkey

- EC/Turkey (association, financial protocol, freedom of movement)
 - situation in Cyprus
2. West/West and East/West Questions
- a. Transatlantic relations
 - European/American relations in the light of the Polish crisis.
 - USA/PoCo
 - b. The future course of relations with the Soviet Union
 - c. Poland
 - situation, démarche action
 - catalogue of measures
3. Defence/Arms Control
- a. Preview of NATO Summit, including 'Bonn Declaration'
 - b. Spain/NATO (working on Greece and Holland)
 - c. Greece/NATO
 - d. CSCE/CDE
 - e. INF/START (including peace movement)
 - f. MBFR
 - g. UK Defence Programme
 - h. German Defence Programme
 - i. German/British defence equipment collaboration
 - j. Transatlantic defence equipment collaboration (common reaction to US restrictions)
4. World Political Issues
- a. Afghanistan (efforts for a political solution)
 - b. Situation in Middle East
 - c. Iran/Iraq
 - d. Southern Africa/Namibia
 - e. East Africa (Zimbabwe, Uganda)

- f. Ghana, Chad
 - g. Libya
 - Attitude of the West towards Qadhafi
 - Relationship between the US and Libya
 - Qadhafi's forthcoming Presidency of the OAU
 - h. Development of the Cambodia question (following Lord Carrington's ASEAN trip)
 - i. Central America
5. North/South, International Economic and Energy Questions
- a. North/South dialogue post Cancun
 - b. International economic questions
 - c. Exchange of views on economic situation in the FRG and the UK
 - d. International monetary questions (alignment of interest and exchange rate policies)
 - e. US economic policy
6. Bilateral Questions
- a. German/British trade union relations (including Anglo-German Foundation)

ANGLO-GERMAN SUMMIT: 19 MARCH

REVISED CHECK LIST OF SUBJECTS FOR DISCUSSION; TAKING GERMAN PROPOSALS INTO ACCOUNT

1. European Community Questions

- a. European Act
- b. 30 May Mandate
- c. CAP Price-Fixing
- d. Political Co-operation
- + e. Enlargement of the Community
- f. Currency situation in the Community, including further development of EMS
- g. Internal market of the Community
 - strengthening of the internal market (removal of border formalities - Narjes initiative)
 - reconquest of French market
 - duty free allowances
 - insurance services
- h. Community Steel Policy
- i. External trade issues
 - EC/Japan
 - EC/USA
 - International Tin Agreement
- + j. EC/Turkey (association, financial protocol, freedom of movement)

2. Other European Questions

- ✓ a. Ireland
 - position after the 18 February elections
 - Northern Ireland
- b. Review of the Franco/German Summit of 24-25 February
- + c. Spain (Spanish/British relations after the visit to London by the Spanish Prime Minister, Gibraltar)

- d. Eastern Mediterranean
 - Greece/Turkey
 - situation in Cyprus
- 3. West/West and East/West Questions
 - a. Poland
 - situation, démarche action
 - catalogue of measures
 - b. Transatlantic relations
 - European/American relations in the light of the Polish crisis
 - USA/PoCo
 - c. The future course of East/West relations
 - d. CSCE/CDE
- 4. Defence/Arms Control
 - a. Preview of NATO Summit, including 'Bonn Declaration'
 - b. Spain/NATO (working on Greece and Holland)
 - c. Greece/NATO
 - d. INF/START (including peace movement)
 - e. MBFR
 - f. UK Defence Programme
 - g. German Defence Programme
 - h. German/British defence equipment collaboration
 - i. Transatlantic defence equipment collaboration (common reaction to US restrictions)
- 5. World Political Issues
 - a. Afghanistan (efforts for a political solution)
 - b. Situation in Middle East
 - c. Iran/Iraq and its repercussions in the area
 - + d. Southern Africa/Namibia
 - e. Central America
 - + f. East and Central Africa (Zimbabwe, Uganda)

- + g. Libya
 - Attitude of the West towards Qadhafi
 - Relationship between the US and Libya
 - Qadhafi's forthcoming Presidency of the OAU

- + h. Cambodia

C. International Economic, Monetary and Energy Questions, North/South

- a. International economic questions
- b. Exchange of views on economic situation in the FRG and the UK
- c. International monetary questions (alignment of interest and exchange rate policies)
- d. US economic policy
- + e. North/South dialogue post Cancun

7. Bilateral Questions

- + a. Proposed meeting of German and British industrialists and trade-unionists.

ANGLO-GERMAN SUMMIT: 19 MARCH

PROPOSED LIST OF BRIEFS

	<u>Lead Department</u>	<u>In Consultation with</u>
1. Steering Brief	FCO [WED]	As appropriate
2. European Questions		
a. Steering Brief on the European Community	FCO [ECD(I)]	As appropriate
b. European Act	FCO [ECD(I)]	As appropriate
c. 30 May Mandate	FCO [ECD(I)]	Treasury, MAFF Industry
d. CAP Price-Fixing	MAFF	FCO [ECD(I)] Treasury
e. Political Co-operation	FCO [ECD(I)]	As appropriate
*f. Common Fisheries Policy [Defensive]	MAFF	FCO [ECD(I)]
*g. Enlargement of the Community	FCO [ECD(E)]	As appropriate
h. Currency situation in the Community including future development of EMS	Treasury	FCO[ECD(I)/ESID]
i. Internal market of the Community (including removal of border formalities, duty free allowances insurance services, 'reconquest' of French internal market, origin marking [defensive])	Trade	FCO[ECD(I)], HM Customs and Excise, Industry
j. Community Steel Policy	Industry	FCO[ECD(I)]
k. External Trade Issues (including EC/Japan, EC/USA, International Tin Agreement)	Trade	FCO[ECD(E)/TRED Treasury, Industry
*l. EC/Turkey	FCO[ECD(I)]	As appropriate

3. Other European Questions

- | | | | |
|------|---|-----------------------------------|--------------------|
| * a. | Ireland (position after 18 February elections, Northern Ireland) | FCO[RID] | NIO |
| b. | Review of Franco/German Summit of 24-25 February | FCO [WED] | As appropriate |
| * c. | Spain (Spanish/British relations, Gibraltar) | FCO [SED] | |
| d. | Eastern Mediterranean (Greece/Turkey, Cyprus) | FCO [SED] | |
| 4. | Poland | FCO [EESD] | As appropriate |
| 5. | NATO Summit and Transatlantic relations in the light of the Polish crisis | FCO [Defence Dept/Planning Staff] | As appropriate |
| 6. | The future course of East/West relations | FCO [EESD] | As appropriate |
| 7. | CSCE/CDE | FCO [CSCE Unit] | MOD |
| 8. | Spain/NATO and Greece/NATO | FCO [Defence Dept] | MOD |
| 9. | Defence Matters | MOD | FCO [Defence Dept] |
| 10. | Arms Control and Disarmament | FCO [Defence Dept/ACDD] | MOD |
| 11. | World Political Issues | | |
| a. | Afghanistan: efforts for a political solution | FCO [SAD] | |
| b. | The situation in the Middle East | FCO [NENAD] | |
| c. | Iran/Iraq and its repercussions in the area | FCO [MED] | |
| * d. | Southern Africa/Namibia | FCO [SAfD] | |
| e. | Central America | FCO [MCAD] | |
| * f. | East and Central Africa (Zimbabwe, Uganda) | FCO [CAfD/EAD] | |

/*g.

- *g. Libya FCO [NENAD]
- *h. Cambodia FCO [SEAD]

- 12. International Economic and Monetary Questions: incl. economic situation in UK and FRG Treasury FCO [ESID/ERD]
- 13. US Economic Policy Treasury FCO [ESID/ERD]
- *14. North/South dialogue post Cancun FCO [ERD]

- *15. UK/FRG Bilateral relations FCO [WED] As appropriate
- *16. FRG Scene
 - a. Political FCO [WED]
 - b. Economic Treasury

* Background Brief

Ref. A07678

MR COLES ✓

Yes not

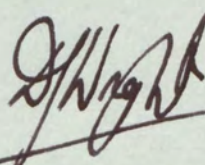
Prime Minister's Briefing Meeting for Anglo-German Summit: 19 March 1982

I should be grateful for your agreement to the following Ministers being invited to attend the Prime Minister's briefing meeting at 4.00 pm on Thursday 18 March:

Chancellor of the Exchequer
 Foreign and Commonwealth Secretary
 Secretary of State for Defence
 Secretary of State for Industry
 Secretary of State for Trade
 Minister of Agriculture

and also the following officials:

Sir Kenneth Couzens	Treasury
Sir Michael Palliser	FCO
Mr J L Bullard	FCO
Sir Jock Taylor	H M Ambassador, Bonn
Sir Frank Cooper	Ministry of Defence
Sir Peter Carey	Department of Industry
Mr Michael Franklin	Department of Trade
Sir Brian Hayes	MAFF
Sir Robert Armstrong	Cabinet Office
Mr D J S Hancock	Cabinet Office



D J WRIGHT

2 March 1982



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MR. WRIGHT

PRIME MINISTER'S BRIEFING MEETING FOR
ANGLO/GERMAN SUMMIT: 19 MARCH 1982

Thank you for your minute of 2 March. I agree to the proposed arrangements for Ministerial and official participation in the Prime Minister's briefing meeting at 4 p.m. on Thursday 18 March.

JC

3 March 1982

Goring



DEPARTMENT OF TRADE
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From the Permanent Secretary
M. D. M. Franklin, CB CMG

3 March 1982

D J Wright Esq
Cabinet Office
70 Whitehall
London SW1

h.a.
W.M. J.

request
Dear David,

ANGLO-GERMAN SUMMIT: 19 MARCH

with OSC?

I have now seen a copy of Sir Michael Palliser's letter of 11 February about the next Anglo-German Summit.

The Department of Trade has no quarrel with the statements of objectives, although there is an ambiguity in Annex B, paragraph 5 to which I would like to draw attention. The reference to trade policy is a general one and should certainly include for example the problem of Japan: it should not be read as referring to the USA alone. Subject to the following small points we are also content with the proposed check-list of subjects for discussion (Annex A) and the arrangements for briefing (Annex D).

Item 1 (d) in Annex A, and the corresponding brief 2(g) in Annex D, "Internal Market of the Community", should we suggest include "duty free allowances". They need however only cover "liberalisation of air transport" if Transport Minister Hauff is among the German party.

Our brief 2(g) will also include a defensive line on origin marking. On the other hand "textiles" can now be deleted from item 1(g) in Annex A and from brief 2(j).

I am sending copies of this letter to the private secretaries of those who had Sir Michael Palliser's.

John ...
Jonathan

J PHILLIPS
Private Secretary

cc PS/Sir Michael Palliser GCMG
Foreign & Commonwealth Office

PS/Sir Douglas Wass GCB
HM Treasury

PS/Sir Brian Hayes KCB
MAFF

PS/Sir Frank Cooper GCB CMG
Ministry of Defence

PS/Sir Peter Carey KCB
Department of Industry

PS/Sir Kenneth Barnes KCB
Department of Employment

PS/Sir Donald Maitland GCMG OBE
Department of Energy

C A Whitmore Esq
10 Downing Street

- 3 MAR 1982

