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TO IMMEDIATE BONN
TELEGRAM NUMBER 46 OF 31 JANUARY
INFO SAVING WASHINGTON, EC POSTS, MOSCOW, UKDEL NATO

VISIT OF CHANCELLOR KOHL (AND HERR GENSCHER) TO CHEQUERS
ON 4 FEBRUARY

1. THE FRG AMBASSADOR CALLED ON BULLARD TODAY.
2. RUHFUS SAID KOHL WOULD WISH TO CONCENTRATE ON EAST/WEST AND TRANSATLANTIC RELATIONS IN THE LIGHT OF THE VISITS TO BONN BY GROMYKO AND BUSH, AND OF HIS EXCHANGE OF VISITS WITH MITTERRAND. KOHL WOULD ALSO PROPOSE THAT HE AND THE PRIME MINISTER SHOULD DISCUSS THEIR RESPECTIVE DOMESTIC SITUATIONS, AND THAT IN THE US. BULLARD AGREED THAT THESE TOPICS LOOKED LIKE HAVING HIGHER PRIORITY THAN COMMERCIAL POLICY AND PROTECTIONISM, WHICH DR KOHL HAD ORIGINALLY SUGGESTED AS SUBJECTS FOR THE MEETING. WE WERE PREPARING BRIEFS ACCORDINGLY.
3. BULLARD EXPECTED THAT THE PRIME MINISTER WOULD ALSO WISH TO DISCUSS COMMUNITY PROBLEMS, ALTHOUGH SHE WOULD NOT EXPECT DR KOHL TO BE BRIEFED IN GREAT DETAIL. THREE BASIC POINTS, POLITICAL RATHER THAN TECHNICAL, SEEMED CLEAR TO US:-
 - (I) A BUDGET SOLUTION WAS REQUIRED BEFORE THE END OF THE GERMAN PRESIDENCY:
 - (II) IF THE GERMANS INSISTED ON PAYING ONLY 25 PER CENT OF THEIR NORMAL SHARE OF THE COST OF ANY FUTURE REFUNDS AN AGREEMENT WAS UNLIKELY TO BE REACHED, AND THEY WOULD PRECIPITATE A COMMUNITY CRISIS DURING THEIR PRESIDENCY:
 - (III) THE ARGUMENT OF THE PREVIOUS GERMAN GOVERNMENT THAT THE FRG ONLY HAD A BUDGET PROBLEM BECAUSE OF UK REFUNDS, AND NOT AS A RESULT OF THE FRG'S TOTAL NET CONTRIBUTION BEING TOO LARGE, WAS DIFFICULT FOR US.
4. RUHFUS SAID HIS GOVERNMENT WERE DETERMINED TO LIVE UP TO THE RESPONSIBILITIES OF THE PRESIDENCY, BUT THAT A SOLUTION OF

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THE BUDGET PROBLEM WOULD BE EASIER TO ACHIEVE AFTER THE ELECTIONS ON 6 MARCH. THE 3 BRITISH POINTS WERE INDEED POLITICAL, BUT SOLUTIONS WOULD REQUIRE DETAILED INVESTIGATION OF FACTS AND FIGURES, AND ON THE SECOND KOHL WAS TIED BY A CABINET DECISION.

5. BULLARD SAID WE ENVISAGED THE FOREIGN MINISTERS COVERING EAST/WEST AND TRANSATLANTIC RELATIONS IN MORE DETAIL IN PARALLEL TALKS. AT LUNCH, WITH OFFICIALS PRESENT, THE MORNING'S DISCUSSIONS WOULD BE REVIEWED AND THE WORLD ECONOMIC SITUATION AND COMMUNITY PROBLEMS COULD BE COVERED IN THE NECESSARY DETAIL.

6. RUFUS SAID THAT AT THE JOINT PRESS CONFERENCE KOHL WOULD WANT TO PLACE ON RECORD HIS STRONG COMMITMENT TO THE ZERO OPTION. BULLARD SAID WE WOULD ALSO FIND IT HELPFUL IF HE COULD SUPPORT THE EXCLUSION OF THE BRITISH AND FRENCH DETERRENTS FROM THE GENEVA NEGOTIATIONS.

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