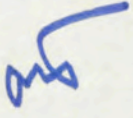


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MR COLES *AR 15/4*

cc: Mr Kerr  
Mr Bone  
Mr Lawson  
Sir Robert Armstrong

CHANCELLOR KOHL AND THE EUROPEAN COMMUNITY

The general brief for next week's Summit, submitted by the Foreign and Commonwealth Office, says:-

"Relations between London and Bonn have rarely been closer; those between Bonn and Paris are less intimate than for a long time."

The Prime Minister might be interested in a few words of explanation.

2. When Herr Schmidt was Federal Chancellor, the German government would always give priority to the relationship with France. He frequently expressed in private views sympathetic to the United Kingdom but then did not translate them into action because to have done so would have displeased the French. Features of French policy of which Chancellor Schmidt disapproved were tolerated by his administration in order to foster the relationship.

3. Things are different now. For example, Chancellor Kohl went out of his way to secure agreement at the Brussels European Council to conclusions on the Budget which were acceptable to the United Kingdom. We have since had an authoritative account of what happened. Chancellor Kohl first checked that Dr Fischer's draft was acceptable to us and then told President Mitterrand, very firmly, that he expected France to accept it as well. The French President eventually did so, even though French officials had produced a rival draft (which we have not seen but are confident would have been unacceptable to the Prime Minister).



4. None of us can remember an incident quite like this. The historic pattern has been for Germany to use their influence to try to get us to agree to propositions that met French political requirements. This change of attitude was confirmed at a recent meeting between United Kingdom and German officials. The leader of the German delegation, Dr Fischer, went out of his way to be amiable. He said at one point, clearly intending to be reported, that Chancellor Kohl had meant what he said when he told the Prime Minister that he would do all he could to help with the Budget problem. No lectures were delivered about "excessive British expectations" - by contrast with previous such meetings. German officials commented that the Chancellor of the Exchequer's "safety net" scheme was technically feasible and financially justified. Their doubts were about its negotiability; but they certainly did not reject it as unachievable.

5. By contrast, German contacts with the French are less intimate than they used to be. Although some senior officials continue to have a close professional relationship, the new German and French administrations are not close at the political level. Chancellor Kohl disapproves of the economic policies that led to the recent troubles of the French franc, and he has no sympathy with French protectionist tendencies. Chancellor Schmidt would not have allowed the recent dispute about the EMS realignment to have gone on so long or become so obvious in public.

6. The Prime Minister will have an opportunity next week to consolidate our closer relations with Germany. It is not unrealistic to hope that the Paris/Bonn axis will now loom less large; and that we may be able to superimpose upon it a triangle in which both France and Germany regard the United Kingdom at least as warmly as each regards the other.

7. But there is a potential problem. Chancellor Kohl is idealistic about the European Community in a rather cloudy way. He is fond of describing himself as "Adenauer's heir".



He is reported to be distressed by what he regards as "nationalistic" behaviour by other member states. He may need to be convinced of the sincerity of the British Government's commitment to Europe.

8. The Prime Minister has already stressed to Chancellor Kohl that she is fighting for a lasting solution to the budget problem in order to remove this last major obstacle in the way of willing acceptance of Community membership by the vast majority of the British public. It would be worth repeating this argument. It may also be worth stressing that British Ministers have lots of constructive ideas about the future of the Community. The Prime Minister has already given copies of our "Positive Approach" booklet to Signor Fanfani and Mr Lubbers. She might wish to give a copy to Chancellor Kohl as well. (Copies are available in German.)

9. When handing it over, the Prime Minister could make the following points:-

- (i) It is not the British habit to make extravagant ideological declarations which risk anti-climax because events do not match up to the words. The British approach to the European Community is, for this reason, practical and realistic; but it is positive.
- (ii) Members of the present British Government have given careful thought to the role of the Community in all relevant areas of policy. The results were explained in a series of speeches by Ministers last autumn and are summarized in the Positive Approach booklet.

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- (iii) If Chancellor Kohl reads it he will find that there is a close affinity between British and German points of view, both on detailed policies and in the general approach to the Community.

D.H.

D J S HANCOCK

15 April 1983

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