



THE PRIME MINISTER'S TALKS WITH CHANCELLOR KOHL: 21 SEPTEMBER 1983

STEERING BRIEF

INTRODUCTION

1. Chancellor Kohl responded readily to the Prime Minister's suggestion that they meet in Bonn over dinner on 21 September after her visit to the Netherlands and British Forces Germany (BFG). This will be their 6th bilateral meeting since the Chancellor took office. Our most recent Ministerial bilateral contact was on 12-13 September when Dr Mertes, Minister of State in the Federal German Ministry of Foreign Affairs visited London for talks with Lady Young and Mr Rifkind. Time will be short on this occasion and will not allow detailed discussion. Bonn telno 810 of 7 September (attached) sets the political and economic scene in the FRG.

UK Objectives

2. Both the Germans and ourselves expect the talks to concentrate on community issues and East-West relations (the shooting down of the Korean airliner and INF). The Prime Minister will have very much in mind her forthcoming visit to the United States.

3. On the Community (Brief A), the Prime Minister will want to urge the Chancellor to work closely with us so that we can get the right decision at Athens in particular on the key issues of budgetary arrangements and the control of CAP expenditure. On CAP the Germans have not so far supported our proposal for a strict financial guideline which would set a financial framework for the decisions of Agriculture Ministers, although they accept the Commission's broad aim of keeping the growth of CAP expenditure below that of own resources. The Prime Minister will want to explain why we consider that a guideline which would set a financial framework for the decisions of Agricultural Ministers within the resources available to the Community is an essential part of decisions at Athens to rationalise the CAP. The framework is needed together with measures

for particular commodities such as guarantee thresholds and price restraint. The Prime Minister will also wish to seek German support for the safety net in the next stage of the negotiations.

4. The Prime Minister will wish to review East-West relations in the aftermath of the shooting down of the Korean airliner, and the measures taken by Western countries in response (Brief B). Our main objective on defence should be to steady Chancellor Kohl's nerve on INF. (Brief B analyses his current domestic political problems). Kohl will be aware of the recent 'Times' leaders suggesting that we reduce BAOR (MOD Brief 1). It will therefore be more than a proforma courtesy on this occasion to reaffirm the Government's commitment to the maintenance of BAOR at 55,000 (our Brussels Treaty obligation). The Foreign and Commonwealth Secretary will be writing separately about the question of a successor to Dr Luns as NATO Secretary General.

5. On the Law of the Sea Convention (UNLOSC), the Prime Minister will wish to re-emphasise the importance we attach to both Governments' continuing to hold to our common position of not signing the Convention until satisfactory changes to the mining regime have been obtained.

6. In view of continuing uncertainty about the German attitude to a draft Resolution on the Falklands question at the General Assembly, the Prime Minister will wish to make clear that we expect our partners not to vote diametrically opposite to us on a matter so directly affecting our interests. As the question of arms sales will be discussed by Defence Ministers when they meet on 9 November, the Prime Minister need not raise the matter with Dr Kohl. But if he refers to his undertaking to prevent exports of torpedoes, the Prime Minister should express appreciation for his help and indicate that broader aspects of the problem can be left for discussion between Defence Ministers.

7. In view of latest developments the Prime Minister may also wish to raise Lebanon (Brief D).

German Objectives

8. Since Kohl came to power, he has tended, in discussion with the Prime Minister, to raise some completely unexpected topics of lesser importance. We cannot predict what he might raise this time.

9. But there can be little doubt that Kohl's main preoccupation will be INF. He has been firm in recent weeks. In the Bundestag debate on the budget on 8 September, Kohl repeated his resolve to go through with all aspects of the 1979 double decision. He said that this was not a time for unilateral concessions. The negotiating pressure on the Soviet Union had to be kept up. The picture is complicated by the prospect of the junior coalition partner, Genscher's FDP, doing badly in regional elections in Land Hesse (there will also be elections in Bremen where the FDP's prospects are less gloomy) on 25 September. In the run-up to this poll, Genscher is attempting to revive his party's popularity by demonstrating a flexible conciliatory approach on INF.

10. On the Community, Kohl will be acutely aware that his plans to reduce public expenditure could be frustrated by the need to spend more on the Community. Thus, the German objective in the run-up to Athens is, like ours, to rein in wasteful Community expenditure.

Handling of the Meeting

11. The Prime Minister might start with an account of her visit to the Netherlands and to BFG. On the latter, the Prime Minister will wish to underline our commitment to maintain BAOR at 55,000 (our Brussels Treaty obligation). Discussion could then move naturally to defence co-operation. The Summit on 9 November will be the opportunity for going into more detail on equipment collaboration but, particularly as the Defence Ministers of the UK, the FRG and France will have met earlier on 21 September, the Prime Minister could mention our hopes for co-operation with the Germans on the future combat aircraft (Brief B).

12. Conversation might then turn to East/West relations more generally and INF. The Middle East could be taken next if the situation in Lebanon warrants it.

13. As ever, Chancellor Kohl will be disinclined to discuss the detail of the Community negotiations but the Prime Minister will wish to leave sufficient time to get across our basic concerns in the negotiations before Athens.

14. UNLOSC is important. But it would seem best to leave it till last. Otherwise too much time at a short meeting might be taken up by Kohl expatiating on the various factors affecting his Government's view of the Convention.

Briefing and Programme

15. The list of briefs is attached.

16. The Prime Minister will arrive at the Ambassador's Residence in Bonn at 1800. After a drink with HM Ambassador, she will leave for the Federal Chancellery at about 1915. There will be a 30-minute tête-à-tête before dinner, which is due to end by 2130. Present at dinner on the German side will be State Secretary Lautenschlager of the Foreign Ministry, Teltschik (Diplomatic Adviser), Ackermann (Head of the Chancellor's press office), Ambassador Ruhfus and an interpreter. The Prime Minister will be accompanied by Sir Jock Taylor, Mr Butler, Mr Coles, Mr Ingham and Mr Lederer, the interpreter.

Foreign and Commonwealth Office

14 September 1983



LIST OF BRIEFS

Steering Brief (Lubbers)

Steering Brief (Kohl)

- Brief A(i) : The Stuttgart Negotiation
- Brief A(ii) : European Community (External)
- Brief B : European Security including INF
- Brief C : East/West Relations other than INF
- Brief D : Middle East
- Brief E : Prospects for the World Economy
- Brief F : World and European Energy Scene
- Brief G : UNLOSC
- Brief H : Central America
- Brief I : Hong Kong
- Brief J : Argentina/Falklands
- Brief K : European Space and Technology Centre
- Brief L : Possible Change of Ambassador's Residence,  
The Hague



PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL:  
19-21 SEPTEMBER 1983

LIST OF BRIEFS

- A (i) The Stuttgart Negotiation
- (ii) European Community (External)
- B European Security including INF
- C East/West Relations other than INF
- D Middle East
- E Prospects for the World Economy
- F World and European Energy Scene
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- L Possible Change of Ambassador's Residence, The Hague
- M Personality Notes (Netherlands)



PRIME MINISTER'S TALKS WITH CHANCELLOR KOHL AND MR LUBBERS:  
19-21 SEPTEMBER 1983

**BRIEF A (i): THE STUTTGART NEGOTIATION**

POINTS TO MAKE (KOHL)

1. Your achievement at Stuttgart was to give the Community the opportunity to break out of the sterile pattern of argument of recent years. The British Government are fully determined to seize that opportunity. The General Election has given the Government a mandate to work for the development of the Community in a dynamic way and that is what we shall do. We have indeed recently circulated a paper setting out our views on the development of the Community.
2. If we are to break the back of the negotiation by Athens the serious talking must begin soon and must concentrate on the key issues.
3. As I said at Stuttgart I would be prepared to consider an increase in own resources provided that we reached agreement on an effective control of the rate of growth of agricultural and other expenditure and provided that it is accompanied by an arrangement to ensure a fair sharing of the financial burden so that no country has to pay a share disproportionate to its relative wealth. Must also be sure that new own resources are really needed: that is why we agreed at Stuttgart to examine possibility of savings in CAP and other policies.
4. To take the CAP first, German and British starting point is very close - we agree the need for strict financial control in agriculture as elsewhere in the Community, and in the handling of our national economies. And we both agree that adequate control has been lacking in the past - with an increase in spending of 40% this year and production continuing to outstrip consumption.
5. We noted Herr Kiechle's position at the Special Council on 30 August that the FRG accepted the need for agricultural spending to rise more slowly than total Community resources; that the measures proposed so far would not be enough to achieve this; and that other ideas would have to be looked at.
6. But the fact is that if this is left to the agriculture



ministers, the hard decisions needed year after year will not be taken - as is quite clear from numerous occasions in the past - such as the fine words we agreed at Lancaster House.

7. This is why we and the Dutch believe that there is no alternative to a legally binding financial framework within which agriculture ministers would take their decisions. Would not be a substitute for specific reforms of the commodity regimes but would provide a framework to encourage necessary adaptation.

8. Such a guideline would be perfectly consistent with principles of CAP. No question of arbitrarily cutting off payments to which farmers had a legal right - our proposals deliberately contain a measure of flexibility. But would provide a counterweight to pressures to which agriculture ministers are now subject and help to ensure that the necessary decisions on adjustment were taken.

9. Very much hope therefore that you can support it. Cannot go on allowing cost of CAP to grow unchecked indefinitely, when we are having to fight so hard to control public expenditure in other areas.

10. Believe you share our concern about the Commission's proposals on the CAP, especially the external trade aspects. We reject in principle attempts to solve the Community's internal problems at the expense of third countries. Would cause unacceptable problems with our trading partners including the US and the developing countries. Particularly concerned about their proposal for an oils and fats tax and hope you will maintain your strong opposition to it. Serious international implications in relation both to major partners such as the US and to developing countries. Represents not a saving but a tax which would bear hardest on poorest consumers.

11. Turning to future financing, we very much welcome your support for our safety net proposals. This provides the basis for fair and lasting solution to budget problem and I see no alternative to agreement on some such scheme if we are to reach a successful conclusion at Athens. Vital we stand together and insist on a genuine and fair and adequate solution. This will be particularly important when we get down to discussing the figures.

12. One other matter which is harming the negotiations is problem





over 1982 risk sharing refunds. We were dismayed at the decision of the Budget Council to insert a figure in draft budget which was below our entitlement as agreed on 26 October 1982. This is not acceptable. Community must really honour its commitments in full.

13. [If Danish convergence fund is raised] Believe you share many of our reservations about Danish proposal for a convergence fund. Benefit for UK would be quite inadequate to solve budget problem and would probably be nil after enlargement. Unlike our safety net scheme, the Danish proposal would not put any limit on German net contribution. Moreover, mechanism would last for 5 years only. Does not provide a basis for settlement in Athens.

14. [If the question of linkage between Athens and our 1983 refunds is raised] Text of Stuttgart conclusion made it perfectly clear that the decision on UK refunds for 1983 was taken in the context of the adoption not the implementation of Stuttgart Declaration on negotiations on future financing. There was no link to the outcome of these negotiations and I could not and will not agree to such a link, whatever unilateral interpretations some of our partners may choose to make.

15. [If milk is raised] On milk, the key must be price restraint and the effective implementation of the guarantee threshold We are awaiting the Commission's detailed proposals on the super levy, but in any event it would be essential to avoid discrimination against large farmers.



## ESSENTIAL FACTS

### Future Financing (for Kohl)

1. The Germans appear to have accepted the need for a measure on the lines of our safety net proposal. But they will need to be kept up to the mark, particularly when the negotiations get down to more detailed questions. They are unlikely to be attracted by the Danish convergence fund proposal which would not put a limit on their contribution.

### CAP

2. The Finance and Economic Ministries appear to accept the need for a strict financial guideline both to achieve savings and to introduce greater operation of market forces to the CAP. But they do not seem to be able to overrule the Agriculture Ministry, under the forceful Kiechle. The view of Chancellor Kohl could therefore be decisive.

3. Herr Kiechle, who fears a strict financial guideline would mean additional sacrifices for farmers, has accepted that agricultural support must be made more conditional but is fiercely opposed to price reductions for milk and supports the super-levy. He also opposes the dismantling of MCAs.

### Safety Net (for Lubbers)

4. Dutch MFA officials have expressed reservations about our safety net proposal on the grounds that a solution to the UK budget problem should be found on the expenditure front; but others in the Finance Ministry have admitted that they see merit in the proposal. The Dutch are also concerned about the political implications of any arrangement which reduced the burden carried by the Germans.

### CAP

5. The Dutch paper for the CAP negotiation is explicit in its support for a legally binding guideline on the growth of agricultural spending, based on the "markedly lower" formula of November 1981.

6. The Dutch do seem determined to secure changes in the CAP, despite short-term unpopularity with their own farmers. They



support a strict price policy, the milk super-levy (effectively a quota system giving a very low price for milk produced in excess of the 1981 quantity) and the dismantling of MCAs.

7. The basic Dutch position on the CAP is that it needs radical overhaul to prevent its collapse and to prevent unfortunate international repercussions. They are prepared to take a lead in arguing for reform because their farmers are strongly placed to cope with additional burdens and stronger competition.

8. On the oils and fats tax the Dutch have, like us traditionally been staunch opponents, though there have been some signs of wobbling of late. Like us they have a particular interest in avoiding such a tax because of Unilever in addition to all the other arguments.



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BRIEF A (ii): EUROPEAN COMMUNITY (EXTERNAL)

POINTS TO MAKE (Lubbers and Kohl)

EC/US Steel

1. We have taken every opportunity to make clear to US our disappointment at their measures. (For Chancellor Kohl: the Germans have been equally vigorous with their protests). Welcomed the tough conclusions of the July Foreign Affairs Council. Important for Community to maintain united front. Hope that EC/US consultations under GATT auspices will prove productive.

EC/US Agriculture

2. Important that Community should not make it harder for the US Administration to sell restraint to Congress, eg by encouraging the view that outcome of Commission/US talks was an American defeat or by countenancing Commission's proposals to increase external protection. Continuing bilateral talks, the best way to resolve EC/US agricultural trade disputes. However, US subsidised sales of dairy products to Egypt regrettable. Community should not over react. International Dairy Products Council best forum to tackle the problem.

EC/Japan

3. Community cohesion has been effective in persuading the Japanese of need to do something about their rising trade surplus. Must continue to speak with one voice in impressing on them that it is in their interests to find a solution. Recent import liberalisation package and export restraint measures in sensitive sectors welcome but not enough: more

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fundamental Japanese measures to increase imports of manufactures are required. Community must keep up pressure and continue to identify areas where we can legitimately expect movement: UK playing active role in this.

4. (If raised) UK paper on possible Japanese measures to promote manufactured imports was cleared with Commission and presented to the Japanese entirely in the context of the EC's approach. We thought it sensible to proceed on this basis because of the danger otherwise (over the holiday season) of missing the chance to influence Japanese Budget decisions. Important for the Community to follow up urgently.

Rollback on Protectionist Measures (if raised)

5. We will participate constructively and encourage the Community to do likewise in giving substance to the OECD and Williamsburg commitments. Informal protectionist measures have arisen to meet specific needs, and their dismantling will be a delicate business. But we are ready to advance realistically, in step with everyone else.

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BRIEF A (ii): EUROPEAN COMMUNITY (EXTERNAL)

ESSENTIAL FACTS (Lubbers and Kohl)

EC/US Steel

1. The Foreign Affairs Council on 18 July agreed satisfactorily tough conclusions on President Reagan's decision of 5 July to grant import relief to the US special steel industry for 4 years. The Prime Minister described the decision as 'deplorable', Mr Parkinson wrote and spoke to US Trade Representative Brock, and the Secretary of State spoke in Washington to Vice President Bush and Secretaries Shultz and Regan. The ruling is contrary to the Williamsburg commitment to halt and turn back protectionism, particularly as the decision was within the President's discretion. At initial EC/US consultations in the GATT, the Commission requested adequate compensation from the US, who affirmed their intention of meeting their GATT obligations and promised a thorough analysis of the EC case. Consultations are continuing. The US have accepted in principle the EC case for compensation, but is still examining the details of the EC proposals, including the possibility of exemptions for some special products.

2. The Germans have also made forceful representations: Herr Genscher spoke to Mr Shultz on 11 July and Count Lambsdorff has sent a message to USTR Brock. They have argued that the Community must force the US to abandon the measures: failing this, they must insist on compensation under the GATT.

EC/US

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EC/US Agriculture

3. US farmers, whose export earnings have seriously declined, have singled out EC subsidised exports (among many contributory causes) as scapegoat. EC/US consultations concluded in June with a joint report including a few general promises to curb EC surplus production and providing for an informal bilateral Working Group for 'the better definition and clarification' of GATT rules on direct or indirect subsidies. This modest outcome has been widely interpreted as a defeat for the US Administration and will be hard to sell to Congress as a satisfactory settlement of US grievances on the CAP. The US have additionally made demarches to the Commission and in EC capitals to protest against the Commission's proposals for CAP economies, which include features highly objectionable to the Americans, including an oils and fats tax and other measures designed to promote "Community preference", i.e. exclude imports, and which we also find very unsatisfactory.

4. The US decision (in August) to sell dairy products to Egypt at subsidised prices following their earlier sale of highly subsidised wheat flour, is a provocative attempt to deprive the EC of that market, at a time of delicate EC/US agriculture trade relations. The Commission have responded by requesting an extraordinary meeting of the Dairy Products Council and announcing the EC's intention to pursue the matter in the GATT. We have argued against a tit-for-tat response to a sale that furthers US interests little. We continue to support bilateral talks as the best way of resolving disputes and avoiding open hostilities, although privately our view is that multilateral solutions in GATT are best in the long term.

EC/Japan

5. Despite promises of best intentions and some small scale though welcome measures to improve access to their market, the Japanese visible trade surplus with the EC in the first six months of 1983 was nearly 11% up on the same period in 1982, and the current account surplus worldwide this year is

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expected to reach \$20 billion. The yen is still undervalued. The Japanese Government and the Commission agreed in February export restraint arrangements in some sensitive EC market sectors. They have also announced three import liberalisation packages. But these measures have not so far improved the trade figures. Under EC and US pressure, they are now considering further import incentives.

6. We strongly support the Commission's efforts to influence the expected Japanese import liberalisation package. We have prepared a list of suggested proposals as a contribution to the Commission's thinking. These have been shown to the Japanese, so that they are taken into account before their planning is too far advanced. The Japanese were made well aware that they are to be seen entirely in the context of the EC's overall representations.

7. If no progress is achieved, the Community is likely to consider reactivating its request (under Article XXXII.2 of the GATT) for a GATT Working Party to investigate its complaint that it has not received from Japan the trade benefits to which it is entitled from several rounds of tariff cuts. We may also seek Council discussion of the general trade problem in the autumn.

8. Building on similar language in OECD Ministerial Communique, the Williamsburg Declaration included a commitment to halt protectionism, and as recovery proceeds to reverse it by dismantling trade barriers; and to consult on ways and means of doing this. The OECD Secretary General has produced some ambitious ideas of phased dismantlement, so far unpublicised, and the GATT Director-General is at work in the same field.

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A concerted EC approach has not yet been agreed. The Germans and probably the Dutch are generally positive, but the French very negative. We intend to combine a constructive attitude with a realistic assessment of what UK industry will accept, in the absence of sustained economic recovery.

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BRIEF B: EUROPEAN SECURITY INCLUDING INF

POINTS TO MAKE (Kohl)

INF

1. We are resolute in basic principles of NATO's negotiating position, (US and Soviet right to parity and the global approach), but remain ready to consider changes on secondary issues, and to consult rapidly within the Alliance, especially amongst the basing countries, as and when President Reagan wishes to make recommendations.
2. Sensitive to particular German political considerations. How would Germans like to see any new shift in negotiating position, for maximum impact on German public opinion?
3. Crucially important for us all to convince public opinion of our sincerity at Geneva during count-down to first deployments. But we need to maintain steady nerve and calculate balance of advantage in any move between short term presentational advantage and long term security interests.
4. Need also to assess coolly likely Soviet reactions to any NATO move. If they are not looking for negotiated settlement this year concessions now will be pocketed for use later. If they are prepared to make concessions we should take care not to put all our cards down too early.

/Commitment

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Commitment to Common Defence

5. Glad to have had opportunity to visit BFG. Tangible demonstration of our continuing commitment to Alliance strategy of forward defence. Alternative strategies may from time to time be aired in the press. Can reassure you that our commitment to maintaining a tactical air force and BAOR at 55,000 men is firm and abiding.

Future Combat Aircraft

6. Important to develop European collaboration on defence equipment where this makes financial and operational sense. Development of a new combat aircraft presents a major opportunity. Hope it will be possible for UK and Germany to work together, along with others, on this. Look forward to hearing results of today's trilateral meeting of Defence Ministers.

Non-Combatant Evacuation Operation (NEO) (if raised)

7. Understand fully the sensitivities surrounding the issue. Affect UK as well as Germany. No thought now of introducing programme before next year at the earliest. Will consult you before doing so.

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
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BRIEF B: EUROPEAN SECURITY INCLUDING INF

ESSENTIAL FACTS (Lubbers and Kohl)

INF

1. The zero option remains NATO's goal. Ambassador Nitze, the US negotiator, is also offering an interim agreement - the right to equal numbers of missile warheads for the United States and Soviet Union.
  
2. The Russians are seeking to maintain a monopoly of long-range INF missiles. They claim an existing balance in long-range INF and that Pershing II and Cruise missiles are therefore unnecessary. They have offered to reduce their long-range INF missiles in Europe to 162, to match British and French missiles. In August Andropov clarified this offer by announcing a willingness to liquidate (rather than just remove to Asia) the excess missiles, including some SS20s.
  
3. The Americans have completed a review of possible changes in secondary issues in the agreed US negotiating position but, following the Korean airliner massacre, the President has not taken the final decisions. The Germans have brought pressure to bear in Washington for immediate moves on secondary issues in the negotiating position. Most recently Kohl argued for such moves to Nitze in Bonn on 5 September. The Chancellor may also lobby the Prime Minister. The Germans may have been told by the Americans that the UK has been cautious about an early and major move. We have argued, in NATO consultations and in a meeting between Sir G Howe, Herr Genscher, M. Cheysson and Signor Andreotti,

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that we have an open mind about moves on the secondary issues (such as a regional sub-ceiling, within the global total, for missiles within range of Europe, and the inclusion of some INF aircraft) but should choose carefully the best time for our move and not rush Alliance consultations.

4. The Chancellor and Herr Genscher have recently made strong and unambiguous statements about the need for INF deployment to begin this year and the Chancellor has confirmed publicly that some Pershing II missiles would be deployed even if an interim agreement were reached in Geneva.


5. Nuclear defence policy is a highly contentious issue in domestic Dutch politics. The current coalition parties, including Mr Lubber's Christian Democrats, are internally divided. His party could split on the nuclear issue and the coalition fall as a result.

6. The Government has postponed for as long as possible decisions on the outstanding issues of whether Cruise missiles should be deployed in the Netherlands and a possible reduction in the number of the current Dutch nuclear tasks. They are due to deploy 48 Cruise missiles by the end of 1986, which requires a positive decision by mid-1984. They have announced the most suitable site (Woensdrecht) but no construction work would begin before a positive decision. Decisions about the numbers of Dutch nuclear tasks are likely to await the outcome of NATO's review of its shorter range nuclear forces, to be announced by NATO's Defence Ministers at the end of October.

7. Against this background, Mr Lubbers said in a recent magazine interview that if in the end the current nuclear arms control negotiations are blocked by Soviet insistence on taking account of British and French forces, then those forces would have

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'to play a special role'. On 6 September, the Dutch Parliament passed a motion asking the Government to press the US and other allies to take account of British and French forces in the INF negotiations or in START. The Foreign Minister undertook to raise this with the Alliance. When Sir G Howe talked to the Foreign Minister about this question informally on 7 September the latter suggested that we should find a formula on British and French systems which, without selling the pass, would be more credible. The line to take suggested in the brief is based on the Trident Open Government Document of March 1982 and does not really meet the need as our Allies see it. The Department will be submitting recommendations separately on this point, in the light of discussions at Chequers on 9 September and in the context of a draft reply to Mr Andropov's message to the Prime Minister.

#### Commitment to Common Defence

8. A Times leader of 17 August entitled 'Rethink on the Rhine', argued that there was no operational logic to a strategy of forward defence; that UK forces should be positioned as a tactical reserve; and that if the Germans wanted to maintain forward defence, they should fill our current role themselves. This caused concern in Bonn. Our commitment under the Brussels Treaty to maintain BAOR at 55,000 men was reaffirmed in this year's Defence White Paper.

#### Future Combat Aircraft

9. Major future prospect for European collaboration is a combat aircraft for the 1990s. UK, France and Germany (along with Italy and Spain) appear to have very similar requirements. UK and France have launched experimental aircraft programmes to explore technologies. Germany will not decide until late this year whether to undertake any programme. The subject will be a

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major item for discussion at the trilateral (UK/FRG/France) Defence Ministers meeting in Paris on 21 September. We hope this will agree initial steps towards establishing the feasibility of a European collaborative programme.

Non-Combatant Evacuation Operation (NEO)(if raised)

10. During the Anglo/German summit in April, Chancellor Kohl expressed his concern about BFG plans to brief service dependants and other non-combatants on contingency plans to evacuate them to the UK in times of tension. The Commanders in Chief had wanted to start a briefing programme in January, along similar lines to one begun by the Americans in Europe in 1978 (the Germans are also sensitive about the American programme) but it was postponed until after the German elections in March.

11. Following Chancellor Kohl's remarks to the Prime Minister, the Defence Secretary postponed the programme indefinitely. In so doing, he was mindful of domestic considerations (eg providing CND with 'evidence' that the Government was planning for "warfighting" and not deterrence) as well as German difficulties. In these circumstances, there would be little point in giving further consideration to the programme until the current high level of public interest in defence issues has subsided.

M Class Frigates for the Netherlands

12. Prospects for wide range of British equipment, notably Rolls Royce Spey engine, for Dutch M Class frigate programme. But Dutch seeking linkage with RN purchase of Goalkeeper (Dutch-built close in weapons system). We have told them that we cannot commit ourselves until the technical and commercial merits of the proposals of the various contenders have been evaluated. US of S (DP) has written to his Dutch opposite number suggesting Anglo/Dutch

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talks on mutual offset requirements. Preliminary discussions between national armaments directors will take place on 12 September. Briefing will be updated as necessary.

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PRIME MINISTERS TALKS WITH MR LUBBERS AND CHANCELLOR KOHL

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BRIEF C: EAST/WEST RELATIONS OTHER THAN INF

POINTS TO MAKE (KOHL)

AIRLINER

1. Reached united and satisfactory arrangement thanks to German lead. Skilful performance by Genscher at Madrid. Main aims: to send clear signal to Soviet Union and to ensure this sort of incident can never happen again.

EAST/WEST POLITICAL

2. Airliner incident serious in its own right. Important that free world (not only West) should make emphatic statement of condemnation. Symbolic of a deeper problem - the attitude of mind and outlook of the Soviet Union. Clear echoes of Afghanistan, repression of dissidents and policy towards Eastern Europe.

3. Illustrates need for a firm and coordinated Western policy. Russians accept tough negotiating tactics and understand direct criticism. Firmness has been instrumental in pushing Russians to point of admitting that they shot down airliner. But West has been sensible to avoid intemperate measures (eg suspending arms control talks) which would have damaged longer term interests.

4. Share your view that part of successful conduct of East/West relations must be to expose Soviet leaders to clear and well prepared statement of Western values. Thought you handled Andropov very well in Moscow. More recently Sir G Howe spoke plainly to Gromyko at Madrid.



## FRG/SOVIET

5. Grateful for first hand account of your visit to Moscow (4-7 July). Was struck by the impact which you made on Andropov in demonstrating strength and unanimity of Western policy towards Soviet Union, particularly over arms control. Interested in your impressions of Andropov. Clear grasp of East/West issues. But overriding impression left by your account was the static and rigid frame of mind of the Soviet leadership.

6. What plans do you have now for high level contacts with Russians in longer term? Andropov to Bonn?

## POLAND

Lifting of Martial Law and Subsequent Developments

7. Some developments around 22 July positive: lifting of martial law, partial amnesty, relaxation of foreign travel restrictions, withdrawal of military commissars from civilian enterprises. However new laws, if implemented in full, will be repressive.

8. Scale of disturbances on Solidarity anniversary (31 August) apparently much smaller than last year. Government seemed firmly in control. Solidarity ideals no doubt still strong, Walesa personally popular. But people's will to violent protest/resistance seems to be declining.

UK Position/Review of Western Policy Towards Poland

9. Recent developments contain some positive elements. Should be prepared to consider review of Western policy. We need consistent strategy for the long term not tied to day to day fluctuations.



10. Inappropriate to consider formal bilateral exchanges at ministerial level until at least 1984, but could consider gradual resumption of bilateral contacts at senior official level. Aim not to show favour but to state Western views on developments, gradually reengage Western influence in Poland. But important that Alliance move together on these points.

Rescheduling of official debts

11. Have always felt resumption of negotiations a Western interest. But here too Western solidarity important.

AFGHANISTAN

12. Essential to maintain international concern and pressure on Russians to withdraw.

UNGA 38

13. Further strong vote essential to sustain momentum. Significantly reduced vote would suggest growing acceptance of Soviet presence and Karmal regime. rather global than East/West aspects.

14. Pakistan's firm stand essential. Will keep in close touch.

UN Initiative

15. No sign Russians will break deadlock by agreeing to crucial timetable and termination date for withdrawal. Ensure Russians do not gain propaganda advantage.

16. Important to maintain co-ordinated stand in support of Pakistani position (so far unaffected by internal unrest). But may need to consider alternative ways of keeping up pressure.



## MADRID/CDE

17. Has given useful impulse to Helsinki process. Exposed Soviet abuse of human rights internally and standards of behaviour (Poland, Afghanistan and Korean Airliner) externally. Forced Soviet Union to defend its policies. Must now maintain pressure, in particular over human dimension. Essential to be able to demonstrate real progress when Follow-up Meeting convenes in Vienna in 1986.

18. Share Germany's view of potential value of CDE if we can succeed in negotiating a package of CSBM's on the lines already agreed in NATO before Madrid, that keep up pressure on East. Agree that the public relations aspect is important. Should focus on increasing public understanding of the role of CSBMs in reducing tension through increased openness about normal patterns of military behaviour.

19. Must work closely together in NATO on the development of the Western approach to the CDE. German contribution already significant. Obviously large measure of agreement between us.

## EAST/WEST ECONOMIC

20. Our views on this subject have been, and remain, close.

21. Completion of post-pipeline studies a major contribution to Western harmony in this field. Alliance has emerged from Williamsburg much more unified and clearer headed. Major success in managing Alliance. Alliance now have guidelines which should help us to avoid past pitfalls in formulating national policies. Must maintain system of close consultation, especially in COCOM where work is now focussed.

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22. Believe it important to deal with problem of technology leakage to East. We are re-inforcing our COCOM enforcement efforts, and very much hope that our partners will be able to make similar moves.

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL:

19-21 SEPTEMBER 1983

BRIEF C: EAST/WEST RELATIONS OTHER THAN INF

ESSENTIAL FACTS

AIRLINER

1. The Russians have now admitted that they shot down the airliner, but have gone no way towards meeting the Korean demands (explanation, apology, compensation, punishment of those responsible, measures to prevent repetition). They continue to assert (without any evidence) that the US was using the aircraft for intelligence purposes.
2. Action falls under the following heads (corresponding to US non-paper circulated in Washington on 5 September):
  - (a) vigorous action in UN Security Council and in ICAO (on 15 September):
    - (i) to press the Russians for a full account of the incident; and
    - (ii) to seek agreement on international procedures to prevent repetition;
  - (b) a claim to Soviet Government on behalf of the relatives of the one UK national and the 14 Hong Kong residents who died. (We are reserving our rights as to compensation for loss of property in incident.)
  - (c) efforts to secure significant international agreement on civil aviation measures as a protest against the Soviet Union's behaviour. With effect from 15 September shall be suspending;



- (i) all Aeroflot flight to and from UK;
- (ii) all British airline flights to and from USSR;
- (iii) all Soviet overflights of UK territory.

Both the Netherlands and the FRG will be taking parallel action.

- (d) support for private action by the British Airline Pilots' Association (BALPA) to impose ban on flights to Soviet Union.

#### Circumstances of Shooting-down

3. We have no reason to doubt the detailed account of the incident which has been made public by the Americans. It appears that the Korean 747 entered Soviet air space above Kamchatka at approximately 1630 GMT on 31 August and then followed a 'great circle' route which took it above the Sea of Okhotsk (where it briefly returned into international air space) and then over the Island of Sakhalin. The aircraft was attacked by a Soviet fighter aircraft above Sakhalin, and was hit by an air-to-air missile at 1826 GMT. There is no evidence to suggest that the Soviet aircraft moved sufficiently close to the 747 to establish whether it was a civil or military aircraft. Likewise there is no evidence to support Soviet claims that their fighters took effective steps to attract the pilot's attention and to instruct him to land at a Soviet airfield.

#### EAST/WEST POLITICAL

#### Soviet Policy

4. The Soviet Union's main short term objective continues to be to undermine the Western commitment to the 'double decision'. The Russians have used every East/West contact



this year as an opportunity for maintaining the propaganda over INF, and they have persisted in the tactic of appealing to public opinion behind the backs of Governments.

5. In the longer term the main Soviet objectives are:

(a) to weaken the Western Alliance politically and militarily by exploiting transatlantic differences;

and (partly in support of this)

(b) to establish a more substantial relationship both in political and economic terms with Western Europe.

#### NETHERLANDS/SOVIET UNION

6. Dutch usually take firm and principled line on East/West issues (including human rights). Relations with the Soviet Union had however been improving gradually, and were about to reach a relative peak with the first post-Afghanistan ministerial contacts between Agriculture Minister Braks to Moscow in September and Soviet Foreign Minister Komplektov to the Hague in October. The Dutch have postponed both visits. A Parliamentary delegation of the leaders of the three main parties in the second chamber has also cancelled a visit, the purpose of which was to discuss security and disarmament issues.

7. The Dutch will welcome HMG's decision to postpone the visit by Soviet First Deputy Foreign Minister Kornienko.

#### FRG/SOVIET UNION

8. Chancellor Kohl's purpose in visiting the Soviet Union (4-7 July) was to demonstrate Alliance firmness, while at the same time signalling (in part to domestic German opinion) that the FRG remained ready to work for a less strained East/West relationship. He was helped by his





strong domestic position, and the German media commented in glowing terms on his performance.

9. The Russians kept the accent on INF, but registered the visit as an important and serious East/West occasion, albeit in terms which gave prominence to Soviet "peace loving" policies.

10. Kohl surprised both his hosts (and even his own supporters in the FRG) by his forthright reminder to the Russians on the ultimate goal of conditions of peace in which the German people will regain their unity in free self-determination. He also emphasised Bonn's desire to normalise relations with the GDR. The Russians appear to have hinted that inner-German relations might suffer if INF deployment went ahead, but the main (implicit) message which Kohl brought away was that in the longer term the Russians would not wish to upset the "sensible and reasonable relations" between the FRG and Soviet Union.

11. Herr Kohl gave the Prime Minister a detailed account of the visit on his return to Bonn.

## POLAND

### Recent Developments

#### (i) Lifting of Martial Law

12. After events of 22 July, could be argued that 2½ out of 3 NATO criteria (lifting of martial law, release of political prisoners, resumption of dialogue with Church and Solidarity) have been met. Sole exception - dialogue with Solidarity. But separate new legislation, if fully applied, will mean that most repressive controls of martial law are preserved. Also difficult to argue that there is any substantial sign of greater dialogue or cooperation between Government and governed (although Church/State contacts

seemed somewhat improved after Pope's visit, Glemp recently spoke highly critically of Government policy).

(ii) Amnesty

13. Large number of political and other prisoners benefited under partial/conditional amnesty law introduced 22 July. We estimate that probably hard core of 60-70 persons, who could be described as "political" offenders, remain in prison. Americans have reservations about authorities' implementation of amnesty and quote (questionable) Polish Church sources as suggesting that possibly 600 political offenders still detained (with perhaps 1000-1500 released under amnesty).

(iii) Solidarity Anniversaries in August

14. 31 August disturbances on anniversary of signing of the Gdansk Agreements (between Solidarity and Government in 1980). Seem to have been on much smaller scale than in August 1982. Government showed ability to control situation and contain protests after lifting of martial law. Also indicates that although Solidarity ideals still command widespread support, there has been perceptible decline in popular enthusiasm for violent protest and demonstrations against the regime.

UK Position/Review of Western Policy Towards Poland

15. UK Ministers have agreed our objective should be to seek gradual reengagement of Western influence in Poland. Need to avoid risk of becoming trapped in event-orientated, short term policy. General agreement that resumption of formal bilateral ministerial exchanges in capitals not appropriate until at least 1984. But some divergence of view amongst EC partners about whether a gradual resumption of senior official contacts is yet appropriate. Also clear that the Americans have yet to make up their minds on whether recent developments in Poland merit any adjustment of policy.



16. We do not regard bilateral contacts (even at ministerial level) with Poles in margins of international conferences as constituting resumption of regular formal political exchanges eg in capitals. As a result of Polish initiative, Secretary of State informally and briefly met his opposite number (Olszowski) in margins of recent Madrid Conference on Secretary of State indicated our continuing anxieties about situation in Poland and confirmed that resumption of formal ministerial political contacts was inopportune.

#### Rescheduling of official debts

17. UK has consistently considered resumption of negotiations a Western interest. Paris Club meeting on 29 July reached agreement in principle to resume rescheduling negotiations but Americans made their agreement provisional and have explained elsewhere that it depends on whether 'the vast majority' of political prisoners are released. We hope that meeting of Creditors' Group on 15 September will have agreed to undertake detailed preparation of technical issues and draft a letter to the Polish authorities proposing resumption of negotiations. But UK will need to follow carefully evolution of US thinking. Preservation of public unity among members of NATO remains an important objective.

#### AFGHANISTAN

#### UNGA 38

18. The General Assembly has so far passed four resolutions with overwhelming majorities calling for the immediate withdrawal of foreign (ie Soviet) troops from Afghanistan; preservation of Afghanistan's independence and non-aligned status; the right of the Afghan people to choose their own government and the voluntary return of the refugees in safety and honour. The Pakistanis will again take the lead



in sponsoring the resolution this year, but we (and our allies) will lend discreet lobbying support. The recent unrest has not so far affected Pakistan's firm stand.

19. It is important that neither the resolution nor the vote is weakened. We have asked the Pakistanis informally to consider strengthening this year's draft resolution by specific references to the Afghan people's right of self-determination and to the involvement of the refugees in the negotiations, with the aim of enhancing the political status of the refugees (and resistance). The Pakistanis have shown initial interest and we await a substantive response.

#### UN Initiative

20. The mediation effort by Cordovez, the Secretary-General's personal representative, remains deadlocked on the crucial question of a precise timetable and termination date for Soviet withdrawal. The latest round of "indirect talks" in Geneva in June produced disappointing lack of progress. The Soviet position is unyielding.

21. Perez de Cuellar has postponed Cordovez's September visit to the area, as the Pakistani and Afghan Foreign Minister will be in New York. Both he and Cordovez have been less optimistic about the UN mediation since June. In talks with the Secretary of State on 31 August, the Secretary-General admitted that progress depends on Soviet agreement to a specific timetable, but said that he will pursue his efforts so long as the Pakistanis and Afghans remain interested.

22. Further talks are planned in the margins of the General Assembly. So far, Cordovez has not approached the US and Soviet Union about their possible role as guarantors of a settlement. Wide disagreement remains on the nature and



scope of these 'guarantees', in particular, whether they should apply to the whole settlement.

#### Situation on Ground

23. Military stalemate continues. Some 105,000 Soviet troops remain vital prop to Karmal regime. Increasing brutality of Soviet and Afghan offensives fail to break resistance spirit and civilian support. Up to 3 million refugees in Pakistan and a further million registered in Iran.

#### MADRID/CDE

A 24. CDE mandate approved in Madrid confines first stage of conference to Confidence and Security Building Measures (CSBMs). Mandate subject to review in 1986. Conference begins 17 January 1984 in Stockholm; preparatory meeting in Helsinki in October.

B 25. Preparations already underway in NATO although still at early stage. FRG determined to play leading role for domestic political reasons (INF and Hesse elections). Our general approval similar. NATO draft package (CM (80) 83) likely to be basis of proposals which NATO will table.

#### EAST/WEST ECONOMIC RELATIONS

26. UK policy on East/West trade is in line with that agreed with our Western partners at Williamsburg, NATO, and elsewhere. It is unlikely to be affected by the Korean Airliner incident.

27. In COCOM, the next round of the current List Review begins this month. The Americans are continuing to press for tighter controls on technology transfer to the Soviet bloc, but within the framework of the existing COCOM strategic criteria. Action is now under way in Whitehall to

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implement the Recommendations of the Working Party on Enforcement, which were endorsed in the summer by OD Ministers. But this entails tighter implementation of existing COCOM policy, rather than a change in COCOM policy itself.

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Conference on Confidence- and Security-building Measures  
and Disarmament in Europe

The participating States,

Recalling the provisions of the Final Act according to which they recognize the interest of all of them in efforts aimed at lessening military confrontation and promoting disarmament,

Have agreed to convene a Conference on Confidence- and Security-building Measures and Disarmament in Europe.

1. The aim of the Conference is, as a substantial and integral part of the multilateral process initiated by the Conference on Security and Co-operation in Europe, with the participation of all the States signatories of the Final Act, to undertake, in stages, new, effective and concrete actions designed to make progress in strengthening confidence and security and in achieving disarmament, so as to give effect and expression to the duty of States to refrain from the threat or use of force in their mutual relations.
2. Thus the Conference will begin a process of which the first stage will be devoted to the negotiation and adoption of a set of mutually complementary confidence- and security-building measures designed to reduce the risk of military confrontation in Europe.
3. The first stage of the Conference will be held in Stockholm commencing on 17 January 1984.
4. On the basis of equality of rights, balance and reciprocity, equal respect for the security interests of all CSCE participating States, and of their respective obligations concerning confidence- and security-building measures and disarmament in Europe, these confidence- and security-building measures will cover the whole of Europe as well as the adjoining sea area<sup>\*/</sup>

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<sup>\*/</sup> In this context, the notion of adjoining sea area is understood to refer also to ocean areas adjoining Europe.

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and air space. They will be of military significance and politically binding and will be provided with adequate forms of verification which correspond to their content.

As far as the adjoining sea area<sup>\*/</sup> and air space is concerned, the measures will be applicable to the military activities of all the participating States taking place there whenever these activities affect security in Europe as well as constitute a part of activities taking place within the whole of Europe as referred to above, which they will agree to notify. Necessary specifications will be made through the negotiations on the confidence- and security-building measures at the Conference.

Nothing in the definition of the zone given above will diminish obligations already undertaken under the Final Act. The confidence- and security-building measures to be agreed upon at the Conference will also be applicable in all areas covered by any of the provisions in the Final Act relating to confidence-building measures and certain aspects of security and disarmament.

The provisions established by the negotiators will come into force in the forms and according to the procedure to be agreed upon by the Conference.

5. Taking into account the above-mentioned aim of the Conference, the next follow-up meeting of the participating States of the CSCE, to be held in Vienna, commencing on 4 November 1986, will assess the progress achieved during the first stage of the Conference.
6. Taking into account the relevant provisions of the Final Act, and having reviewed the results achieved by the first stage of the Conference, and also in the light of other relevant negotiations on security and disarmament affecting Europe, a future CSCE follow-up meeting will consider

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<sup>\*/</sup> In this context, the notion of adjoining sea area is understood to refer also to ocean areas adjoining Europe.



ways and appropriate means for the participating States to continue their efforts for security and disarmament in Europe, including the question of supplementing the present mandate for the next stage of the Conference<sup>a</sup> on Confidence- and Security-building Measures and Disarmament in Europe.

7. A preparatory meeting, charged with establishing the agenda, time-table and other organizational modalities for the first stage of the Conference, will be held in Helsinki, commencing on 25 October 1983. Its duration shall not exceed three weeks.

8. The rules of procedure, the working methods and the scale of distribution for the expenses valid for the CSCE will, mutatis mutandis, be applied to the Conference and to the preparatory meeting referred to in the preceding paragraph. The services of a technical secretariat will be provided by the host country.

N A T O   S E C R E TORIGINAL: ENGLISH/FRENCH  
9th December, 1980DOCUMENT  
C-M(80)63(Final)PREPARATION FOR THE CSCE FOLLOW-UP  
MEETING AT MADRID IN 1980DRAFT PACKAGE OF CONFIDENCE BUILDING MEASURES  
IN CONNECTION WITH THE DRAFT MANDATENote by the Secretary General

Attached is a draft package of Confidence Building Measures in connection with the draft mandate.

2. This draft package of CBMs has been prepared by the Political Committee at the request of the Council with a view to the preparations for the CSCE Follow-up Meeting at Madrid in 1980.

3. On 8th December, 1980, the Council approved this document, by the silence procedure, and I am now circulating a final version.

(Signed) Joseph M.A.H. LUNS

NATO,  
1110 Brussels.

This document consists of: 1 cover page + 6 pages

N A T O   S E C R E T

PACKAGE OF CONFIDENCE-BUILDING MEASURES IN CONNECTION WITH THE DRAFT MANDATE

<u>Chapter</u>	<u>Title</u>	<u>Description</u>
I. Measures of Information designed to improve knowledge of military forces	1. Exchange of military information	1. Periodic exchange of military information on: - command organization; - the stationing, designation and composition of major ground and air forces formations and main combat units(1)
II. Measures designed to enhance stability notably by making clear a pattern of normal military behaviour, in particular by indicating according to precise rules, the size and scope of specific military activities	2. Exchange of forecasts of activities notifiable in advance.	2. List of pre-notifiable activities to be included: (a) Out-of-garrison land activities, whether these are independent or combined with air and/or amphibious support. (b) Mobilization activities including recall of reservists. (c) Amphibious activities  The exchange will be annual, containing information on a quarterly basis, with the possibility of changes. The list does not replace or overrule the notification requirement as defined for measure 3

(1) If a measure related to military budgets were to be proposed by other Participants, there is Alliance understanding that Western participants then would make the following counter proposal: "The CSCE participants agree to participate actively in the UN pilot study with a view to preparing the ground for meaningful negotiations in the field of exchange of information on the main defense budget appropriations and financial resources for military purposes."

<u>Chapter</u>	<u>Title</u>	<u>Description</u>
II. (contd.)	3. Notification of military activities	
	(a) <u>Prior notification of:</u>	3(a)(1)
	(i) Out-of-garrison land activities whether these are independent or combined with air and/or amphibious support	<p>Participating states will notify out-of-garrison land activities, whether independent or combined with air and/or amphibious support, involving one or more ground force division formations(2). A division will be considered to be conducting a notifiable out-of-garrison activity whenever a majority of its major combat elements and the command and control element are out-of-garrison at the same time.</p> <p>The requirement to notify out-of-garrison activities also will apply to a formation which is organized temporarily into a structure comparable to a notifiable Division formation as defined above.</p> <p>For those combat elements of ground forces not organized into Division formations, an out-of-garrison activity would be notifiable under this measure when carried out either by (three) brigades or equivalent sized formations(3) including their command and control element and operating under a single command(4) or by 10,000 or more men operating under a single command(4).</p>

- (2) It is the understanding of the Allies that this measure would also apply to movement of ground force divisions out-of-garrison to ports of embarkation for sealift operations.
- (3) The term "equivalent sized formations" will need further elaboration within the Alliance.
- (4) The term "under a single command" will need further elaboration within the Alliance before negotiations start.

3(a)  
(contd.)

<u>Title</u>	<u>Description</u>
3(a)	3(a)(i)(contd.) <u>Definition of out-of-garrison</u> A formation will be considered out-of-garrison when it is away from its normal fixed peacetime location.
3(a) (ii) Mobilization a activities including recall of reservists	<u>Time of notification</u> 45 days in advance  3(a) (ii) <u>Threshold</u> 25,000 troops  or substantial augmentation with personnel of 3 or more divisions(5)  <u>Time of notification</u> 45 days in advance

The term "substantial augmentation" will need further elaboration within the Alliance; meanwhile it is the Alliance understanding that the additional structural parameter does not mean a lowering of the threshold of 25,000 troops.

Number

Title

Description

3(a) (iii)	Amphibious activities	3(a) (iii)	Notification of all landings of amphibious troops in the area 45 days in advance. In case the area of landing is decided upon at a later time, as soon as the landing area has been determined but no later than the time of commencement of landing. In case these same troops have embarked in the notification area, the date and place of embarkation shall be included in the text of the notification(6)
3(b)	Notification of Alert Activities as soon as they are initiated.	3(b)	When a notifiable out-of-garrison land activity, mobilization activity including recall of reservists or amphibious activity is carried out at short notice as an <u>Alert Activity</u> it will be notifiable at the time of its actual commencement.

The definition of the threshold remains the subject of discussion in the CBM Working Group.

<u>Chapter</u>	<u>Title</u>	<u>Description</u>
III. Measures for the observation and verification of compliance with commitments undertaken.	4. Extension of facilities granted to Accredited Military Personnel	4. Extension of the facilities for Accredited Military Personnel by reduction of certain restrictions on their activities
	5. Observation of certain pre-notified military activities	5. This measure contains two elements: (a) Obligation according to a regime to be defined to invite observers to the following pre-notified activities: - out-of-garrison land activities - routine peacetime mobilization training activities including recall of reservists - Amphibious activities (b) Definition of the modalities for the treatment of observers.
	6. Verification of implementation	6. The verification measure would include three elements: (a) Commitment that each participant shall use national technical means of verification at its disposal in a manner consistent with generally recognized principles of international law. Each participant undertakes not to interfere with the national technical means of verification of the other participants operating in accordance with this measure. (b) Procedure for request for information, consultation and/or clarification.

<u>Chapter</u>	<u>Title</u>	<u>Description</u>
III. (contd.)		6(c) Inspection according to arrangements to be agreed for example, through military personnel with the right to monitor compliance with CBM agreements(7)
	7. Development of means of communication	7. Facilities for enhanced communications between governments for: <ul style="list-style-type: none"><li>- the exchange of information</li><li>- notifications</li><li>- requests and answers in the verification procedures.</li></ul>

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(7) It is the understanding of the Allies that this provision protects the right to submit further monitoring/verification measures, should Allies agree to do so.





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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF D: MIDDLE EAST

POINTS TO MAKE (Kohl)

1. Lebanon. Most useful role for Ten to support efforts of President Gemayel/US/Saudis to promote political agreement. Best route to national reconciliation.
2. Fully intend to maintain MNF contribution, as long as force can play useful role. But no intention of expanding size or role of contingent. RAF Buccaneers in Cyprus will be able to provide support for MNF as necessary. Important to deter deliberate attacks on forces. But no intention of getting involved in inter-communal conflict.
3. Arab/Israel. Important for Ten to remain actively involved in search for peace. Moderate Arab frustration growing at stalemate. Your objectives in visiting the region? Your plans to visit Israel?
4. Iran/Iraq. No major fighting since Iranian offensive in Northern and Central sectors in July/August. But recent reports indicate Iranians preparing for further offensives.
5. Threat to Shipping in the Gulf. We are concerned at the danger of the conflict spreading to other parts of the Gulf. French decision to sell Super Etendard aircraft to Iraqis will not help.

/6.

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6. Mediation. Most mediation attempts appear to be in abeyance. UN General Assembly may be useful opportunity for both sides to meet UN Secretary General.

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF D: MIDDLE EAST

ESSENTIAL FACTS (Lubbers and Kohl)

1. Netherlands and German Attitudes. The Dutch at present have a battalion with UNIFIL in Southern Lebanon but have declared their intention to withdraw them when the present mandate expires in October, barring entirely new circumstances, which would enable the Force to fulfil its original mandate. Neither the Dutch nor the Germans have been closely involved in the political activity over Lebanon. Chancellor Kohl postponed his visit to Israel at very short notice when Mr Begin announced his intention to resign. He is due to visit Cairo, Riyadh and Amman in early October but no new date for his visit to Israel has yet been agreed. At a recent press conference Chancellor Kohl reaffirmed his commitment to a balanced policy involving close relations with both the Arab world and Israel.

Lebanon

2. Fighting in the Shouf between Christian and Druze (Muslim) militias following Israel's partial withdrawal on 3-4 September is likely to continue for several days. The Druze, with Syrian and Palestinian support have had some initial success: their capture of the Christian town of Bhamdoun on the Beirut/Damascus road and their advance further west to Aley has greatly disturbed the Christian population. The Druze and Syrians may only be willing to consider a ceasefire and negotiations once they have pushed Christian militias completely out of Druze territory. The Lebanese Army has managed to capture and hold the important Khalde road junction south of Beirut airport and is cautiously

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extending its operations on the edge of the Shouf. The army is holding together and performing more effectively than many had expected. But in absence of a political agreement it is unlikely to be able to deploy into the central Shouf or enforce a ceasefire.

3. US and Saudi efforts at mediation continue. The Saudis, having briefly disengaged are in touch again with the Syrians through Prince Bandar. Mr McFarlane, initially encouraged by his talks in Damascus on 7 September now has doubts about Syrian willingness to take seriously a US/Lebanese/Saudi formula involving a ceasefire, restraint on operations by the Lebanese army and political negotiations between Lebanese confessional leaders, including Syrian and Saudi representatives, but without US participation. These negotiations would decide on future security measures in the Shouf and presumably formation of a new government with greater Druze participation. Mr McFarlane suspects that the Syrians may be playing for time, hoping that military pressure alone will persuade the Lebanese Government to accept all Syrian demands. He told MNF representatives in Beirut on 8 September that he intended to recommend to President Reagan a public statement by MNF governments placing responsibility for continuing violence in Lebanon solely on Syria, backed up by a threat to use force against Syrian subversion in Lebanon. The Administration's reaction to this idea is likely to be cautious.

4. There have been a number of attacks on MNF contingents, some of them apparently deliberate. All (except BRITFORLEB so far) have suffered casualties. The US have responded with artillery and naval gunfire and will shortly have an additional 2000 marines offshore. The French have threatened retaliatory air strikes. BRITFORLEB HQ came under small-arms fire on

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/6 September



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6 September (no casualties and no fire returned), probably an attempt by Shia gunmen in nearby Beirut suburbs to provoke a response.

5. There is little scope for action by the Ten. Political Directors discussed the possibilities in Athens on 5 September (Athens telno 296 attached). Presidency undertook to contact McFarlane to ask what the Ten could usefully do, but may not have done so before 12 September. We suggested the Presidency might follow up, on behalf of the Ten, representations made to the Syrians by the US, Italy and UK, urging Syria to give political reconciliation in Lebanon a chance. Most of our partners were in favour of some form of public expression of the Ten's support for efforts to achieve national reconciliation and restore Lebanon's independence, which would certainly be welcome to the Lebanese and the Americans.

6. At the UN the Lebanese have floated the idea of a new Security Council mandate to put a UN force into Beirut and the Shouf to replace the MNF. The UN Secretariat think that agreement on a mandate for such a force is not impossible, though Syrian/Soviet support must be doubtful. Much will depend on the outcome of mediation efforts in Beirut and Damascus. An early meeting of the Security Council is unlikely. The Secretary General is starting consultations with the USSR, MNF contributors and the Syrians but is anxious not to cut across McFarlane's efforts.

7. The Ten are aware of the need to maintain their Arab/Israel diplomacy at a time of growing US absorption in the problems of Lebanon. But there is no disposition to mount a major new initiative. The Arabs are increasingly disillusioned with US policy. The next Arab Summit is to be in Riyadh in November. Although the PLO are now more self-confident and the split with

/Syria

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Syria is less acute, there seems little prospect of an advance beyond Fez.

8. Iran/Iraq. There has been no major fighting reported since the Iranian offensives in the northern and central sectors in late July/early August. The Iranian offensive in the north captured 85 square miles of Iraqi territory, including Haj Omran and some strategic heights in the area. The offensive in the central sector (which ended with an Iraqi counter-attack from 6-9 August) was inconclusive but Iranians succeeded in retaining some initial gains. Both sides are now reinforcing in these areas.

9. Threat to Shipping in the Gulf. The French decision to sell Super Etendard aircraft equipped with Exocets to the Iraqis has led to fears that the conflict will spread to other parts of the Gulf. The Iraqis have said openly that the new aircraft will be used to attack shipping and Iranian oil installations. The Iranians have responded with threats to block the exports of oil from the Gulf. [If raised: Both we and the Americans have made representations to the French about the sale. The French response was that in their view the sale might help to re-establish a military balance in the area and that Iraqi possession of the weapons would act as a deterrent. We disagree with this assessment by the French and continue to hold the view (unlike the French) that the Gulf States have strong reservations about the proposed sale].

10. Mediation. There has been no recent progress on mediation and most efforts seem to be in abeyance. Attempts to develop on the UN Mission of Enquiry's report failed when the two sides could not agree on the text of a Presidential statement.

Foreign and Commonwealth Office

13 September 1983

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF E: PROSPECTS FOR THE WORLD ECONOMY

POINTS TO MAKE (Lubbers (and Kohl, if necessary))

1. Task of policy over the coming months is to turn the opportunity for sustainable growth into reality. This opportunity for growth at a rate sufficient to halt in the short or medium-term the rise in unemployment is now better than for some time. This increases the importance of continued pursuit of the right responsible policies which create a favourable climate for growth without a resurgence of inflation.
2. Recovery in North America has begun strongly. Given importance of US economy in world as a whole, pursuit of appropriate policies there is more important than in other countries. During my forthcoming visit to North America, I will be expressing to President Reagan my concerns that US policies should not choke off recovery. Particularly important that US should live up to Williamsburg commitments of reducing budget deficit and protectionism. Conversely European ability to persuade US depends, at least in part, on our willingness to live up to Williamsburg commitments.
3. Also important to ensure that recovery contributes to resolution of developing country debt problems. Recovery is the single most important contribution developed countries can make to solving this problem. Important that this is seen to be true. But continued flows of official and private finance to developing countries will continue to be necessary; it is important therefore that the IMF quota increase goes through. It is also important that developing countries' own adjustment efforts already substantial, should continue.



PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF E: PROSPECTS FOR THE WORLD ECONOMY

ESSENTIAL FACTS (Lubbers and Kohl)

1. Since about the turn of the year a strong recovery in activity has been apparent in the US and Canada. In both countries declining (though still historically high) interest rates and declining inflation have stimulated consumer spending and housebuilding; the stock cycle has provided a further temporary boost to growth; and an expansionary fiscal policy has contributed to recovery. In neither country is there any strong evidence that business investment is yet beginning to grow again.

2. In other OECD countries recovery has been slower to come - indeed in some it has not started - despite the same broad experience of declining interest rates and inflation. North American recovery has provided a stimulus to exports but private domestic demand has remained depressed and unemployment has continued to rise in Europe and Japan.

3. Major forecasters see recovery as being slow relative to past experience. The IMF forecast completed in the summer, and broadly in line with our own internal forecast, anticipated year-on-year GNP growth in the major seven economies of 2.2% this year and 3.5% next year. The outlook remains pretty gloomy for Europe: the IMF put European countries' growth at only 0.6% this year and 1.9% next year, and unemployment higher in 1984 than in 1983 in all four major European economies.





4. If US growth does continue faster than in major trading partners the strains on current balances of payments will increase. IMF foresaw US current deficits of \$29 billion this year and \$54 billion in 1984, with large offsetting surpluses in Japan and Germany. These sorts of deficits will create strong pressures for currency realignments.
  
5. For OECD countries much depends on the continuation of steady growth and stable or falling interest rates in the United States. Even on the IMF's encouraging assumption of growth of 2.9% this year, 4.3% next in the US the recovery in Europe looks set to be half-hearted at best. It could be choked off if US interest rates rose sharply on evidence/market fears of either competition for funds between Federal Government and private borrowers or excessive monetisation of deficit. It could conversely be strengthened if the US authorities demonstrated resolve to reduce the fiscal deficit and if as a result interest rates worldwide fell significantly.
  
6. World trade, which fell last year, is probably now beginning to recover. This will allow developing countries to increase their exports and perhaps to cut further, but not eliminate, their current deficits. The stock of debt looks set to continue growing, and further extensive capital flows to debtor countries will be necessary.

Foreign and Commonwealth Office  
13 September 1983



PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF F: WORLD AND EUROPEAN ENERGY SCENE

POINTS TO MAKE (Kohl)

World : Oil

1. At Williamsburg, agreed that more predictability and less volatility in oil prices would be helpful to world economic prospects. That remains our aim.

EC : Solid Fuels

2. We are keen to see a balanced and comprehensive solid fuels policy. The Commission's proposals therefore very welcome. Coal a valuable indigenous resource in the Community and has a major and growing role to play in meeting the Community's energy needs, thus increasing its self-sufficiency. We want to see a Community solid fuels policy which supports the development of a viable industry by measures to encourage economic production and use to coal. (Such a policy could also help in a small way to achieve better balance in the Community between agriculture and other policies).

3. We look for German support.



PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF F: WORLD AND EUROPEAN ENERGY SCENE

ESSENTIAL FACTS (Lubbers and Kohl)

World : Oil

1. Use of other fuels, greater efficiency in energy use and recession have caused a fall in world oil demand over the last three years. Non-OPEC oil production (Mexico, Norway, UK) has shown a small but steady increase. The result is a dramatic fall in demand for OPEC oil (from 30 mbd in 1979 to less than 16 mbd this Spring). OPEC members agreed at a meeting in London in March to set a ceiling of 17.5 mbd for their own production, and to cut the price of the Saudi light marker crude from \$34 to \$29. BNOB proposed prices for UKCS crudes that were in line with OPEC's. These prices were accepted in the market, with the result that the oil price structure held. Demand for OPEC oil is now estimated at 18.3 mbd and could conceivably increase to around 19.0 mbd at its winter peak. Spot prices for light crudes are currently about \$0.70 per barrel above term prices. It is too early to be certain that the upturn in oil demand will continue.

2. UK Oil production averaged 2.2 mbd in the first half of 1983 (2.1 mbd in 1982). We do not expect any marked change in output for the remainder of the year. Thereafter, oil production may increase slightly in 1984 and 1985 but decline in the latter part of the 1980's. We remain committed to policies that maintain the incentive for companies to continue their exploration and development activities on the United Kingdom Continental Shelf.

/EC : Solid Fuels



EC : Solid Fuels

3. UK Supplies to EC Countries

The UK is the major supplier of oil (ahead of Saudi Arabia) to the FRG, France and Denmark.

EC Energy Questions

4. As the largest coal producer in the Community, the UK stands to gain significantly from any Community solid fuels package. Financially, there would be a modest but useful net benefit. Politically, in supporting the idea of a solid fuels policy, we are demonstrating a willingness to work for new Community policies which will contribute to the future development of the Community. Such an approach fits in well with the Stuttgart Declaration on relaunching the Community. If, on the other hand agreement on a package is blocked by other Member States we shall be able to cite this as further evidence that a permanent solution to the budget problem can only be achieved by some such means as the 'safety net' and not, in the foreseeable future, by structural changes.

5. The Department of Energy have been careful to ensure that our approach to the EC solid fuels strategy has been consistent with objectives agreed by Ministers with the NCB. It is for this reason that we have called for support linked to economic investment.

/6.



6. The present Commission proposals provide for modernisation of the most promising mines, the development of new production capacities which can operate economically with current technologies and the closure of high-loss and non-economic production capacities.

7. Many Member States, including the Dutch, believe that the Commission proposals are too heavily weighted in favour of production and do not offer enough for consumption. The Germans may be able to accept the strategy as a vehicle for reducing budgetary imbalances.

8. Although not on the formal agenda, the topic will no doubt be discussed at the forthcoming Informal Energy Council in Athens on 23 September.

Foreign and Commonwealth Office  
13 September 1983

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PS/Prime Minister

REPLACEMENT BRIEF G (UNLOSC)

Points to Make

1. In my recent message I underlined our concern that early signature by so important a country as the FRG would undermine our joint efforts to secure changes in the mining regime.
2. Now that the recent preparatory Commission has confirmed that observers will retain an effective voice, there is no need to contemplate early signature on that score.
3. I understand that the German Cabinet is now unlikely to consider this question for some time and we were grateful for Herr Genscher's assurance that no decision will be taken by your Government without prior consultation. This is an important subject on which we shall need to keep in close touch.

Essential Facts

FRG Attitudes Towards the Convention

1. During August we became concerned by reports from the German press and FRG officials that FRG policy on signature was changing. (We had been aware for some time that the FRG Ministry of Foreign Affairs favoured signature for fear of losing credit in the Third World on this issue.) The Economics Ministry, having stood out against signature of the Convention appeared to be moving towards acceptance of the Convention as a quid pro quo for signature of the proposed exploration agreement, involving us, Italy, France, Belgium, Netherlands, Japan, UK and FRG, the aim of which is to prevent overlapping in sites licenced for exploration under national sea-bed mining legislation. At their meeting on 30 August Herr Genscher assured the Secretary of State that the FRG would not take a decision without consulting us. When the Prime Minister's message was delivered to the Chancellor's Office on 14 September, officials commented that there was little likelihood of an imminent decision on German signature, but there is still some uncertainty as to when the subject will be considered by the Cabinet. When Herr Mertes met Mr Rifkind on 13 September, he confirmed that the ruling CDU and Count Lambsdorff, the Economics Minister, were still opposed to early signature. However given the attitude of the Ministry of Foreign Affairs and their concern that continuing FRG non-signature might jeopardise Hamburg's candidature as the site for the International Law of the Sea tribunal, we need to keep underlining to the Germans the importance we attach to maintaining our common front.

/European

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European Community

2. The European Community would, under the UNLOS Convention, be eligible to sign the Convention if a majority of member States signed. At present five of the ten have done so. The European Commission has urged non-signatory members States to sign so as to facilitate Community signature, and the German MFA may well be sensitive to such pressures. If the FRG were to sign and thus create a majority the other non-signatories would be likely to follow and we might become the only member State to hold out against Community signature. We argue that Community signature, like member State signature, would give a wrong signal to the G-77 implying that we had dropped our objections to the mining regime.

Preparatory Commission

3. The Preparatory Commission was set up in March this year with tasks which included formulating rules for deep seabed mining. As signatories of the final act of the UNLOS conference, we and the FRG may participate fully in the Commission's work, although without the right to vote. One of the arguments which had been influencing the German MFA was that observers' rights to participation might be curtailed. However, at the resumed session from 15 August - 9 September the rights of observers were successfully defended.

British Embassy  
Bonn

20 September 1983

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF G: UNLOSC

POINTS TO MAKE (Kohl)

1. My message registered our concern at any prospects of early German signature of Convention and we were grateful for Herr Genscher's undertaking to consult us before any decision on signature of the Convention is considered by your Cabinet.
2. As the rights of observers have been guaranteed at Preparatory Commission, one of the arguments for signing - improved participation - has gone.
3. Early signature would undermine our efforts to secure changes in the mining regime. As observers at the Preparatory Commission we can assert effective influence especially if we coordinate our efforts. But signature of the Convention by so influential a State as the FRG at this stage would be interpreted as a weakening of the opposition to the mining regime and would strengthen the hand of those opposed to concessions.
4. Look forward to continuing cooperation with the FRG over finalising the Exploration ('Reciprocating States') Agreement.

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND  
CHANCELLOR KOHL: 19-21 SEPTEMBER 1983

BRIEF G: UNLOSC

ESSENTIAL FACTS (Lubbers and Kohl)

1. Since the UN Law of the Sea Convention opened for signature on 10 December 1982, it has been signed by 129 delegations, including the Netherlands and 4 other EC countries (Ireland, Greece, France and Denmark). Non-signatory states, now totalling 38, include the UK and FRG. The Convention will not come into force until 1 year after 60 ratifications or accessions have been deposited. So far there have been only seven.

FRG Attitudes to the Convention

2. During August we became concerned by reports from the German press and FRG officials that FRG Government policy on signature of the Convention was changing. Within the FRG the Economics Ministry has stood out against signature of the Convention, but it too may now be moving towards acceptance of signature as a quid pro quo for signature of an Exploration ('Reciprocating States') Agreement (see para 7 below). We **A** prepared a message from the Prime Minister to Chancellor Kohl urging the FRG not to sign. At a meeting with Herr Genscher on 30 August, the Secretary of State was told that the FRG would not take a decision without consulting us.

International Law of the Sea Tribunal

3. Hamburg is a strong candidate for the International Law of the Sea Tribunal which will be set up by the Preparatory Commission. There is some concern in the FRG that this will be

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/jeopardised



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jeopardised by continuing FRG non-signature, and this may well be another factor influencing the Germans in favour of signature.

European Community

4. Under the Convention, the European Community would be eligible to sign if a majority of member States had signed. At present the position is balanced between the 5 signatories and 5 non-signatories. The European Commission earlier this year urged non-signatories including ourselves to sign so that the Community could sign in its own right. We resisted this. If the FRG were to sign and thus create a majority, we would then be the only member State holding out against Community signature. Furthermore, the other non-signatories (Italy, Belgium, Luxembourg) would be likely to follow if the FRG signed.

Netherlands attitudes to the Convention

5. The Dutch were among the first signatories of the Convention. But they have expressed their misgivings about its deep seabed mining provisions particularly those relating to mandatory technology transfer and the prohibitive cost of the Authority. They are also seeking to obtain improvements.

Preparatory Commission

6. The Preparatory Commission was set up in March this year with tasks which include formulating rules for seabed mining. As signatories of the Final Act of the UNLOS Conference, we and the FRG may participate fully in the Commission although without the right to vote. There was concern among the observer members that our rights might be curtailed and we know

/that

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that this is one of the arguments in favour of signature which have been influencing the German MFA. However, at the resumed session (15 August - 9 September) in Kingston, the observers' efforts to defend their rights have been successful. So far PrepCom has confined itself to procedural matters and it is not expected to get down to the substance of seabed mining until some time next year.

#### Deep Seabed Mining

7. Both German and Dutch (and UK) companies have shares in consortia which are developing sea-bed mining techniques. In order to provide government recognition for licences issued under national seabed mining legislation, the FRG, Netherlands, and ourselves together with five other countries (US, Italy, Belgium, Japan, France) have during the past nine months been involved in talks aimed at an Exploration ('Reciprocating States') Agreement, to follow on from the Conflict Resolution Agreement signed by ourselves, the FRG, US and France on 2 September last year. It is hoped that an agreement will be finalised by the end of this year.

Foreign and Commonwealth Office  
13 September 1983

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OUT TELEGRAM *PF*

*JA Stephen*

Classification and Caveats  
CONFIDENTIAL

Precedence/Deskby  
IMMEDIATE

CZC  
RS  
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1 ZCZC  
2 GRS  
3 CONFIDENTIAL  
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5  
6 FM FCO SEPTEMBER 83  
7 TO IMMEDIATE BONN  
8 TELEGRAM NUMBER  
9 INFO PRIORITY KINGSTON, WASHINGTON, ROME, BRUSSELS, LUXEMBOURG  
10 MIPT: UNLOSC CONVENTION: FRG  
11 1. Following is text of message referred to in MIPT  
12 BEGINS:  
13 I am writing to you about the United Nations Law of the  
14 Sea Convention as I understand that you and your colleagues  
15 may at some time in the near future be giving consideration to  
16 the possibility of signature.  
17 I know that you are already aware of the basic arguments  
18 against signature of the Convention as it stands at present.  
19 Its provisions relating to deep seabed mining set unsatisfactory  
20 precedents for compulsory transfer to technology and limitation  
21 of production. The structure proposed for the International  
22 Seabed Authority is disproportionately elaborate for the nature  
23 and number of operations it would oversee and would require  
24 unacceptably high financial contributions from States.  
25 Furthermore, the powers of the Authority go beyond what is

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File number	Dept Private Office	Distribution UNLOSC
Drafted by (Block capitals) JOHN HOLMES		
Telephone number		
Authorised for despatch <i>John Holmes 13/9</i>		
Comcen reference	Time of despatch	

OUT TELEGRAM (CONT)

	Classification and Caveats CONFIDENTIAL	IMMEDIATE	Page 3
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PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL :  
19-21 SEPTEMBER 1983

BRIEF H : CENTRAL AMERICA (defensive)

POINTS TO MAKE (Lubbers and Kohl)

1. Concerned at continuing tensions in region. Could affect stability of whole area, including our major interest Belize.

Peace Initiatives

2. Welcome Contadora Group's efforts, which have worldwide support. Useful safety valve. Also welcome efforts by the US Special Envoy (Senator Stone) to bring together opposing factions in El Salvador.

UK support for President Reagan's policy

3. Important to understand what US is trying to do. President Reagan grappling with very serious problems. Trying to help governments whose attempts to tackle deep-seated political and economic problems are threatened by Soviet and Cuban-backed guerrillas.

4. We endorse basic US aims: to encourage democracy, political and economic reform, dialogue and negotiations. US should be given more credit for substantial economic assistance to area. Three quarters of all US aid to the area is economic, not military. Concerned that US not putting its case well enough in Europe.

US military activity

5. Not an end in itself. Attention given to it out of proportion. Americans see it as 'security shield' to help Central American governments combat terrorism and insurgency, disowned by majority of

/population



population. Appears to have had moderating effect on Nicaragua and Cuba.

#### EC/Central America

6. Must continue to work together towards an EC policy which is based on an agreed assessment of the common interests of the Ten in the area and does not unnecessarily irritate the United States. Should work to support development of democratic process in Central America.

#### EC initiatives (if raised)

7. But scope for practical Community support for current peace initiatives very limited. Next step should be meeting between EC and Contadora Group in New York. Not in favour at present of sending Community emissaries to Central America. Could be counterproductive, interpreted as signalling new dimension to European concerns about area. Central American situation has its own dynamic.

#### EC aid (if raised)

8. Not in favour of increased aid. Competing higher priorities. Central American countries better off, in strict economic terms, than much of Third World. Aid alone cannot solve problems anyway.

#### Nicaragua

9. Concerned about sustained leftward authoritarian drift. Unions powerless, press heavily censored, private sector, church and ethnic minority groups harassed. Military buildup, aided principally by Soviet Union and Cuba, alarming.

#### El Salvador

10. Hopeful of political solution. Welcome next Presidential election as indication that people desire peace and democracy. Will  
/continue



continue to express concern to Government of El Salvador about violations of human rights.

Cuba

11. President Castro opportunistic mischief-maker, surrogate for the Russians. His declared support for current peace initiatives encouraging, but reluctant to believe his sincerity while he continues to encourage growth of Nicaraguan armed forces and export revolutionary terror.

Belize/Guatemala (if raised)

12. Would welcome resumption of talks. We are willing to participate as observers if both sides wish. Still taking stock of new Guatemalan Government.

British Garrison in Belize (if raised)

13. When Belize became independent in 1981 it was agreed that garrison would remain for an appropriate period to help defend Belize against external threat. This is still the case.





PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL :  
19-21 SEPTEMBER 1983

BRIEF H : CENTRAL AMERICA (defensive)

ESSENTIAL FACTS

Peace Initiatives : Contadora Group

1. Full meeting of 4 Contadora Group members (Mexico, Venezuela, Colombia, Panama) and 5 Central American Foreign Ministers held in Panama on 7/8 September. Agenda included discussion about agreements on cessation of arms deliveries, withdrawal of military advisers, timetables for elections in Nicaragua and El Salvador, etc. US fully supports, as do European Community, Soviet Union, Cuba, China and others.

Senator Stone/Salvadorean opposition contacts

2. US roving Ambassador Senator Richard Stone met FDR/FMLN guerrilla representatives twice, at end July and early August. Salvadorean Peace Commission and representatives of guerrilla movements also held talks in Bogota, Colombia, 30 August - 2 September. Should be seen as preliminary probing to test possibility of concessions by either side. Prospect of significant progress at this stage slim, although Senator Stone described these initial contacts as 'positive'.

US Exercises in Central America

3. Exercise Big Pine 2 now in full operation in Honduras. Will involve up to 6000 US ground troops over 6 months. Publicly welcomed by Honduran Defence Chief. Naval exercises involving Task Force of about 25 US ships also underway in Pacific and Caribbean off Honduran/Nicaraguan coasts.

/4.



4. US Defence Department spokesman said on 25 July US had no plans to intercept any arms shipments in international waters. At press conference on 26 July, President Reagan said US Administration had no plans for military intervention. On 5 August, Secretary of State Mr Shultz outlined to Senate Foreign Relations Committee aims of joint exercises: a) to improve training and readiness of US and Honduran forces; and b) 'to provide credible assurance to all parties that the US has capability to muster a protective shield in the face of any challenge to the Inter-American system and our international legal obligations'.

#### EC policy on Central America

5. EC economic and commercial links with Central America relatively slight, as are historical and cultural connections. The Stuttgart Communiqué contained a clear statement of the European position, emphasizing need for regional solutions to regional problems. Scope for practical EC support for current peace initiatives very limited; collective action or statements could be counterproductive and run risk of cutting across US and Latin American efforts to promote internal and international negotiations. Further public EC statements risk being seized on as support for particular objectives of one side or the other.

#### EC initiatives

6. The Greek Presidency have been pressing to mount an initiative by sending a Greek Minister to visit Central America in the name of the Ten as positive expression of Ten's interest in Central American problems and to give moral support to regional peace initiatives. It was agreed at Political Directors' meeting on 5 September that Ministers should discuss proposed mission further on 12 September. Majority view was that Ten should seek a meeting between Foreign Ministers of the Troika (FRG, Greece, France) and their Contadora counterparts in the margins of the UNGA at New York first.

/EC

EC aid to Central America

7. The March 1982 European Council conclusions stated that 'aid given by the Member States of the Community and by the Community itself for development in Central America and the Caribbean should be coordinated and increased within the limits of their possibilities'. The Commission subsequently proposed a programme of 65 mecu extra aid this year for all countries of the region.

8. After discussion at two further Foreign Affairs Councils on 22 November the Council decided that beneficiaries of this special programme should be limited to Costa Rica, Honduras and the Dominican Republic. We successfully opposed the inclusion of Nicaragua. But Nicaragua continues to receive both food and project aid from regular EC programmes.

9. At the Political Directors' meeting on 5 September the Commission pointed out that any increased allocation to Central America during the current year would be at the expense of other non-associates. Moreover the 1984 budget would call up all resources for the first time. In 1982 it had been possible to reallocate an undrawn margin. But this year it will be very difficult to find more money.

UK aid to Central America

10. We give some technical assistance to Costa Rica and Honduras. Half of a capital aid loan of £5 million to Honduras has been disbursed. Substantial financial aid to El Salvador and Nicaragua out of the question in present unstable circumstances. Britain contributes to Red Cross and INCHR appeals for humanitarian aid and to EC aid budget.

Nicaraguan/Honduran Border

11. The US is giving financial and material support to groups of anti-Sandinista counter-revolutionaries ("contras") operating in /northern



northern Nicaragua, almost certainly from bases in Honduras (although Honduras denies it). The US say that the purpose of their support is not to destabilise Nicaragua but to exert pressure to stop arms shipments from Nicaragua to guerrillas in El Salvador. They claim to have some success in this. But most EC partners (and many others) believe these tactics are counter-productive: driving the Sandinistas deeper into Soviet/Cuban hands and giving them excuses to increase their grip on the internal situation and to import more arms.

#### Build-up of Nicaraguan forces

12. Nicaragua now has largest combined Army/militia in the region (100,000). This will be increased as a result of the new law introducing direct conscription. These forces are supported by 2000 Cuban military advisers and 100 or more Soviet and East European personnel. Cuban experts have trained many Nicaraguan recruits in the State security apparatus responsible for maintaining Sandinista control over the population. Over the past 18 months shipments of Soviet manufactured military equipment have amounted to over 13,000 tons and are currently running at twice the 1982 level. Deliveries include 45-50 tanks, armoured personnel carriers, mobile rocket launchers, helicopters, military ferry boats, howitzers and transport aircraft. 800 trucks have also arrived in Nicaragua over the past 12 months, obviously capable of military use. Although the airforce is still small, several airfields are being constructed or improved which could service military jet aircraft. For example, a new 3.600 metre runway is nearing completion at Punta Huete near Managua which will be the largest military airfield in Central America. It remains to be seen whether the MIG fighters based in Cuba will be sent to Nicaragua.

#### El Salvador

13. Some indications that arms shipments from Nicaragua may have decreased as result of pressure on Sandinistas by US, by "contras" and Contadora Group. Salvadorean armed forces' morale has risen, /and



and increased mobility by government troops now permitting rapid reinforcement of units under attack. Major effort underway to secure important agricultural areas in San Vicente department and rebuild economic infrastructure. Guerrillas maintain tactical and propaganda advantage in other areas with hit-and-run raids, avoiding set-piece battles. Question remains whether army can sustain present offensive operations long enough to damage severely FMLN war effort.

14. Seems likely Presidential elections will be postponed until first quarter of 1984. US hope that election will return a strong moderate Government with a sufficient mandate to press ahead with reforms, stamp out human rights abuses and improve military effectiveness. This would help restore domestic and international credibility and strengthen the Government's hand in any negotiation with the guerrillas. But it may not work that way; the right-wing may win. Even if elected, the moderate Christian Democrat leader, Napoleón Duarte, may not be able to impose his will as he and the US wish.

15. Human rights abuses continue but there are some signs that the military are responding to US pressure to improve their record. Killings by right-wing death squads are likely to increase as the election approaches.

#### Developments in Guatemala

16. President Rios Montt was forced to resign on 8 August. General Oscar Humberto Mejia Victores, the Minister of Defence, became Chief of State. The new government continues to consist mainly of military personnel, to pursue more traditional right-wing domestic policies, and to uphold Guatemala's claim to at least part of the territory of Belize. There is no indication of an immediate threat of military action against Belize.

17. We have no indications that Rios Montt's downfall was related to his attitude to the Belize question. The main elements which led /the



the opposition to move definitively seem to have been his autocratic conduct of affairs, his attitude to tax reform, his suppression of corruption, and bringing his brand of evangelical Christianity into public affairs. Insofar as Rios Montt appeared to be prepared to contemplate a form of agreement acceptable to Belize, his removal must be regarded as a setback. We now have to begin again to explore the attitude of the new government, and to assess the possibility of promoting contacts between them and the Government of Belize.

18. General Mejia has said that he will not take the title of President. He has said that the campaign against subversion will continue and has pledged to lift the restrictions on press freedom and the right of assembly. He has also said he will continue the process of democratisation, and that elections will be held by July 1984, the precise date being set by the Electoral Tribunal.

Belize: British Garrison

19. The garrison comprises 1500 men, a flight of 4 Harriers and a Rapier anti-aircraft missile system. Separately 13 British service personnel are on loan to the Belize Defence Force to help with training and organisation.

Belize/Guatemala talks (not for use)

20. Talks scheduled for 15 August between Belize and Guatemala, with UK observer participation, were postponed on account of the military coup. The talks have now been rescheduled provisionally for 26 September in Miami. We expect little progress at this stage.

9 September 1983

Mexico and Central America Dept

  
SECRET

PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL :  
19-21 SEPTEMBER 1983

BRIEF I : HONG KONG [DEFENSIVE]

POINTS TO MAKE (KOHL)

1. Lady Young/Mr Rifkind briefed Dr Mertes during visit to London 12-13 September.
2. Second (ie more detailed) phase of talks began in July. Will reconvene 22/23 September after seven week recess. Chinese delegation led by Vice Foreign Minister Yao Guang, British delegation by HMA Peking. Governor of Hong Kong participating as appropriate on British side.
3. Content of talks confidential. Atmosphere generally friendly though Chinese line on substance tough throughout. We have given nothing away.
4. Our aim is to seek a settlement acceptable to Britain, China and people of Hong Kong. Their views being taken fully into account. Made known to us and Governor through many channels. We are in close consultation, through the Governor, with Hong Kong's Executive Council (EXCO). Mr Luce to visit Hong Kong 24-29 September.
5. Chinese propaganda has floated idea of Hong Kong as (Special Administrative Region(SAR) under Chinese constitution, with considerable autonomy and functioning essentially as it does now. Propaganda campaign aimed at undermining our position. Party General Secretary, Hu Yaobang, told Japanese reporters on 15 August that China would recover sovereignty over Hong Kong on 1 July 1997. He gave erroneous impression. We have conceded nothing.
6. Most people in Hong Kong sceptical of this SAR idea. Evidence suggests Chinese have not thought through most detailed issues involved. They seem to assume that by saying Hong Kong will continue to be financial/commercial centre or that currency will

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL :  
19-21 SEPTEMBER 1983

BRIEF I : HONG KONG

ESSENTIAL FACTS

1. Neither the Dutch nor the Germans have been kept regularly abreast of developments in our talks with the Chinese on the future of Hong Kong but Lady Young/Mr Rifkind did give Dr Mertes (Minister of State, FRG Ministry of Foreign Affairs) a general briefing when he visited London 12-13 September.

2. Both the Dutch and the Germans have some interest in this subject. The Netherlands is Hong Kong's 9th and the FRG its 3rd largest market for domestic exports. There is a strong German business community in Hong Kong, and considerable German investment there.

Future of Hong Kong

3. The Prime Minister is aware of the background. The second phase of Sino-British talks began in Peking on 12 July 1983 and will resume on 22/23 September after a seven week recess.

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PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL :  
19-21 SEPTEMBER 1983

BRIEF J : ARGENTINA/FALKLANDS

POINTS TO MAKE (KOHL)

1. Grateful for abstention last year on General Assembly Resolution 37/9.
  
2. Dr Mertes told Lady Young in London on 13 September that you still have to decide on how to vote at the General Assembly this year. He explained that there were pressures in favour of a political solution and that Germany found it difficult to vote against a resolution which called for negotiations. We naturally favour a peaceful settlement, but I have to tell you that we attach importance to our Community partners not voting against us on a matter so directly affecting our interests. The negotiations for which the Argentines call are for the transfer of sovereignty. Can you really support negotiations if their outcome is prejudged in this way? In such circumstances, we see no prospect that negotiations about the Falkland Islands could serve any useful purpose.
  
3. Argentine attitude remains menacing. They refuse to recognise the right of the Islanders to live in peace and freedom under a Government of their own choosing. They have not renounced the use of force and they have made no adequate response to initiatives, such as the Community offer of talks about economic restrictions, aimed at restoring a more normal bilateral relationship.
  
4. Hope our partners will urge the Argentines to work for a restoration of a more normal relationship, to build trust, and to demonstrate convincingly that they renounce the future use of force and recognise the right of the Islanders.

/ARMS SALES

CONFIDENTIAL

ARMS SALES

5. [If raised] Grateful for Chancellor's help over torpedoes. As you know, I am happy to accept your suggestion that the wider aspects of the problem should be discussed by Defence Ministers in November.

PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL:  
19 - 21 SEPTEMBER 1983

BRIEF J: ARGENTINA/FALKLANDS

Essential Facts

1 Both the Netherlands and the FRG, together with our other Community partners except Greece, abstained last year on General Assembly Resolution 37/9. We have been lobbying in both capitals to urge that they maintain that position on any similar resolution to be voted on at this year's General Assembly.

2 Neither from The Hague nor from Bonn have we had a clear indication that we can rely on an abstention at the General Assembly. Concern about the impact of a vote against negotiations on their relations (including in the Dutch case air traffic rights) with Argentina and with other Latin American countries clearly exercises a strong influence on their consideration of their attitude at this year's General Assembly. We have in the course of our lobbying made clear that it would be unacceptable, in the context of Political Cooperation, for any of our partners to vote diametrically opposite to us on a question of such importance to Britain.

Arms Sales (Chancellor Kohl)

3 At the time of the Falklands conflict the FRG put an embargo on the export of arms to Argentina. Arms exports under contracts pre-dating the conflict were resumed in the autumn of 1982 and have included several 'high profile' items attracting much attention, notably the first two (of four) MEKO 360 destroyers which are powered by Rolls Royce engines. Work is in hand on a series of TR1700 submarines. Reluctantly we have had to accept the FRG argument that it would be difficult to prevent exports under pre-existing contracts. There is clearly strong

/pressure



pressure from the German arms industry for new contracts. Chancellor Kohl has stood by his undertaking given to the Prime Minister last April to prevent the export of certain torpedoes for the TR1700 submarines. He has recently written indicating that the French and Italians may be seeking to supply these torpedoes. The Prime Minister has replied saying that we should be glad to discuss any information about this which the FRG may have and agreeing with the proposal that the wider aspects should be discussed by Defence Ministers at the Anglo-German Summit on 9 November.

PRIME MINISTER'S TALKS WITH MR LUBBERS AND CHANCELLOR KOHL:  
19-21 SEPTEMBER 1983

BRIEF K: EUROPEAN SPACE AND TECHNOLOGY CENTRE

ESSENTIAL FACTS

1. The European Space and Technology Centre (ESTEC) at Noordwijk near The Hague is the major establishment of the European Space Agency (ESA) which was formed in 1975 by Belgium, Denmark, France, West Germany, Ireland, Italy, The Netherlands, Spain, Sweden, Switzerland and the United Kingdom. The Agency was set up to promote co-operation in space research and technology for peaceful purposes.
2. Member States contribute to the budgets for its mandatory activities (i.e. the general budget and the scientific programme budget) on the basis of their average national income calculated over the past three years. But many of the Agency's major programmes are optional and Member States contribute to these to the extent that they are interested. The total budget for this year is approximately US \$811 million of which the UK will contribute 12.5%; France and West Germany providing 21.0% and 17.8% respectively. Participation in ESA programmes is on an understanding of 'fair return' and Member States expect to receive for their national industries contracts of a value roughly proportional to their original contributions. The concept of 'fair return' is seen to help the development of a competitive European space industry. There is little private financing of space exploration or exploitation in Europe and all space ventures so far have been the concern of governments or government-controlled companies.
3. The Agency works on a principle of 'no profit, no loss' and therefore does not handle the commercial exploitation of the programmes whose design and development it has financed. However, when a clear and continuing future need is seen for products of its research and design, exploitation is entrusted to a selected industrial entity. An example is the Ariane launcher which is being produced by Arianespace, a private company founded by



European industry. Projects of the future are likely to prove expensive and where they are not within the budget constraints, the Agency will undertake such projects in co-operation with other agencies, for example, NASA.

4. The Space and Technology Centre is responsible for the design and development of spacecraft and for applied research in space technology. Europe's contributions to the NASA Space Transportation System, Spacelab, which is expected to be launched on 28 October, has been one of the Agency's major programmes over the past 10 years. The Director of the establishment and technical director of ESA is Professor Massimo Trella, who is an Italian national. At the Centre he has a staff of about 780 of which 200 are British nationals.

5. In securing development contracts at ESTEC, British firms have done better in the last two years than the size of our contributions would warrant. The most consistently active British company has been the British Aerospace Dynamics Group. Others have secured useful business including Marconi, Ferranti, Logica, Plessey and ICL. The Centre has a relatively small department concerned with information technology, and attempts only to compliment what is being done by each Member State. All of the Agency's communications satellites including OTS, ECS, Marecs and L-Sat have been primed by British Aerospace.

ESTEC VISIT PERSONALITIES

Director General of ESA - Mr Eric Quistgaard (Denmark)

Graduated as a Mechanical Engineer. Spent 3 years with the Chrysler Corporation, USA, and was a General Manager for Volvo in 1965 and Director in 1969. In 1972 became Managing Director of the Danish shipbuilding firm Odense-Lindo. His 4-year contract at ESA ends on 15 May 1984. He will be replaced by Professor Lust, now president of the German Max-Planck-Gesellschaft. Mr Quistgaard has little charisma, but showed his mettle in dealing with the Ariane failures including the mechanical problems of the third stage turbo pump gears.

Technical Director (and Director ESTEC) - Professor M Trella (Italy)

A scientist who was in the Italian delegation before joining the Agency as a Director in 1975.

Director of Applications Programmes - Mr E S Mallett (UK)

A physicist who has been in industry, in Royal Aircraft Establishment (Farnborough), Director, Space Department of Industry (1976), UK delegate to the ESA Council and Chairman of the Joint Communications Board, and then Director of the National Maritime Institute. His 4 year appointment as Director of Applications Programmes began on 1 February 1981.

Director of Scientific Programmes - Dr Roger Bonnet (France)

A young and respected French space scientist, appointed Director Science in May. He was Chairman of ESA's Space Science Advisory Committee from 1978 to 1980.

Head of Space Science Department - Dr Edgar Page (UK)

An Irishman ; worked at SERC's Appleton Laboratory for 5 years before moving to the ESTEC's Space Science Department in 1965. A physics graduate, he was appointed to his present position in 1975.

19 September 1983

1. ESTEC at Noordwijk, Netherlands is the largest technical establishment of the European Space Agency (ESA). The others are the European Space Operations Centre (ESOC) in Darmstadt, Germany, which is responsible for operational control of satellites; and ESRIN, a small establishment at Frascati, Italy which is responsible for Information and Data services. The Agency's administrative headquarters is in Paris; there is no ESA establishment in the UK.

#### Background

2. ESA was formed in 1975 by Belgium, Denmark, France, West Germany, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland and the United Kingdom and was set up to promote co-operation in space research and technology for peaceful purposes. The initiative came from Mr Michael Heseltine who in 1973, as the junior DTI minister responsible for space, proposed reforming ESRO to improve the competitiveness of the European space industry. ESA also subsumed ELDO, taking over its satellite launcher role. ESA is governed by a Council of which Professor Curien of France is currently Chairman and Dr H H Atkinson (SERC) Vice Chairman.

3. ESA's total budget for 1983 is about 1000 MAU (equivalent to £550 million) and it employs 1380 staff. The only mandatory programme is that for science. Member States must subscribe to this and to the general budget, according to their GNP. The science programme at present costs about £65 million a year. Other programmes are optional and all are "applied". They range from the development of space transportation systems (Ariane and Spacelab) to R & D satellites for telecommunications and meteorology. The latest applications programme is for remote sensing.

4. Participation in optional programmes is on the basis of interest. According to the Convention, Member States expect to receive for their national industries contracts of value roughly proportional to their financial contributions (the principle of "juste retour"); UK industry has no difficulty in achieving its fair share. Of the Agency's total budget this year, France will contribute 21%, West Germany 17.8% and the UK is next at 12.5%. For the UK, DTI pays the major part, for the applications programmes, the SERC pays for the science programme and the overheads are shared.



5. The most consistently active British company regarding ESA has been British Aerospace, but Marconi, Ferranti, Logica, Plessey, and ICL have all done well. All of the Agency's communication satellites, including OTS, ECS, Marecs, and Olympus (L-Sat) have been produced by consortia led by British Aerospace as the prime contractor. France has paid the major fraction of Ariane, and Germany of Spacelab. By leading on the spacecraft side, we believe that the UK has done well in ESA with limited applications money.

6. The Agency works on a principle of "no profit; no loss" and therefore does not handle the commercial exploitation of the programmes whose design and development it has financed. However, when a clear and continuing future need is seen for products of its research and design, exploitation is entrusted to a selected industrial entity. An example is the Ariane launcher which is being produced by Arianspace, a private company in France founded by European industry. In the UK, private enterprise has been encouraged to take over as soon as possible in commercially viable areas.

#### Main Activities at ESTEC

7. ESTEC - with a staff of 780 (200 British) - is responsible for the study, development, control and testing of satellites and their payloads, as well as for the general research programme for the preparation of future missions. The major areas of activity include telecommunications, earth observations, scientific missions, spacecraft power supplies, orbit controls, structures, and thermal controls. For each mission there is a Project Team reporting to the appropriate Programme Director (Science - Dr Bonnet; Applications - Mr Mallett; Space Transportation - M Bignier).

#### New Facilities at ESTEC

8. Major new satellite test facilities are being constructed over the period 1982-4 costing £13 million. These consist principally of a large solar simulator and an electro-dynamic multi-shaker system; they are needed to support the payloads for the larger Ariane III and IV launchers. Updating of ESA's test facilities is important to the UK which is more reliant on them than is France or Germany.

## Scientific Programme

9. The science budget allows a new mission every one to two years, some purely European and others in association with NASA. They are chosen by the Science Programme Committee, a delegate body. The science community of Member States plays a very active role in determining the programme and here the UK has been particularly influential because of the expertise developed when it had its own national space programme. The scientific return to the UK, measured in terms of the number of experiments with UK principal investigators, is about twice that expected on the basis of our financial contribution. Thirteen scientific satellites have been launched by ESA since 1968; all were successful (but for one which a US launcher failed to put into orbit). There are a further five at various stages of preparation.

10. One of the most successful scientific satellites, the International Ultra-violet Explorer - a space telescope produced jointly by ESA, NASA and SERC, and still going strong after five years - was proposed by a British Scientist (Professor Bob Wilson, UCL) and the UK built the cameras. The most recent mission, an X-ray astronomy satellite, EXOSAT, was launched on 26 May this year; this was also proposed by a British scientist (Professor Ken Pounds, Leicester University) following the great success of the UK's Ariel V satellite.

11. With EXOSAT, Europe takes the initiative in X-ray astronomy from the Americans in one of the most important and vital fields of modern astronomy, which came of age this year - the X-ray source SCO X-1 in the constellation Scorpio was discovered in 1962. EXOSAT has now started its scientific programme and is already producing high quality data. UK scientists have won the largest share of observing time for the first six month period, on scientific merit. (The next mission in this field will be ROSAT - a German project with NASA in which the UK (SERC) has a small but significant share. The UK-German agreement for this will be signed in Bonn on 17 October by Professor Kingman, with Mr Peter Brooke, MP, present; ESA is not directly involved in ROSAT.)

12. The Director General may say that Germany and other countries would like to increase the mandatory Science Programme. The UK (SERC) delegation has had to resist this firmly because of financial constraints at home. The UK puts continuing pressure on the Agency to improve efficiency and cut staff, so as to get more science and applications for the same money. We also encourage collaboration with USA/NASA, partly for the same reason. Note that, partly under our lead, ESA has a 15% share in NASA's Space Telescope mission.

## Future Applications Missions

13. Following Olympus, which is particularly suited for direct broadcasting TV, the most important new applications programme is that for Remote Sensing. The first mission in this programme, known as ERS-1, will study the oceans and coastal areas. The payload will include instruments to measure sea surface temperature, sea state using synthetic aperture radar, and a radar altimeter to measure ocean surface and ice cap profiles. In the UK exploitation of this data will centre on a national remote sensing programme sponsored by DTI, MOD, NERC and SERC. Professor Houghton of Oxford and the Rutherford Appleton Laboratory - soon to be Director General of the Met Office - took the lead with a European group in defining this mission. Note also that studies are being made of future space transport schemes, including of NASA's proposed space platform.

To John Coles ✓

*JK* → 11/9

Briefing for the Prime Minister's Visit to ESTEC

I enclose notes on ESTEC provided by the Science and Engineering Research Council. Of special interest are the notes on personalities (cover page) and the scientific programme (para 9 onwards). You will note that paras 1 to 6 duplicate almost exactly the existing briefing, so either this note could be used instead of that briefing, or I suggest you remove those paragraphs.



ELIZABETH RANSOM

Science and Technology Secretariat

*Apologies for the lateness + length of this contribution. If you feel it is  
unavoidable for inclusion in the PM's brief, perhaps you yourself might  
find it useful!*

*ER.*

BRIEF: VISIT TO EUROPEAN SPACE RESEARCH AND TECHNOLOGY CENTRE (ESTEC)

19 September 1983

1. ESTEC at Noordwijk, Netherlands is the largest technical establishment of the European Space Agency (ESA). The others are the European Space Operations Centre (ESOC) in Darmstadt, Germany, which is responsible for operational control of satellites; and ESRIN, a small establishment at Frascati, Italy which is responsible for Information and Data services. The Agency's administrative headquarters is in Paris; there is no ESA establishment in the UK.

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