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Foreign and Commonwealth Office

London SW1A 2AH

27 July 1982

MB

Dear John,

The Prime Minister is to see Mr Pym at 1445 on Wednesday 28 July to discuss Anglo-German relations, in the light of the discussion which Sir Jock Taylor had with Chancellor Schmidt on 14 July (my letter of 16 July).

I enclose an annotated agenda which could serve as a framework for the discussion.

Yours ever,

Francis Richards

(F N Richards)
Private Secretary

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ANGLO-GERMAN RELATIONS: MEETING BETWEEN THE PRIME MINISTER
AND FOREIGN AND COMMONWEALTH SECRETARY, 28 JULY

ANNOTATED AGENDA

1. Background

FRG domestic uncertainties: state of the coalition,
1983 Budget

Bilateral pre-occupations: Falklands, Community
Budget negotiations, differences with the US

2. Immediate issues

(a) The Prime Minister has accepted the proposal
she visit Berlin after the Anglo-German
Summit on 28/29 October. This would be a
good opportunity to make a speech about
Britain post-Falklands, underlying strength
of purpose, defence commitments etc.

(b) She has also accepted Chancellor Schmidt's
invitation to visit Hamburg after Bonn/Berlin
though the timing has to be settled.

(c) We have yet to respond to Schmidt's suggestion
the Prime Minister talk to President Reagan
about US economic policies. We do not yet
have an account of Chancellor Schmidt's recent
meeting with Mr Shultz.

3. European Community

Main probable area of disagreement between UK and Germany
this Autumn. On Budget, hoping to see Genscher in
September. Possible scope for trilateral talks with
French. Have asked Germans to intervene with Danish
Presidency on fish. Need to consider latest German
approach on EMS. Note Chancellor's reply to message
on Northern Ireland Housing. German approach to trade
with Japan too liberal.

/4. Anglo-



4. Anglo-German Summit, 28/29 October

Need to consider tactics carefully and try to offset differences on Community issues by co-operative discussion of

- (a) transatlantic relations (US economic policy; East/West economic relations; steel etc)
- (b) defence (UK defence policy post-Falklands including BAOR; report on future of Bundeswehr; NATO's resource problems; trilateral defence cooperation; arms control).

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