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NOTE FOR THE RECORD

RECORD OF A MEETING WITH DR MANFRED WOERNER AT THE  
ANGLO-GERMAN SUMMIT AT CHEQUERS AT  
1040 AM ON WEDNESDAY 2ND MAY 1984

## Present:

The Rt Hon Michael Heseltine MP  
 Secretary of State for Defence

Dr Manfred Woerner  
 German Minister for Defence

Mr J H Blelloch  
 DUS(P)

General Roland Oppermann  
 Assistant Chief of Defence Staff,  
 Political-Military Affairs

Mr R C Mottram  
 Private Secretary to Secretary  
 of State for Defence

Colonel Klaus Reinhardt  
 Aide-de-Camp

Admiral Fischer  
 German Embassy, London

EUROPEAN DEFENCE CO-OPERATION

The Secretary of State said that he was keen to foster a closer European defence identity provided that this did not drive a wedge between Europe and the United States. He saw both operational and economic benefits from increased arms co-operation where the aim should be to establish a transatlantic partnership drawing the high technology industries of Europe and America closer together. As to the mechanism, the IEPG had the crucial element of French participation and offered established machinery; it had conducted business at a fairly low level but this was changing. The WEU offered high level participation and political clout but was more restricted in membership and had no established machinery. He was happy to pursue both routes, on a complementary basis, provided they did not cut across the Atlantic dimension. In his capacity as Eurogroup Chairman, he intended to put some ideas to his colleagues before the next meeting about strengthening arms co-operation. The essential elements seemed to him to be: a mechanism for reconciling military requirements at a very early stage before detailed operational requirements were established; a clearing house to ensure that all co-operative options were explored before a national route was gone down to meet a requirement; a look at the scope for more specialisation in Government funded research and development; and consideration of the case for creating European-wide defence companies. Given the role of governments in defence procurement, any industrial restructuring would probably require



Government action. Once the European position was established, he believed that they should go to Mr Weinberger to explore the scope for transatlantic co-operation. Mr Weinberger's intervention in the NATO frigate saga showed his own commitment. He recognised the difficulty in turning these general principles into practice. In particular the reconciliation of military requirements would be difficult unless one country was designated as the leader in a particular area with the responsibility to drive matters on to a conclusion. More generally the machine needed to work to timetables laid down by Ministers if there were to be results.

2. Dr Woerner said that he had a good deal of sympathy for these ideas. He wanted to strengthen the European pillar within the framework of the Atlantic Alliance. He believed that the Americans would listen to a more coherent European voice. In seeking to bring this about, rhetoric was not enough. We had to look at specific objectives and options for projects and to choose the organisation to be used in relation to the aim. His own preference would have been to make use solely of existing organisations like Eurogroup and the IEPG, but France and Italy had both concluded that they wished to strengthen the role of the WEU and we had to take account of this. If we looked at the organisations in relation to the subject matter, he believed that the IEPG was the right mechanism to address armaments co-operation matters. We could certainly look at raising the level of the participants if this would help to give additional impetus. There were, however, wider questions relating to military strategy, the European attitude to the strategic defence initiative, and nuclear policy matters which were worth discussing in a European forum. The Eurogroup was not suitable for this if France remained outside it. He intended to press M. Hernu at their next meeting about whether France might join the Eurogroup but he expected the answer would be negative. We had seen the difficulty of using a tri-lateral forum. The WEU might be a useful organisation to address these questions. We should try it out and see the results. M. Hernu had made it clear to him at their last meeting, in front of the press, that France was anxious to strengthen co-operation within the framework of the Alliance. It remained to be seen what would come of the WEU initiative; the French enjoyed tossing a pebble into the pool to see the ripples but they might not have more concrete aims for the revitalisation. He recognised that there might be complaints from some of those excluded from the WEU but, in the light of recent experience, the absence of countries like Denmark and Greece might not be a handicap. Mr Bletloch drew attention to the argument that was being deployed that the revitalisation of the WEU Assembly would help in the articulation of a positive European attitude towards defence. Dr Woerner commented that he saw no merit in the WEU Assembly for this purpose. The European Parliament was the right place to articulate European opinion.

3. Dr Woerner said that he saw difficulties in bringing about a restructuring of European defence industries. There was certainly



a movement for increased co-operation as for example between Kraus Maffei and Vickers but this fell short of bringing about a fusion. He was concerned already about the impact of inadequate competition on the price of defence equipment: for example, a consortium building the new anti-tank helicopter had proposed large cost increases which had only been reduced by the threat of involving other European firms or the Americans. Perhaps they should discuss the options with the major concerns involved to see if there was any way forward. The Secretary of State said that he agreed absolutely about the importance of retaining competition. We should not go to a single European firm in a sector but, equally, there might be scope for reducing numbers below those at present. Any contacts with companies would need most careful handling since there would be inevitably a tremendous flurry of concern about the implications for individual national industries. At this stage they should perhaps talk at the political level in fairly general terms: he had yet to formulate any clear ideas himself.

4. Dr Woerner said that they should take account of the real progress that had been made recently. The IEPG response to the Americans on emerging technology was a major step forward as was the approach to the Fighter 90 project. On emerging technology, he attached considerable importance to addressing equipment proposals in a proper conceptual framework with clearly identified priorities. He recognised that these might not be the same for different countries. For the Germans, the priorities were firstly fighting the first echelon, secondly offensive counter-air, and thirdly attacks on the second echelon at specific choke points. The Americans, on the other hand, had a philosophy of attacking the second echelon on a very broad basis including moving targets which required an immense investment in reconnaissance and real time communications. Once we had agreed on priorities, which was a crucial question for the next DPC meeting, then we could look at a balance between America and Europe in the development and production of the necessary equipments.

5. The Fighter 90 project showed the way forward in terms of a logical progression of steps towards a co-operative solution. Before the German Government could reach a definite position on the project, they had first to address their requirements over the next 12 years which would be completed by mid-June and he would then need to clear his lines with his Ministerial colleagues. This was why he had asked for the next ministerial meeting not to take place before July. The Secretary of State said that he understood the German difficulty and was quite content with the new date. He would, however, be very disappointed if there was a slippage into the Autumn. Dr Woerner agreed.

#### STRATEGIC DEFENCE INITIATIVE

6. There was then a discussion of the SDI and related matters recorded separately.

SALE OF TORNADO TO TURKEY

7. The Secretary of State recalled his earlier conversation with Dr Woerner in Turkey about the sale of Tornado; he wondered where matters now stood. Dr Woerner said that he had asked the Turkish Government to write him a letter setting out clearly their priorities for the use of available military aid. He had now received such a list which included Tornado at the end. He could ask the Turkish Government which items they would wish to give up in order to make room for Tornado but even on this basis there would be no means of funding a sale of 40 aircraft. He was as interested in selling Tornado to the Turks as the British Government. His Government could offer normal credit financing. The possibility of offering special credit terms was minimal given the level of existing commitments to Turkey. The Secretary of State said that it would be preferable if the sale could be pursued as a joint venture with which Germany industry and the German Government would be closely associated, rather than solely on the initiative of British Aerospace. He was anxious to avoid any impression that a British company was negotiating on the basis of spending German money. Dr Woerner commented that his initial reaction to the proposition put to him in Turkey had been one of astonishment that it should have been pursued in this way.

8. The Secretary of State asked about the possibility of some contribution from the German military aid programme. Dr Woerner said that the sums involved were very large in relation to available aid, the next tranche of which would be 130M deutchmarks over a period of 18 months. There were discussions underway about a special programme of additional aid but these still had a long way to go. He thought that realistically the outside limit of new provision would not be more than 200M deutchmarks and the Finance Ministry would probably argue for a figure of 20M! These were not in any case matters within his control since the German Foreign Minister was responsible for the military aid budget. The Secretary of State commented that one difficulty was that British Aerospace were aware of the possibility of this additional provision but had no means of getting a feel for what it might amount to. Mr Blelloch added that there was concern within British Aerospace about their exposed position, not having a clear understanding of German intentions. The Secretary of State asked whether it would be possible to establish more clearly the prospects for additional military aid. Dr Woerner said that he would be happy to discuss further with Herr Genscher this aspect of the problem. He commented that the Turkish interest in Tornado had to be seen in perspective. Their military needs were huge and they had no money. There were other high priorities for them such as armour, tanks, air defence and the provision of NBC equipment.

ASRAAM

9. The Secretary of State referred to the earlier exchange in Turkey about ASRAAM. Dr Woerner said that he had checked the position on his



return. He could confirm that it was high on his priority list because of its importance for transatlantic equipment co-operation; there was so far as he knew no problem over the project. Was this also our understanding? The Secretary of State said that he was advised that there were still funding problems and difficulties over VAT which had led to proposed contractual and management arrangements which we were not sure were sensible. Dr Woerner said he would look again at where matters stood, and the Secretary of State added that he would check our understanding of the position.

#### SELF PROPELLED HOWITZER

10. Dr Woerner said that the programme for the 155 mm self-propelled howitzer had been established on the basis that each participating country would be invited to tender for all assemblies. The British side were now taking the line that those elements of the project developed in Britain must also be manufactured here. The Secretary of State said he would look into the British position.

#### FUTURE BASIC TRAINER FOR THE RAF

11. Dr Woerner said that the Germans had been disappointed that their Fan Trainer had not been shortlisted for the RAF requirement. He thought it was very competitive and wondered if the decision had been influenced by offset considerations. They felt they could make attractive proposals for offsetting orders in Britain which he could put in writing. The Secretary of State said that he would look into the basis on which the competition had been conducted and the reasons for the exclusion of the German candidate and let Dr Woerner know.

12. The meeting ended at 1245.

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Ministry of Defence

3rd May 1984

#### Distribution:

PS/Prime Minister  
 PS/Foreign and Commonwealth Secretary  
 PS/Chancellor of the Exchequer  
 PS/Secretary of State for Trade and Industry  
 PS/Secretary of the Cabinet  
 Sir J Taylor, Bonn  
 Sir J Graham, UKDEL NATO

Internal:  
 as minute of 3rd May 1984

MO 14/3



ANNEX TO THE RECORD OF THE BILATERAL MEETING BETWEEN THE DEFENCE  
SECRETARY AND DR WOERNER ON 2ND MAY 1984

Strategic Defence Initiative

1. Dr Woerner asked whether the British Government had taken further its attitude to the US SDI since their last talk. The Secretary of State said that he and the Foreign and Commonwealth Secretary were looking together at aspects of the SDI and their relationship to the ASAT problem. Dr Woerner said that he and Herr Genscher were both sceptical about the SDI. They did not oppose the Americans catching up in low level ASAT capability and in R&D on anti-ballistic missile systems but their concern was that once they went down this road, it was difficult to know where it would end. Following his comments in Turkey, Dr Ikle had been sent to Bonn to explain the American position. It had become clear that there was political concern in the US administration that European objections might be used by Mr Mondale and Mr Hart as ammunition in the Presidential election campaign. The German Government, in the light of this concern, would be adopting a low profile in public but they nevertheless remained sceptical and believed there was a need for close and regular consultation in this area.
2. The Secretary of State said that the British position was similar. We accepted the argument for the Americans catching up. The difficulty was that catching up was not actually the way that the Americans approached things and they would inevitably want to press on ahead. The outcome was likely to be a quantum leap in the arms race. It was not conceivable that the Soviet Union would allow the Americans to develop a system of the kind envisaged without themselves either developing something similar or a counter to it. Dr Woerner agreed. He said the Soviet Union must be very concerned about the economic implications of such an arms race and it was possible that they would see a point when it would be advantageous to strike some sort of agreement or at least that there should be some channelisation of the process. The Secretary of State said that he did not get the impression of any real dialogue on these matters between the Americans and the Russians. Past experience was not encouraging. There had never been any arms reductions. All that agreements produced were ceilings coupled with options for both sides to develop in further new directions. Dr Woerner commented that this outcome was not determined by technical factors. Rather it reflected a lack of political will, at least on the Soviet side. The problem was that they attached such priority to military power. The Secretary of State commented that he would be making a speech at the IISS shortly about Russian attitudes: their expansionism, their dependence upon military power to secure status, and their feeling of being beleaguered, for which there was a good deal of justification in terms of past history. We must not be deluded into thinking that their aims were benevolent but equally he was concerned about the absence of a proper dialogue with them.



3. In further discussion, Dr Woerner explained that there were contacts between his Ministry and the Russians at a military level and he had himself held a number of conversations with the Soviet Ambassador in Bonn. Obviously in taking the dialogue further at Ministerial level, Defence Ministers were likely to be the last people to be involved. The Secretary of State agreed. His concern was that we should establish a dialogue with the new generation of the Soviet leadership before they came to power. Their outlook might be less dominated by events before and during the Second World War, and there might be scope for building a better understanding. Dr Woerner commented that this process, while welcome in itself, could not replace the importance of a US/Soviet dialogue. He found it very difficult to talk to the Americans about this because they tended to regard as an appeaser anyone who argued for a better dialogue. President Reagan had done very well in recreating a sense of US power but his rhetoric was not helpful. The right approach was to carry a big stick and to talk softly. The Americans did not seem to appreciate that for the Russians equality of status as a superpower was an overriding goal and they would do anything to keep it. The Americans should never imply that they wished to seek superiority again. If they addressed the Soviet Union as an equal, there was a possibility of a more constructive relationship.

Out of Area Activity

4. The Secretary of State asked Dr Woerner about the German position on out of area activity. Dr Woerner said that the German Government recognised the contribution which the other major NATO countries could make individually in particular areas and they were willing to play a role in compensating for the possible diversion of US troops from Europe. They believed, however, that the priority in terms of the threat remained in Central Europe. There were both constitutional and political difficulties in any German participation in out of area operations. In a brief discussion the Secretary of State said that he found very difficult the whole idea of operations on land in the Gulf Area by the Western powers. He also commented that we should not be so helpful to the Americans in covering for them in Central Europe that they came to suspect that they could safely withdraw.

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Ministry of Defence

3rd May 1984

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A-2

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