

ADVANCE COPIES

ECONOMIC SUMMIT

+34

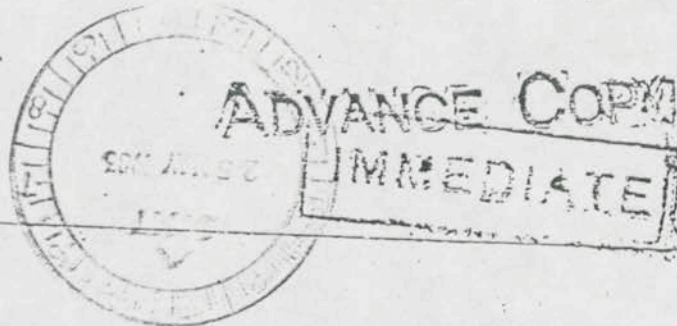
PS  
PS/MR HURD  
PS/MR RIFKIND  
PS/LD BELSTEAD  
PS/MR RAISON  
PS/PUS  
MR EVANS  
MR HANNAY  
MR THOMAS  
MR HAYES

PS/NO 10 DOWNING STREET  
PS/CHANCELLOR OF THE )  
EXCHEQUER )  
MR LITTLER ) TREASURY  
MR BOTTRILL )

SIR R ARMSTRONG  
CABINET OFFICE

HD/ERD (2)  
HD/ECD (4)  
HD/ES & SD (2)  
HD/NAD  
HD/WED  
HD/FED  
HD/NEWS D  
HD/ESID (2)  
RESIDENT CLERK

MR J CAINES )  
MR E BESTON ) DOT  
MR MCMAHON BANK OF ENGLAND  
MR BUIST ODA  
MS BOYS DEPT OF ENERGY  
MISS DICKSON DEPT OF ENERGY



RR TRAFFIC RELAY

GRS 430

CONFIDENTIAL

FM BONN 251321Z MAY 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 538 OF 25 MAY

INFO IMMEDIATE UKREP BRUSSELS

INFO PRIORITY WASHINGTON

INFO ROUTINE ATHENS BRUSSELS COPENHAGEN DUBLIN THE HAGUE

LUXEMBOURG PARIS ROME OTTAWA TOKYO UKDEL OECD UKDEL IMF/IMRD  
MOSCOW

MY TELNO 460

PREPARATIONS FOR WILLIAMSBURG: GERMAN EXPECTATIONS

1. IN A PRESS INTERVIEW PUBLISHED YESTERDAY (24 MAY) CHANCELLOR



KOHL GAVE A CLEAR STATEMENT OF HIS EXPECTATIONS OF WILLIAMSBURG. HE HIGHLIGHTED THE NEED FOR GENERAL AGREEMENT. IN AN OBVIOUS ATTEMPT TO CONTRAST HIMSELF WITH SCHMIDT, HE SAID: QUOTE NO SOLO NUMBERS ON THE TRAPEZE FOR ME UNQUOTE.

2. KOHL SAID HE WAS WHOLLY CONVINCED THAT THERE WOULD BE NO CONTROVERSY OVER EAST/WEST TRADE. BUT THERE WAS QUOTE LITTLE SENSE UNQUOTE IN HELPING SOVIET MILITARY CAPABILITY BY SELLING GOODS IN SENSITIVE AREAS. A WHOLE RANGE OF EXPERT DISCUSSIONS WERE NECESSARY ON THIS. QUOTE I SEE MUCH GOODWILL ON ALL SIDES. UNQUOTE.

3. ON ECONOMIC POLICY, KOHL SAID THERE WAS NO QUESTION OF THE FEDERAL REPUBLIC PLAYING A LOCOMOTIVE ROLE. LASTING ECONOMIC GROWTH WAS ONLY TO BE ACHIEVED THROUGH STIMULATION OF INVESTMENT. A NEW WORLD MONETARY SYSTEM CAME UP AGAINST THE REALITY OF DIFFERING RATES OF INFLATION AND DIFFERENT ECONOMIC POLICIES.

4. GERMAN OFFICIALS CONFIRM THAT THEY ARE NOW WHOLLY CONFIDENT THAT EAST/WEST ECONOMIC RELATIONS WILL NOT BE A SUBJECT FOR ARGUMENT. THEY REMAIN SLIGHTLY NERVOUS ABOUT FRENCH INTENTIONS. THEY SAY THAT THE FRG MAY BE READY TO AVOID A ROW BY GOING A LITTLE WAY, IF PRESSED, TO MEET FRENCH DEMANDS ON CURRENCY MANAGEMENT BY CONCEDED SLIGHTLY CLOSER INTERNATIONAL SURVEILLANCE OF EXCHANGE RATES AND A LITTLE MORE OFFICIAL INTERVENTION WHEN NECESSARY. APPARENTLY THE BUNDESBANK WOULD BE PREPARED TO GO ALONG WITH THIS.

5. OFFICIALS ALSO SAY THAT CHANCELLOR KOHL, AT PRESENT INVOLVED IN A CDU PARTY CONGRESS, HAS NOT YET DECIDED WHAT THEMES TO EMPHASISE IN THE POLITICAL DISCUSSION AT WILLIAMSBURG. HE MAY BE ABLE TO REPORT MORE ON THIS WITHIN A DAY OR TWO. MEANWHILE, WE ARE INFORMED THAT THE BRIEFS SUBMITTED TO KOHL COVER ONLY THE BROAD POLITICAL THEMES IDENTIFIED AT THE PREPARATORY MEETING ON 11 MAY (PARIS TELNO 392 TO FCO). KOHL HAS SHOWN SOME INTEREST (WASHINGTON TELNO 1461) IN RAISING THE INDIAN PROPOSAL FOR A SUMMIT DURING THE UN GENERAL ASSEMBLY.

6. IN HIS BILATERAL WITH REAGAN, KOHL WILL NO DOUBT WISH TO OBTAIN AUTHORIZATION TO PASS SOME MESSAGE ABOUT INF TO ANDROPOV DURING HIS VISIT TO MOSCOW BEGINNING ON 4 JULY. GERMAN OFFICIALS SAY THAT KOHL IS WELL AWARE THAT HE CANNOT ENTER INTO ACTUAL NEGOTIATIONS WITH THE RUSSIANS. BUT HE MAY WANT TO PASS ON SOME ASSURANCE FROM REAGAN OF US READINESS TO NEGOTIATE SERIOUSLY



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ACTUAL NEGOTIATIONS WITH THE RUSSIANS. BUT HE MAY WANT TO PASS  
ON SOME ASSURANCE FROM REAGAN OF US READINESS TO NEGOTIATE SERIOUSLY  
IF THE RUSSIANS WILL DO THE SAME. IT IS THIS RATHER GENERAL IDEA  
WHICH MAY LIE BEHIND THE REPORT IN THE INTERNATIONAL HERALD  
TRIBUNE OF 24 MAY TO THE EFFECT THAT KOHL HOPED AT WILLIAMSBURG  
TO OBTAIN NEW ASSURANCES OF US FLEXIBILITY IN THE GENEVA TALKS.~~

TAYLOR

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SENT AT 251403Z LCD