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OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
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MEMORANDUM FOR RECORD

SUBJECT: SecDef Meeting with Minister of Defense Apel (U)

(U) The Secretary of Defense met with German Minister of Defense, Hans Apel at Brussels on 8 December, 1981. US attendees were Dr. Ikle, Ambassador Bennett, Mr. Legere, Mr. Rixse, MGen Smith, and BGen Lasater.

(S) SecDef briefly reviewed his bilateral meeting with Prime Minister Papandreu. He found Mr. Papandreu congenial and not at all in the frame of mind one might conclude from newspaper accounts. Greece wanted one major thing and that was a NATO guarantee that one NATO nation could not attack another. The Greek Prime Minister said he agreed with the need for a strong and united NATO to secure the peace. Secretary Weinberger indicated that their discussion did not get into specific problems nor the status of US bases in Greece. SecDef indicated he was not sure what the substance of Papandreu's special intervention in the DPC restricted sessions would be. Apel responded "Let him talk."

(S) SecDef expressed appreciation for the support of the FRG in the critical area of host nation support. The United States was most pleased with progress in that area. However, the US was deeply concerned about the current infrastructure impasse. If left standing, this impasse would have serious consequences on vital work within the Alliance to sustain momentum in conventional capability. While such an impasse would have a negative influence throughout the Alliance, it would be most serious in the flank area where it was needed the most and where many of the projects planned for the next three slices are programmed. SecDef indicated an understanding of the German budget and cash flow problems, but said he raised the issue not to be critical but to search for a solution.

(S) Minister Apel reviewed the history of the German decision stating that their National Security Council and Chancellor Schmidt had made the decision and he had no room to maneuver. The Finance Minister simply would not approve infrastructure beyond 130M IAU for each of the next three years (at this point Apel said that for now the answer is no but he was not sure if that position would hold twelve months from

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now). Further, the FRG cannot accept a mid-term review because allocation of additional funds beyond the 130M IAU for the next three slices simply is out of the question.

(C) SecDef indicated his disappointment at the finality of the German position. The United States was deeply concerned about the impact of this infrastructure problem. If it continued at the 130M level, the commitment of US forces earmarked for NATO would be affected because the United States simply could not bring aircraft, men and equipment to Europe without adequate facilities to receive them. SecDef then asked Apel if the British compromise proposal for utilizing the 91M IAU infrastructure contingency fund would be acceptable to the FRG. Apel responded that the FRG could not accept the compromise proposal for it too required allocation of additional infrastructure funds beyond the 130M IAU now endorsed. SecDef then appealed to logic in that contingency funds are set up to meet contingency needs and a pretty good case can be made for the present impasse being such a contingency. If contingency funds are not available for contingencies, then what are contingency funds for? Contingency funds become something less than "contingency funds" if they are restricted. SecDef then asked Apel if he could abstain and not vote at all. Apel said it would carry the same message and the FRG could not abstain - he would have to veto any motion by the ministers to go beyond the 130M IAU for any of the next three slices. He had absolutely no room for maneuvering on the infrastructure issue. Apel said he understood US criticism of the German position, but SecDef quickly reminded Apel it was not criticism but a search for a constructive and useful solution. Dr. Legere explained that the UK proposal requires no new money and the Germans disagreed saying that contingency funds were programmed but not allocated--thus it would require new funds. Dr. Legere then outlined the general impact of the infrastructure problem on DPQ Force commitments. Some of these impacts could be felt as early as March 1982 with over 50 percent of scheduled projects requiring cut-back.

(C) At this point, Minister Apel said that the only thing he could do was to go back to Chancellor Schmidt and ask for another decision. But he already knew the answer would be no, that the German NSC had decided and we would have to live with the decision for now. MOD Apel then outlined the extensive measures taken to reverse their government's decision on the funding problem, but each was rejected. The German position, even for the UK compromise proposal, was firm.

(C) SecDef then asked if there was any latitude within Minister Apel's defense budget for reprogramming. Minister Apel said no there was not because the German budgeting system worked differently and reprogramming, even within a Ministry, was subject to Finance Minister approval. Dr. Legere then reminded Minister Apel that today's decision papers related to Slice 33 only. No new money would be required for this Slice beyond what is now programmed. The German Delegation disagreed, indicating that front loading Slice 33 requirements by utilizing Slice 34 and 35 monies would have the same net effect on the German budgeting system. At this point, Ambassador



Wleck (FRG) outlined the mood in the Federal Republic for any increased infrastructure beyond the 130M IAU. The 12 month moratorium on an increase is firm at 130M. There was continued disagreement and discussion regarding the 91M IAU contingency money. The money is apparently impacted by inflation, cost overrun, and various national priorities. It is not readily available for spending.

(U) SecDef stated his hope that contingency money previously agreed to and authorized by the Ministers could be fenced off from further action so that it could be used for purposes intended--contingencies.

(S) SecDef raised the problem concerning the draft final Communique language regarding out of area deployments. The US would like some more positive language in this Communique. Minister Apel simply mentioned as they were leaving the room that the German NSC would discuss this issue on 16 December. SecDef then briefly mentioned the problem of technology transfer and the loss of vital high technology to the Soviet Union and the Warsaw Pact. Minister Apel acknowledged that this is a problem that would require discussion. The meeting adjourned at 9:10.

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