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PREM 19/239

The Prime Minister's Visit to France
in ^{SEPT} ~~(Aug)~~ 1980: The Fontevraud
Conference in Bourdeaux.

FRANCE

Part 2

Part 1 May 1979

Part 2 October 1979

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
25.10.79							
19.3.80							
27.3.80							
14.80							
12.5.80							
17.6.80							
8.9.80							
12.9.80							
17.9.80							
22.9.80							
24.9.80							
emb							

PREM 19/239

Paris Briefing for Anglo French
Summit 18/19 Sept 1980 a folder
at rear of file + Background briefing
for Prime Minister from Sir Derek Ezra
on FRANCO/BRITISH COUNCIL.

PART 2 ends:-

Birth Certificate to MOOSA 6/10

PART 3 begins:-

RTA Note for Record A09658

7/10



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France

*hs
MJD*

M. Alexander, Esq.
10, Downing Street
London
Angleterre

Your reference

Our reference MJCG/NWB

Date 6 October 1980

In Absent

Thank you for the letters to M. and Mme Verger and the photographs for the Mansillons, for M. Leroi and for the coiffeuse and the housekeeper. I have passed them on and I am sure they will be much appreciated as was your kind thought in sending me a photograph for myself. I have of course also delivered the letter to M. Chaban-Delmas.

The visit was an enormous success here and Mrs Thatcher made a remarkable impression. In case you have not seen it I enclose a copy of the rather delightful cartoon which appeared in our local newspaper Sud-Ouest.

*Yours
M.J.C. Glaze*

M.J.C. Glaze

Cabinet / Cabinet Committee Document

The following document, which was enclosed on this file, has been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate CAB (CABINET OFFICE) CLASSES.

Reference: CC (80) 34th Conclusions, Minute 2 (extract)

Date: 2 October 1980

Signed Wayland Date 16 April 2010

PREM Records Team



Secretary of State for Industry

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 6RB

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26 September 1980

Tim Lankester Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1

Dear Tim,

At the briefing meeting at No 10 for the Anglo-French summit the Prime Minister asked why Prestel had not been on show at the Paris exhibition on information technology which was on during the week 15 - 19 September.

2. This exhibition - known as SICOB - is an annual event and is devoted to displaying computers and office machinery. It is a very popular event and the Post Office and the British Embassy in Paris made every effort to demonstrate Prestel. The organisers of SICOB are independent of both Government and French PTT and notified the Post Office and some other British enterprises belonging to the Business Equipment Trade Association (BETA) that the demand for space was so great that previous exhibitors had to have precedence.

3. Despite all efforts from the Post Office, the application was politely but firmly turned down and neither the Post Office nor the Department have any evidence of overt French Government intervention.

4. On the other hand, there is a long saga of Anglo/French discord on demonstrating Prestel in France and the French PTT is still discussing a form of agreement on the exhibition of Prestel in France and of Teletel in the UK with our own Post Office.

5. The Post Office will be presenting two papers on Prestel at another exhibition in Cannes on 29 September and are firmly booked to demonstrate Prestel at an Information Technology Conference in Monte Carlo on 10 - 14 November.

Yours ever,
Pete

PETER STREDDER
Private Secretary

DEPARTMENT OF INDUSTRY
ASHDOWN HOUSE
123 VICTORIA STREET
LONDON SW1E 5RH
TELEPHONE DISTRICT LIND 6123
SWITCHBOARD 611123



26 SEP 1960



France

CONFIDENTIAL

RH.



cc: HMU
DOI
MAFF
DOT
CO

10 DOWNING STREET

From the Principal Private Secretary

24 September, 1980

Anglo/French Bilateral Meeting

I now attach the record of the Plenary Meeting between British and French Ministers held in Paris last Friday afternoon.

I am sending copies of this letter and of the record to John Wiggins (HM Treasury), Ian Ellison (Department of Industry), Garth Waters (Ministry of Agriculture, Fisheries and Food), Stuart Hampson (Department of Trade) and David Wright (Cabinet Office).

W A WHITMORE

Paul Lever, Esq
Foreign and Commonwealth Office

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OSG

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*File
France*

10 DOWNING STREET

From the Principal Private Secretary

22 September 1980

Dear Paul,

Anglo/French Bilateral Meeting

I attach copies of the records of the meeting between the Prime Minister and M. Barre held on Friday, 19 September; of the discussion at the lunch given by President Giscard; and of the full plenary meeting.*

I am sending copies of this letter and of the records to John Wiggins (HM Treasury), Ian Ellison (Department of Industry), Garth Waters (Ministry of Agriculture, Fisheries and Food), Stuart Hampson (Department of Trade) and David Wright (Cabinet Office).

Yours ever,

* record of the plenary meeting not attached but to follow.

John Wiggins.

Paul Lever, Esq.,
Foreign and Commonwealth Office

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GRS 620
UNCLASSIFIED
FM PARIS 221545Z SEP 80
TO PRIORITY FCO
TELEGRAM NUMBER 816 OF 22 SEPTEMBER 1980
AND TO PRIORITY ATHENS (FOR INGHAM WITH PM'S PARTY)

Prime Minister

To see all

MAD

MY TELNO 815:

ANGLO-FRENCH SUMMIT, 19 SEPTEMBER: FURTHER REPORT ON FRENCH
PRESS REACTIONS

1. RADIO AND TV FOLLOWED THE VISIT CLOSELY ON FRIDAY AND SATURDAY MORNING, FOCUSING THEIR ATTENTION ON THE PRIME MINISTER'S PERSONALITY. THE PRESS CONTINUED ITS INTEREST IN THE SUMMIT OVER THE WEEKEND, DEPICTING AN IMPROVED RELATIONSHIP IN WHICH REAL DIFFERENCES REMAIN. SAMPLE HEADLINES TODAY ARE: "GISCARD-THATCHER: THINGS GOING BETTER" (IN THE CATHOLIC DAILY LA CROIX) AND "FRANCE-GB: THAW IN PASTEL SHADES" (IN THE FINANCIAL DAILY LES ECHOS). THE COMMUNIST L'HUMANITE STRIKES A QUITE DIFFERENT NOTE IN AN ARTICLE WHICH SUGGESTS THAT MRS THATCHER'S AIM WAS TO DRAG FRANCE INTO "A TRIUMVIRATE DOMINATED BY THE UNITED STATES WHERE BRITAIN AND GERMANY, WITH THEIR FORCES INTEGRATED IN NATO, WOULD PUT AN END TO ANY POSSIBILITY OF INDEPENDENT FRENCH ACTION".

2. THE MOST SIGNIFICANT ARTICLE IS LE MONDE'S LEADER OF 21/22 SEPTEMBER HEADED "CORDIAL UNDERSTANDING AND MISUNDERSTANDING" (ENTENTE ET MESENTENTE CORDIALES). DESCRIBING THE MEETING AS "A SUMMIT OF REDISCOVERY", IT CONTRASTS MRS THATCHER'S "CAMPAIGN OF CORDIALITY" WITH PRESIDENT GISCARD'S "RESERVED COURTESY" AND GOES ON TO NOTE THAT, ALTHOUGH DISCUSSION OF CONTROVERSIAL COMMUNITY QUESTIONS WAS AVOIDED IN PARIS, THE FUNDAMENTAL DIFFERENCES OF APPROACH APPEARED CLEARLY IN THE SPEECHES AT BORDEAUX. "THE DIALOGUE OF THE DEAF CONTINUES, SWEETENED ONLY BY THE CHATEAU YQUEM", IT QUOTES A GUEST AS SAYING. NOTING AS MERIT-WORTHY THE PRIME MINISTER'S WARMTH ON EUROPE, THE LEADER GOES ON TO CONTRAST THE REMARKS ABOUT A VARIABLE GEOMETRY EUROPE MADE BY M BARRE AND M CHABAN-DELMAS WITH THE PRIME MINISTER'S STATEMENT THAT A COMMUNITY WITHOUT FRANCE AND BRITAIN AS FULL MEMBERS WAS INCONCEIVABLE. IT CONCLUDES: "AFTER THE ELYSEE SUMMIT THE STORM CLOUDS ARE NOT THEREFORE DISPERSED. M GISCARD D'ESTAING AND MRS THATCHER WERE ALL THE MORE RIGHT TO PUT THE ACCENT ON WHAT SHOULD, AND INDEED AT THE MOMENT DOES, BRING FRANCE AND BRITAIN CLOSER TOGETHER, I.E. EVERYTHING WHICH IS NOT THE CONSTRUCTION OF A COMMUNITY EUROPE".

13. IN A PAGE

3. IN A PAGE OF ACCOMPANYING ARTICLES, LE MONDE SUMMARISES AT PRECISELY EQUAL LENGTH THE SPEECHES MADE BY THE TWO PRIME MINISTERS AT BORDEAUX AND ANALYSES THE STATEMENTS TO THE PRESS AT THE ELYSEE. DELARUE, THE DIPLOMATIC CORRESPONDENT, CONCLUDES THAT DEFENCE WAS CERTAINLY DISCUSSED, AND THAT "TODAY LONDON'S VIEW OF AMERICAN POLICY IS AS CRITICAL AND ANXIOUS AS THAT OF PARIS AND BONN".

4. FEW ARTICLES HAVE AS YET REPORTED THE RESULTS OF THE BORDEAUX CONFERENCE. VERNAY IN TODAY'S FIGARO CONCLUDES THAT THE MAIN SUBSTANTIAL PROGRESS WAS IN THE FIELD OF ECONOMIC COOPERATION (HE WAS, OF COURSE, IN THE ECONOMIC COMMISSION). HE COMMENTS THAT THE DISAPPOINTMENT OF MANY BRITISH PARTICIPANTS AT M BARRE'S REMARKS ON A TWO SPEED EUROPE CAST A CLOUD OVER THE POLITICAL DISCUSSIONS. IN TODAY'S MONDE ANDRE FONTAINE (ALSO A PARTICIPANT IN THE CONFERENCE) SAYS THAT MRS THATCHER'S SPEECH SHOWED HER CAPABLE OF LYRICISM AND HUMOUR WHILE M BARRE'S, WHICH HAD THE EFFECT OF A COLD SHOWER, MADE ONE THINK OF BEGIN'S REPLY TO SADAT IN JERUSALEM. COMMENTING ON BRITISH JEALOUSY OF THE FRANCO-GERMAN PARTNERSHIP, HE IS STRUCK BY THE FACT THAT THE SUGGESTION OF A TREATY BASIS FOR FRANCO-BRITISH RELATIONS CAME FROM THE BRITISH RATHER THAN THE FRENCH SIDE, AND THAT IT WAS THE BRITISH WHO SPOKE MOST WARMLY OF EUROPE. HE ALSO NOTES THAT BRITAIN'S RELATIONSHIP WITH THE UNITED STATES CONTINUES TO WORRY THE FRENCH AND DOUBTS WHETHER THE FRANCO-BRITISH COOPERATION OVER DEFENCE THAT THE PRIME MINISTER SUGGESTED WILL MATURE EXCEPT OVER ARMS PRODUCTION. HE LISTS THE MORE PROMISING SPECIFIC FIELDS FOR COOPERATION IDENTIFIED BY THE CONFERENCE, CONCLUDING THAT IT REMAINED FOR GOVERNMENTS TO SHOW THAT THERE WAS THE NECESSARY WILL TO DO THESE THINGS.

5. THERE IS LIKELY TO BE MORE COVERAGE OF THE CONFERENCE IN THE WEEKLIES. THIS WILL BE REPORTED IN DUE COURSE.

HIBBERT.

FCO/WHITEHALL.

WED

[NOT ADVANCED]

2

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L'Entente cordiale tient bon...

A Paris, Margaret Thatcher et Giscard d'Estaing ont parlé des « grands problèmes »; à Bordeaux, Raymond Barre a abordé le contentieux sur la C.E.E.

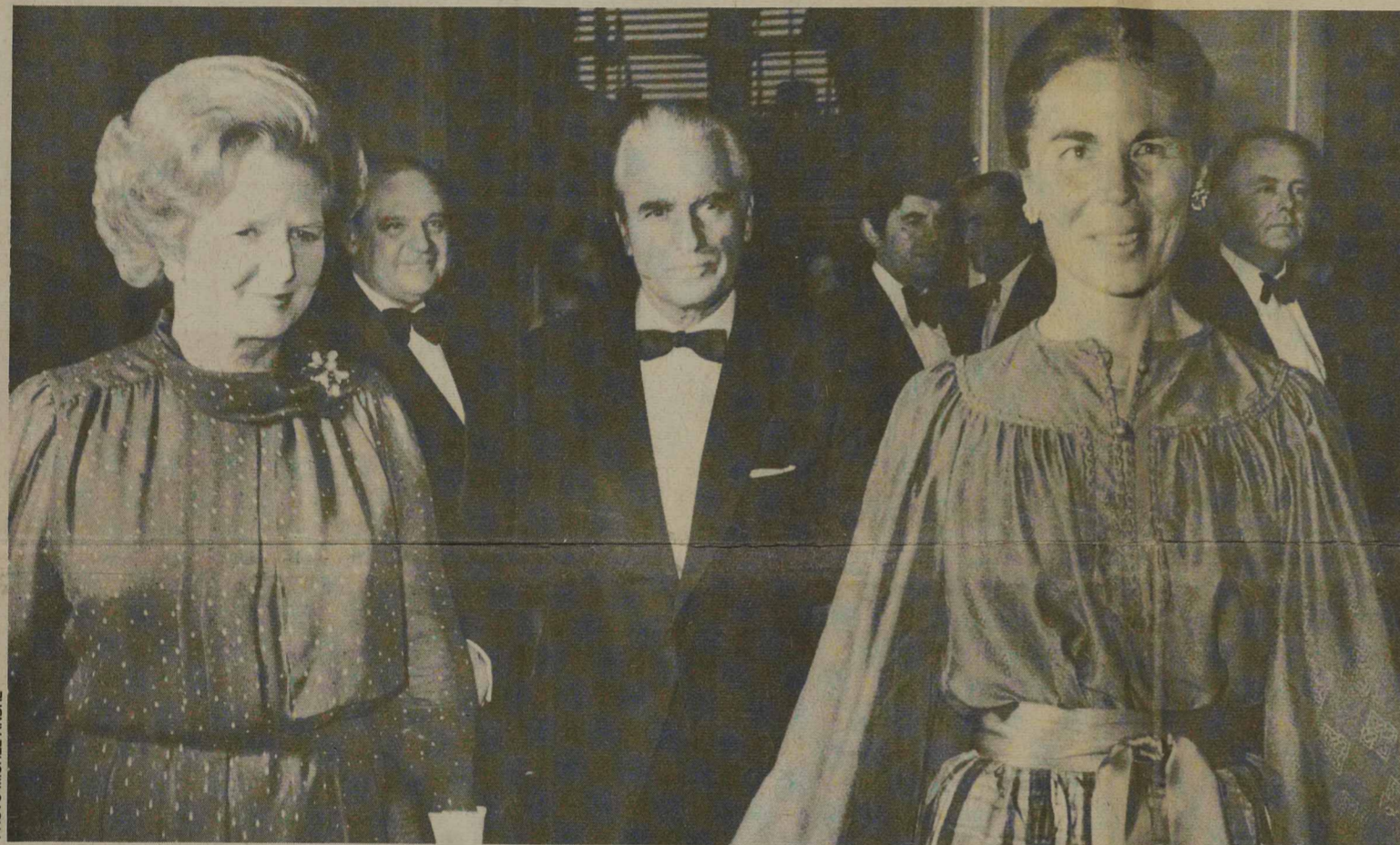


PHOTO MICHEL ANDRÉ



... mais
les problèmes
demeurent

A EN CROIRE M^{me} THATCHER ET M. GISCARD D'ESTAING à l'issue de leur entretien, les relations franco-anglaises seraient idylliques. « L'Entente cordiale est en bon état », a déclaré le premier ministre britannique. Le président de la République était apparemment tout aussi enclin à l'optimisme.

Sentiment qui n'était pas partagé par la presse britannique d'hier matin. Le « Daily Telegraph » reprochait aux Français « de faire de leur mieux pour rendre la vie difficile aux Anglais ». Selon le « Guardian », « le régime français, si arbitraire, si corrompu, est un obstacle à l'entente franco-britannique ».

La vérité se situe probablement entre les paroles sucrées des officiels et les imprécations des journaux anglais.

A Bordeaux, M^{me} Thatcher a parlé plus sérieusement des relations entre les deux pays. Elle n'a pas biffé les divergences inévitables et permanentes entre les vieilles nations voisines. Mais elle a rappelé que des différends qui sont dans l'ordre des choses ne doivent pas faire oublier que la coopération entre la France et la Grande-Bretagne, dans le cadre européen, est vitale pour elles.

Au cours de ce bref séjour chez nous, M^{me} Thatcher a souligné, à plusieurs reprises, son attachement à la Communauté.

Assurance opportune au moment où une grande partie de l'opinion outre-Marche s'interroge sur l'intérêt à rester dans le Marché commun. Mais, dans

son discours de Bordeaux, le premier ministre britannique a rappelé ses revendications tant en ce qui concerne un règlement durable de la contribution de son pays au budget communautaire qu'à propos de la réforme des structures de l'Europe verte.

M. Raymond Barre, dans son style habituel, a répliqué que tout en étant prête à des améliorations du système, la France était décidée à maintenir l'acquis communautaire. Il a rappelé sans trop de ménagements à son interlocutrice que l'Angleterre était un membre de fraîche date qui, en entrant dans le club européen, avait accepté ses règles et ses obligations.

Avec bon sens, ces problèmes ont été mis entre parenthèses lors du sommet, mais ils domineront les délibérations des Neuf. Dans les années prochaines. Peut-être, pour les résoudre, faudra-t-il inventer cette « Europe à géométrie variable », évoquée par M. Chaban-Delmas dans son allocution d'ouverture du colloque du Conseil franco-britannique, et qui tiendrait mieux compte des intérêts de chacun.

Ce sera l'affaire des Neuf et non des seuls Français et Anglais.

Ce qui n'empêchera pas ceux-ci de développer, espérons-le, leur coopération dans de nombreux domaines, par exemple la fabrication des armements, comme le propose judicieusement M^{me} Thatcher.

André Mannon.

LA RENCONTRE franco-britannique d'hier s'est déroulée en deux temps.

Premier temps, hier matin, à Paris, au palais de l'Élysée, où le président Giscard d'Estaing a reçu M^{me} Margaret Thatcher. Ce fut la matinée des fleurs, tout semblait aller pour le mieux entre les deux nations. « L'atmosphère a été très, très amicale tout au long et je pense que les relations franco-britanniques ont repris le cours qui doit être le leur », a notamment déclaré le premier ministre anglais à sa sortie de l'Élysée. On affichait la même satisfaction du côté français et M. Giscard d'Estaing a souligné que le sommet avait donné l'occasion « d'aller au fond des problèmes importants qui se posent aujourd'hui au monde et dans lequel la Grande-Bretagne et la France peuvent apporter ensemble des éléments de solution ».

Deuxième temps, hier soir, à Bordeaux, où M. Raymond Barre accueillait M^{me} Thatcher, en fin d'après-midi. Ce fut la soirée des épines. Dans le discours qu'il a prononcé lors du dîner à l'hôtel de ville, le premier ministre français n'a pas éludé le contentieux franco-britannique, surtout sensible au niveau de la politique agricole européenne. « La France est décidée à maintenir dans l'acquis communautaire la politique agricole commune. Nous sommes, a-t-il dit, tout prêts à en étudier l'amélioration mais nous resterons intransigeants sur ses principes fondamentaux ».

Alors que les deux chefs de gouvernement arrivaient à Bordeaux, une manifestation réunissant cinq mille personnes, selon les organisateurs (C.G.T., C.F.D.T., F.E.N. et P.C.), mille selon la police, se déroulait dans les rues de la ville. Malgré un imposant dispositif policier, aucun incident ne s'est produit.

Notre photo : Dans les salons de l'hôtel de ville, le maire de Bordeaux et M^{me} Chaban-Delmas accueillent le premier ministre britannique. Derrière, Raymond Barre.

(VOIR EN PAGE 2)

Chaude alerte aux Etats-Unis

Un Titan-II
explose
dans son silo

TROIS HEURES. Une violente explosion près de Damas (Arkansas) ébranle le sol, le ciel s'embrase, des débris incandescents allument des incendies dans la végétation alentour. Dans un des 54 silos en béton armé où les Etats-Unis gardent leurs missiles, Titan II vient d'exploser à la suite d'une fuite de carburant. Long de 30 mètres, avec 3 mètres de diamètre, ce missile balistique intercontinental est capable de porter la plus grosse bombe à hydrogène des U.S.A. à 10000 kilomètres avec une précision de 350 mètres. A Damas, le Strategic Air Command prétend que le missile portait une seule bombe nucléaire, qu'elle n'a pas explosé et qu'il

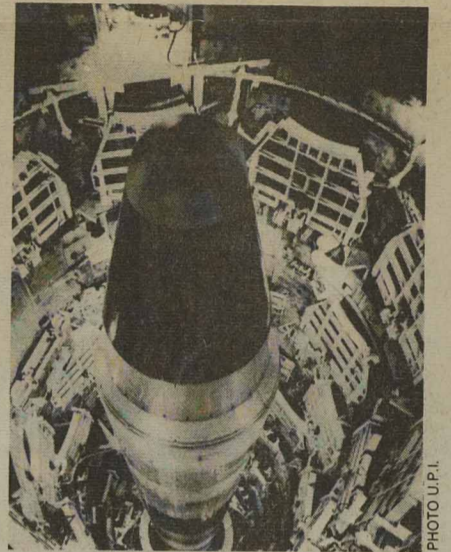


PHOTO U.P.I.

n'y a pas eu de radiations. Mais, 22 personnes ont été blessées et la région a été évacuée dans un rayon de huit kilomètres.

(VOIR EN PAGE 3)

Arnaud de Rosnay est revenu

« Je jure
sur l'honneur
n'avoir
jamais triché »

LA POLÉMIQUE autour de l'exploit d'Arnaud de Rosnay se poursuit. Accueilli, hier, à Orly avec des honneurs exceptionnels, l'irrépressible baron a refusé de dialoguer avec les deux véliphanistes marseillais qui, depuis une semaine, lui réclament des preuves concrètes. « Si, à la fin de la semaine, les soupçons qui pèsent sur moi ne sont pas levés, je quitterai définitivement la France », déclare de Rosnay.

« Il a le visage bien peu marqué pour quelqu'un qui vient de faire 900 kilomètres sous le soleil et dans le vent », rétorquent les deux autres. Affaire à suivre.

(VOIR EN PAGE 3)

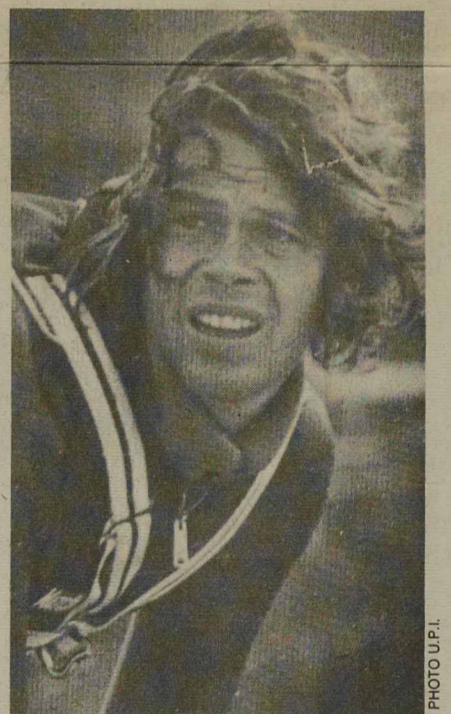
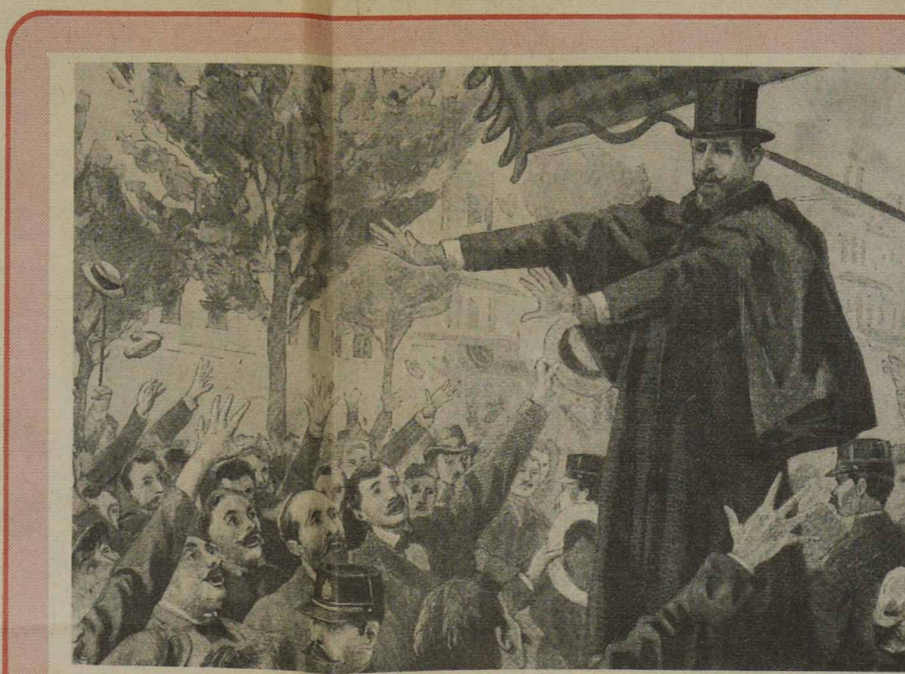


PHOTO U.P.I.

RENTES VIAGÈRES

LE GOUVERNEMENT a décidé un effort particulier pour les rentes viagères en 1981, année de l'élection présidentielle. En effet, les rentes constituées avant le 1^{er} janvier 1980 seront augmentées de 13,6 %, soit une progression plus forte que celle du coût de la vie.

La revalorisation sera même portée à 25 % pour les rentes constituées avant le 1^{er} août 1914 et entre le 1^{er} janvier 1939 et le 1^{er} décembre 1948; 30 % pour les rentes constituées entre le 1^{er} janvier 1926 et le 31 décembre 1938; 35 % pour les rentes constituées entre le 1^{er} janvier 1919 et le 31 décembre 1925 et, enfin, 50 % pour les rentes constituées entre le 1^{er} août 1914 et le 31 décembre 1918. Ces mesures, qui prendront effet à compter du 1^{er} janvier prochain, intéressent plus de 800 000 rentiers viagers.



Demain
dans SODimanche

Comment
fabrique-t-on
un homme
politique ?

Rugby et violence :
A. Ferrasse sans illusions

4

TOP SECRET AND PERSONAL

Prime Minister.

To see.

MR. WHITMORE

I think that providing the outstanding Community problems are cleared up satisfactorily at the forthcoming Aggravation and Foreign Affairs Council meetings, you should convene with

I enclose a copy of my note of my discussion with Jacques Wahl, the Secretary General at the Elysee, on 19th September. This was an essentially private and informal discussion, and I should be grateful if the note could be given only a strictly limited circulation.

2. There is one point under "bilateral co-operation" (see Section (5)) which I have not mentioned in the note. On this point Monsieur Wahl said that France and Britain were the only two nuclear powers in Europe. We had decided to go for Trident as the next generation of our nuclear deterrent, for reasons which the French Government well understood: this no doubt excluded co-operation on systems, but there might be scope for co-operation on associated matters. Monsieur Wahl suggested nuclear reprocessing plants; I said that, if this subject came up in the Prime Minister's talks with the President of the Republic, I thought that she would express readiness to see discussions of the possibility of co-operation or consultation on deployment and targeting.

3. I am sending copies of this minute and of the note to George Walden, Brian Norbury, Michael Palliser and Frank Cooper.

(Robert Armstrong)

22nd September 1980

had Corrigan and other colleagues whether you want to take new and positive steps to improve Anglo-French relations and if so, what these steps should be.

AWH.

23ix.

NOTE FOR RECORD

On the morning of Friday, 19th September, 1980, I spent an hour with Monsieur Jacques Wahl, the Secretary General of the Presidency of the French Republic, while the Prime Minister was talking to the President of the Republic. The following were the main points made by Monsieur Wahl.

- (1) The President would in effect be proposing to the Prime Minister that they should put behind them the differences that had disrupted Franco-Britannic relations in recent months and make a new start: put those relations on a better and more normal footing. I said that I knew that the Prime Minister would welcome this, and respond positively.
- (2) France was keen to be as close to Britain, and to work as closely with Britain, as she was with the Federal Republic of Germany. The Franco-German entente was of course indispensable to the cohesion of Europe, but neither of them wanted it to be exclusive: they wanted Britain to be in it, and each would like the same sort of relationship with Britain as they had with each other. The President of the Republic felt that he had offered this to the Prime Minister at an earlier time, but the offer had not been taken up. I said that Britain also wished to work closely with France and the Federal Republic, both inside the Community and more widely; I hoped that this would become easier to achieve, now that the Community problems resolved by the Agreement of 30th May had been settled. Perhaps we should consider meetings of the President, the Prime Minister and the Federal Chancellor, though it was necessary to have regard to the susceptibilities of other members of the Community.
- (3) The French Government had felt that the British Government was inclined to be too starkly pro-American and anti-Soviet, and to follow the sometimes inconsistent and inconstant vagaries of American policy-making too closely. Even when Britain consulted France and Germany, it sometimes seemed as if the object was not to define a European position but to bring pressure or influence to bear on the Americans. The French and the Germans saw a need, imposed by history and geography, for Europe to define its own political position.

PERSONAL AND CONFIDENTIAL

This did not mean that the French position and perception was ^{exactly} the same as the German position, which was affected by its closeness to Eastern Europe and the division of the two Germanies. Nor did it mean that the French were anti-American. On the contrary, the President of the Republic had always been an Atlanticist and he himself was perhaps the most American-orientated person to hold the office of Secretary General of the Presidency. They knew that France was dependent on the United States. A Gaullist had recently said to him that the correct Gaullist line was to support the United States to the hilt when the United States was weak and uncertain; it was only when the United States was strong and positive that France enjoyed real freedom to differ ^{from her}.

- (4) The President would like to see another Guadeloupe-type quadrilateral meeting. He had taken the initiative for Guadeloupe, and had been much criticised by the Russians for doing so. The President thought that it had been very valuable, and had hoped that President Carter would call another like it. Mr. Carter had not done so, but the President of the Republic still thought that another such meeting would be valuable, though it was not for him to call it this time. The clear implication was that we should consider doing so - though obviously not until after the American Presidential election.
- (5) We needed to find new fields and projects for bilateral co-operation: the existing generation of projects was nearly complete. Monsieur Wahl thought that there were possibilities for a joint military aircraft project. I suggested that, now that we had decided to go for the Challenger in place of the MBT 80, our need for a next-generation tank would more or less coincide with theirs. Monsieur Wahl doubted whether there would be scope for Anglo-French co-operation on this: the French were committed to a project with the Germans, and it would not be desirable to reopen this for fear of reopening the field to the activities of pressure groups for alternative solutions.

PERSONAL AND CONFIDENTIAL

- (6) Monsieur Wahl said that one possible field for co-operation which we should consider - though he had not discussed this with the President yet - was that of the communications media. If it were possible to develop joint or shared ventures in this field - exchanges of radio and television programmes, for instance, or exchanges of journalists, the French and British perceptions of each other might be significantly improved.

RH

22nd September 1980

GRS 350
UNCLASSIFIED
FM PARIS 201100Z SEP 80
TO PRIORITY FCO
TELEGRAM NUMBER 815 OF 20 SEPTEMBER 1980
INFO ROUTINE UKREP BRUSSELS BONN AND WASHINGTON
INFO SAVING TO BRUSSELS COPENHAGEN DUBLIN THE HAGUE LUXEMBOURG
ROME AND UKDEL NATO

ANGLO-FRENCH SUMMIT, 19 SEPTEMBER: FRENCH PRESS REACTIONS

1. THE PRIME MINISTER'S PHRASE "THE ENTENTE CORDIALE IS IN GOOD HEART" IS EVERYWHERE GIVEN PROMINENCE IN TODAY'S FRENCH PRESS ACCOUNTS OF THE SUMMIT MEETING. THE HEADLINES ARE WARM IN TONE: "FRANCO-BRITISH THAW" (LE FIGARO, RIGHT WING); "DEFENCE: FRANCO-BRITISH POLE OF UNDERSTANDING" (LE MATIN, SOCIALIST); "A CORDIAL AND TACTICAL UNDERSTANDING" (LE QUOTIDIEN, (LEFT OF CENTRE). THE PRIME MINISTER IS DESCRIBED AS "A CONVINCED EUROPEAN" (LE MATIN). THE GENERAL FEELING IS THAT BOTH SIDES HAD MUCH TO GAIN FROM AN IMPROVEMENT IN RELATIONS AT THE PRESENT MOMENT. LE FIGARO'S FRONT PAGE CARTOON HAS GISCARD READING FROM AN ENGLISH GRAMMAR "THE PEN OF MY DETENTE..." WHICH IS TAKEN UP BY MRS THATCHER, CARRYING A PICTURE OF UNCLE SAM, "...IS LIGHTER THAN THE WEIGHT OF MY UNCLE".
2. LE FIGARO DRAWS ATTENTION TO THE FACT THAT DIFFICULTIES STILL EXIST BY LISTING THE POINTS OF CONTENTION WITHIN THE EC. HOWEVER, THE PRESS GENERALLY REPORTS ON COMMUNITY ASPECTS OF THE DISCUSSIONS IN A BALANCED WAY. LE FIGARO QUOTES M. LE THEULE AS SAYING THAT PROGRESS IS BEING MADE ON BOTH LAMB AND FISHERIES AND LE MATIN ADDS THAT PRESIDENT GISCARD, FOR HIS PART, "DID NOT SEEM DISSATISFIED WITH THE COURSE THE CONVERSATIONS TOOK".
3. ONLY LE MATIN REPORTS ON THE PRIME MINISTER'S BORDEAUX SPEECH IN ANY DETAIL, EMPHASISING THE DEFENCE POINT: "MARGARET THATCHER ANNOUNCED LAST NIGHT AT BORDEAUX THAT BRITAIN WAS READY AT ANY TIME TO DEVELOP FULLER AND CLOSER COOPERATION WITH FRANCE OVER DEFENCE MATTERS". JEAN-LOUIS ARNAUD'S COMMENT CONCLUDES "IT IS PERHAPS IN THIS PROMISE, IF IT IS FOLLOWED BY RESULTS, THAT ONE MUST SEEK AT THE PRESENT MOMENT THE BASIS FOR A GENUINE RAPPROCHEMENT BETWEEN FRANCE AND BRITAIN". HENRI DE KERGOYAN IN LE FIGARO ALSO QUOTES THE PRIME MINISTER'S OFFER OF "FULLER AND CLOSER COOPERATION" (OMITTING SPECIFIC REFERENCE TO DEFENCE) AND ADDS "THERE IS A BRITISH OVERTURE THAT WILL NOT FAIL TO BE NOTED IN PARIS".

FCO PSE PASS TO ALL SAVING ADDRESSEES

HIBBERT

FCO/WHITEHALL
WED

[REPEATED AS REQUESTED]

THIS TELEGRAM
WAS NOT
ADVANCED

SECRET



3

10 DOWNING STREET

From the Private Secretary

20 September, 1980.

Dear Gurge,

I enclose a copy of the record of the discussion between the Prime Minister and President Giscard in Paris yesterday. I should be grateful if this record could be given a very limited distribution.

I am sending a copy of this letter and its enclosure to David Wright (Cabinet Office), and with copies of the part of the record dealing with Community affairs to John Wiggins (HM Treasury), Garth Waters (Ministry of Agriculture, Fisheries and Food), Ian Ellison (Department of Industry), Stuart Hampson (Department of Trade), and Jim Buckley (Lord President's Office).

Yours truly

Michael Alexander

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

SECRET

SP



Michael for Hunt

12 2/5

NOTE OF A MEETING AT THE MINISTRY OF THE ECONOMY, PARIS ON
FRIDAY, 19 SEPTEMBER, 1980 AT 10.00 A.M.

Present:

- M. Rene Monory, Minister of the Economy (in the chair)
- M. Haberer
- M. Rigaud

- Chancellor of the Exchequer
Sir Kenneth Couzens

- Mr. L.V. Appleyard (British Embassy, Paris)

CHANCELLOR'S DISCUSSION WITH FRENCH MINISTER OF THE ECONOMY

Monory welcomed the Chancellor, referring to the increasingly important role the UK was playing in Europe, and to the desirability of good understanding between the British and French Governments. He was glad to have the opportunity of an exchange of views at a time when there were not too many pressing bilateral questions; in particular, he was interested in the courageous economic policy the British Government were pursuing, and in the Chancellor's reactions to the present strength of the pound sterling.

2. The Chancellor said he was glad of the opportunity to talk about longer term questions; he thought it would be worth devoting some attention to policy in the aid field (including the role of the international financial institutions) and to evolution of the European Community Budget. On aid, he thought the most important objective was to provide more effective help for the very poor; and he accepted that the role of Governments in this was irreplaceable. But he was struck by the increasing share of the private sector in the flow of resources of developing countries during the 1970s; this was a healthy and natural development, and helped to avoid undue emphasis on the



creation of an "international tax system". During the 1970s private flows to the developing countries from France, Germany and Italy had doubled as a proportion of GDP, while those from the UK had quadrupled. The transfer of resources through this mechanism avoided the political problems of financing aid through national budgets, and also offered some prospect that the resources so transferred would contribute to more effective development.

3. Monory was more preoccupied by the failure of private resources to flow to the poorest countries. The forty worst off countries had experienced an actual economic regression in recent years, and clearly needed more official aid. In particular it was desirable to support investments which would not pay off for many years, for example the improvement of communications for backward land-locked countries. In each case he wanted to look for the key to a radical improvement, whether this was the development of agriculture, or the exploitation of mineral deposits, or the installation of communications to the sea. Nevertheless he agreed that there was no particular advantage in concentrating aid flows through Governments (étatiser). The Chancellor remarked that even the poorest countries should not do anything to discourage flows of private sector resources; this was a lesson which a number of countries like Sri Lanka and Mozambique were now learning. And even China was showing increasing interest in the development of aspects of the market economy, like workers' participation in the profits of their enterprises.

4. Haberer noted that the French Government were intending to increase the size of their official aid flows. Public finance was essential for the development of infrastructures, while efforts needed to be made to reduce the extent to which aid flows from the industrial countries fell off during periods of recession when the need for them was greatest. The Chancellor pointed out that total public expenditure in the UK was now planned to fall somewhat in real terms; within this declining total it had been necessary to prevent further growth in the aid programme which



had been increasing at 6 per cent a year. However, this was a levelling off, rather than an actual cut-back. Meanwhile it was desirable to encourage developing countries to take every opportunity to secure flows of private resources, which now made up about two thirds of the total flows from the OECD area to the developing countries. Efforts would be needed to help the international banking system to play its proper role in this task. Haberer pointed out the possible difficulty that some developing countries might be induced to borrow too much; inflation meant that the banks had plenty of money to lend, but too much reliance on loans could produce "disorder" (like that in Turkey, Zaïre and perhaps in Brazil).

5. The Chancellor referred to the need for OECD countries to keep effective control of the international financial institutions, and prevent them from being turned into organs of taxation which the industrial countries would be obliged to pay. He and Monory agreed that it was misleading to divide the world into "North" and "South"; Monory preferred to think of a "trilogue".

The Economic Conjuncture

6. The Chancellor noted that the imbalances in the UK economy had been exacerbated by the international recession; but at the same time these international pressures provided a discipline which could help to achieve necessary changes in economic behaviour. He had found it very hard to restrain the burden of public spending, and the re-structuring of older industries (notably steel) was proving very expensive. Meanwhile the private sector complained of having to bear too much of the burden through high taxation and a high exchange rate. The Government saw no reason to change their medium-term approach of mastering inflation through monetary control - rather they needed to intensify their efforts. It was essential to reduce people's expectations and aspirations for higher real earnings, especially in the public sector; given that manufacturing would be obliged to hold pay increases to, say, 8 per cent over the coming year, a prolonged battle would be needed to achieve a comparable outcome



in the public sector. Despite present difficulties, the Chancellor was confident that substantial changes should be visible in the structure of the UK economy within two to three years; and the rate of inflation was already improving quite rapidly, partly as a result of the high exchange rate.

7. Monory noted that France was expecting to get her inflation rate down to 13 per cent by the end of the year, and then to about 12 per cent early in 1981. The hope was to get inflation down to about 10 per cent by the end of 1981. Whereas 1979 had been a relatively good year for industry, some sectors were now encountering serious difficulties, partly as a result of their previous failure to achieve necessary changes. Only a fairly small current account deficit (about 25 billion French francs) was expected for 1980, and this was helping to strengthen the franc and restrain inflation. Meanwhile the Government deficit was being financed without recourse to the banks; the bond market was strong, and monetary growth should be less than inflation. Unemployment, however, remained a problem; 1.4 million people were now out of work, and with rapid growth expected in the labour force over the next four years, the difficulties were likely to continue.

8. The Chancellor remarked that the UK also was experiencing large increases in the labour force in 1980 and 1981; unemployment was now above 2 million, and was unlikely to fall for a considerable period - indeed in the short run it was likely to get higher. But this high unemployment nevertheless coincided in particular areas with substantial employment vacancies - unemployment benefit at too high a level in relation to wages apparently reduced people's willingness to take less attractive jobs. The problem was to find a way of sharpening incentives to take employment without at the same time being unfair to workers in declining industries.

9. Monory asked about the impact of North Sea oil in putting up the exchange rate. The Chancellor said the present exchange



rate was due in part to the high interest rates required for the purposes of monetary control; in part to business confidence in the Government's policies; and in part to North Sea oil. The Government could not alter the state of confidence of the fact of North Sea oil, and there were bound to be problems for producers of tradeable goods and services as a result of the stronger real exchange rate. Altogether the present situation increased the need for substantial change in UK industrial performance. Meanwhile the instability of the world economy made it hard to lock sterling into an exchange rate parity with other European currencies. This was a reflection of the fact that sterling tended to move in the opposite direction to other hard currencies when oil prices changed; if oil prices increased, sterling strengthened relative to European currencies, while if oil prices fell, the movement was reversed. Although there had originally been UK worries about joining EMS, on the ground that the exchange rate for sterling would be pulled up by that for the DM, in practice sterling, if it had been a member of the EMS, would have proved a great embarrassment through its strength.

10. Sir Kenneth Couzens noted that the UK current balance and inflation prospect were not only improving because of North Sea oil, where output had generally lagged behind previous expectations. But the observe of the improvement was the sharp rise in unemployment which had followed the run-down of stocks. The question now was how far consumption would fall, so reinforcing the recession. The monetary target was far below the rate of inflation, and although it now appeared that the target could well be exceeded, monetary growth would still be well below the rate of inflation - and this factor had been important in producing the squeeze on stocks. The fall in stocks and in output had in turn been reflected in lower imports. In general the UK approach to the exchange rate was much like that of M. Barre; industry had to adapt to the exchange rate, rather than the exchange rate to the needs of industry. There was a fair chance



that the increase in unemployment would be associated with a significant improvement in productivity enforced by the high exchange rate - there had been a big change in the industrial climate, and this should sharpen the competitiveness of UK industry in the eventual world recovery. Unemployment had attracted less public concern than might have been expected in the past, and it was probably a price worth paying to achieve greater productivity and competitiveness. Effective control of public sector pay was a key ingredient in securing these desirable developments.

Problems of Mediterranean countries

11. Monory mentioned the need for a common attitude to the problems of Turkey and Yugoslavia. The Chancellor noted that the UK had co-operated in international efforts to help Turkey, subject to the overall limits on UK resources. But there was inevitably difficulty in reconciling bids for additional bilateral aid with commitments to the multilateral institutions. Monory thought more would have to be done for Turkey, and the Chancellor noted that if the army followed sensible policies, Turkey's claim to help would be strengthened. Haberer recalled de Gaulle's judgement on Turkey in 1968 - "la Turquie, c'est une armee et une dette".

12. So far as Portugal was concerned, Monory thought it important not to limit the European Investment Bank's (EIB) capacity to lend outside the Community. France had therefore proposed that pre-accession assistance to Portugal should be half in the form of aid and half in the form of EIB loans, and had suggested a figure of 115 MUA for the EIB contribution. The Chancellor explained that the UK favoured a larger contribution from the EIB, both because of the limits on total UK funds available for aid and because there was a better prospect of EIB money being spent on desirable projects. Haberer was concerned that nothing should be done to upset the operation of the EIB, which of all EC institutions worked the best. He was concerned that the French



Foreign Ministry were inclined to see the EIB as a black box which produced money painlessly - but in practice the EIB had to raise its money in the markets and maintain the highest credit rating. All its borrowers were already in current deficit, and if more EIB funds were advanced for Portugal, additional claims could be expected from Spain and Greece. (It was noted in further discussion that this objection to additional EIB loans to Portugal applied also to additional aid.)

Restructuring the European Community Budget

13. The Chancellor noted that Government expenditure as a proportion of GDP had a tendency to rise in every country. The present 1 per cent VAT ceiling was a help in containing EC expenditure, but the problem of the differential increase in agricultural expenditure as compared with the rest of EC expenditure meant that there would at some point be a collision with the ceiling. Sir Kenneth Couzens commented that it was just possible we might get through 1981; the VAT rate in the draft Budget was 0.95 per cent. But we should have to face up the problem of an irresistible force (agricultural expenditure) meeting an immovable object (the VAT ceiling). The Chancellor pointed to the need to design a system of agricultural support which did not generate limitless surpluses; could any use be made of the concept of "standard quantities"? It was essential to find a durable system in which agricultural expenditure did not grow faster than own resources receipts (i.e. about 8 to 11 per cent a year) if the 1 per cent ceiling were to be maintained.

14. Monory stated the French determination to maintain both the VAT ceiling and the integrity of the Common Agricultural Policy. He accepted the Chancellor's overall objective; but he was concerned that some French regions (notably the Loire Valley) would be hard hit by imports of Spanish and Portuguese agricultural produce when the Community was enlarged - indeed, there were already very substantial problems during 1980.



There was a need to discourage surpluses, but small farmers would need different treatment from the very large producers. Whereas large scale French cereal producers could prosper at present world prices, the smaller farmers in his constituency (with holdings of 150 acres or less) could not do so. Trying to move such farmers off the land too quickly would impose heavy costs in the national budget, and would be politically unacceptable. Some way had to be found to stop large agri-business cashing in on Community help given to smaller farmers. Monory - unlike the UK - did not rule out the use of co-responsibility levies to restrain milk production, but he insisted that the main culprits in the production of the milk surpluses were Dutch rather than French farmers. He admitted he was personally very concerned about sales of Community butter to Russia, with a cut going to the French Communist Party; it would be much better if EC consumers were enabled to buy more.

15. The Chancellor recognised the strong social case for effective support for small farming; it was equally important to help small farming in rural Wales, where such farms were the backbone of the local community. He saw a large measure of agreement of the two countries' objectives for the reform of the CAP, and suggested that possible steps might be further explored in discussions between officials of the Treasury and the Ministry of the Economy.

Article 235

16. The Chancellor pointed to the need to get the Article 235 arrangement settled quickly; it was undesirable for them to be linked with other extraneous issues. Monory noted that the last obstacles to completion of the arrangements were in process of being removed. He referred to the German budgetary problem, and to a possible "calender problem" in 1981 arising out of the agricultural price review in relation to French political developments. Rigaud noted that the outstanding issues were the type of majority required and the duration of programme



approvals. The Chancellor observed that the outcome of any linkage between this issue and agriculture was very problematical, and urged that a final settlement be reached at the Foreign Affairs Council on 7 October.

17. The discussion concluded at 11.50 a.m.

JW

(A.J. WIGGINS)

22 September 1980

Distribution

Financial Secretary
Sir Kenneth Couzens
Mr. Hancock
Mrs. Hedley-Miller
Mr. Ashford
Mr. Edwards
Mr. D.F. Roberts
Mr. M. Alexander - No.10
PS/Lord Privy Seal
PS/Secretary of State for Trade
Mr. L.V. Appleyard (British Embassy, Paris)

2 SEP 1960



SPEECH DELIVERED BY MR. RAYMOND BARRE
PRIME MINISTER OF THE FRENCH REPUBLIC
FOR THE INAUGURATION
OF THE FRANCO-BRITISH CONFERENCE AT BORDEAUX

19 September 1980

Prime Minister,
Your Worship the Mayor,
Ladies and Gentlemen,

The city of Bordeaux, which has from time immemorial, and in varying circumstances, constituted a pre-eminent meeting point between Great Britain and France, this year welcomes the Conference held under the auspices of the Franco-British Council.

I wish to thank you, Prime Minister, for demonstrating the importance that you attach to this Conference by agreeing to come and preside over its inaugural session. All Frenchmen attached to the harmonious development of relations between Great Britain and their country are sensitive to your presence. They are keen observers of the vigorous efforts mounted by your Government to overcome the grave difficulties and to solve the problems besetting Great Britain. They admire your determination and your tenacity. I act as their spokesman in wishing you complete success, both because they regard Great Britain with esteem and respect, and because they know very well that, in the troubled world in which we live, the difficulties faced by some of us sooner or later have repercussions on the situations of others; a happy marriage of self-interest and national sentiment.

I greet the British and French personalities participating in this Conference with the intention of analyzing Franco-British relations in their many aspects: political, economic, social and cultural.

I can hardly think of a finer opportunity to reflect as objectively as possible on the present state of these relations, French cartesianism combined with British pragmatism, in order to devise the means for their intensification.

Between Great Britain and France there exist agreements and also - why not admit it - differences.

No-one will deny that on the essential point of European construction, differences have outweighed agreements in recent years. This is in no way surprising. Every country must defend its own interests. Furthermore, Britain is an island as Michelet remarked, and France belongs to the Continent. But to depart from the judgement of a French historian, I shall recall Bolingbroke's advice to his compatriots: "We must always remember that we are neighbours, but not part of the Continent." The British are faithful to his spirit, and I have always believed it wise to discard the illusion that they would change their minds easily.

Thirty years ago, we undertook to commit Western Europe to forging its unity, its prosperity and its independence. We did this with the Federal Republic of Germany. Despite conflicts and wars, France and Germany have long pursued the great dream of a united Europe, which was realized in their history by the Roman Empire, Christianity and Charlemagne. On the morrow of the most shattering disaster ever to befall Western Europe, these two countries understood that instead of taking the path of domination, it would be wiser to select that of entente and cooperation, placing their efforts, their traditions and their genius in the service of European unification.

Your illustrious predecessor, Winston Churchill, encouraged them in this with a vision of history that was his own, but felt that it would be better for the British ship of State to head for the open sea rather than to seek its moorings on the Continent. The British supported his view for a long time, and many of us have regretted this.

Much later, the British Government, and then the British people, decided that their country should join the nations which, on the Continent, had established an industrial and agricultural Common Market, had begun to organize their monetary relations to turn the Community into a zone of stability, had intensified their industrial cooperation, particularly in areas of sophisticated technology, had made major resources available to developing countries, and had laid the foundations of a political cooperation enabling the Community to speak with an influential voice in the concert of international relations.

Our success drew you closer and we heartily welcomed you to our club, whose rules and obligations you have freely accepted. France knows that they are strict and exigent. In 1958, the enemies of European construction in my country denounced the risks of this leap into the unknown.

For its part, France has fulfilled all its commitments: to those who stress today the advantages accruing to its agriculture from the Common Market, I shall merely recall the efforts made by our industry, and our entire country, to make a break with powerful protectionism and to accept competition. The task was arduous, but we have been rewarded.

Naturally, we have passed through difficult times, like our partners. These times enabled us to gauge the meaning of Community solidarity. The Treaty of Rome introduced the concept of "mutual assistance" in Community relations, thanks to which a country receives from its partners the assistance to help it overcome its difficulties in observing the

principles and rules of the Treaty. It is in this spirit that Britain's partners agreed last May to the considerable alleviation of its contribution to the Community budget. France, for its part, financed a third of this.

But in accordance with Community tradition, we are determined to maintain what may be called the Community accomplishment, and as part of this, the common farm policy. We are obviously ever ready to examine improvements, but we shall never compromise its basic principles: market and price unity, financial solidarity, Community preference. I have heard it stated here and there that this policy is absurd. I am inclined to answer with the wisdom of Lord Balfour: "It is better to do an absurd thing, which has always been done, than a wise thing which has never been done." But is it really so absurd for the countries of the Community to wish to safeguard the resources bestowed on them by their agriculture, and which guarantee secure farm supplies to their populations, whereas they suffer cruelly from the lack of other resources of the soil and subsoil, whose producers know how to make the most of this, if need be by abusing economic leverage conferred by a monopoly?

But the Community is more, much more than just agriculture. The Community is caricatured by harping on its agricultural rôle and action alone. Which among the founder countries can gainsay the boosted economic growth, social progress, and the world influence which it has derived? But the Community is perhaps above all a system of links of all types patiently woven, to which each partner adds its share in accordance with its individual personality and that of the others. This has enabled the Community to withstand all assaults from outside and all its internal crises. It will enable it to consolidate and assert itself in the future. France, for its part, considers the European policy as a basic dimension of its domestic and international policy. France shall endeavour to further this construction and hopes that all present and future member States of the Community will

contribute to its progress, without, however, being forced to participate in it at the same time and in the same manner.

In this European assembly which is being organized, France and Great Britain appear with common features.

Both our countries have a common experience derived from the fact that they are the West's oldest nation States.

They are both devoted to democracy and to the spiritual and moral values of our civilization.

In Europe, they are the only two nations boasting a complete range of nuclear capacities, strategic nuclear force, land forces, air and naval forces, with which they guarantee their defence in faithfulness to their alliances, while on the international level, they share the responsibility for the maintenance of peace with the other permanent members of the Security Council.

As rejection of the two-bloc world becomes more widespread, as the Third World assumes an increasingly important position in the international arena, a vast field of action is open to our two countries, which have been associated at some time or other in their history with more than half of all developing nations.

In Africa, France and Great Britain have a network of solid friendships and old experience. Very recently, in settling the delicate Rhodesian situation, Lord Carrington and Lord Soames provided striking proof of Britain's diplomatic acumen.

In the Middle East, our two countries can help considerably in advancing an overall and balanced settlement, so necessary for the restoration of peace in this region.

In the present economic difficulties, stronger cooperation of our research workers and our industries can ensure cross-fertilization designed to increase our respective competitiveness.

Finally, Franco-British relations have a cultural dimension which we must try to enhance. Our languages have a universal calling and can help achieve greater understanding between peoples, for their cultural enrichment, and for a productive dialogue between nations.

Through the centuries, our two nations have passed through long and difficult ordeals.

Together, they have imparted to the world the ideals of liberty, and, when these ideals were threatened, defended them at the cost of tremendous sacrifices.

They have striven to build a society based on individual dignity and responsibility. In this respect, I shall repeat the words used by Voltaire to describe your country, of which he was a great admirer: "It is a country in which the arts are all honoured and rewarded, where there are differences between conditions, but no difference between men other than that of merit."

France and Great Britain know that beyond the differences arising from their geographic situation, their history and their own interests, they have always belonged on the side of freedom.

In the dark days in which Free France, resisting and fighting, stood at the side of Great Britain, the lone defender of the world's freedom, General de Gaulle declared at Oxford on 25 November 1941: "Great peoples such as ours have great duties to the future."

May this deep conviction inspire your work and, thanks to a better knowledge of our differences, engender a level of cooperation which is in the interests of each of our two countries, of the Europe which we are building together, and of the world which we want to be peaceful and fraternal.

Prime Minister, Your Worship the Mayor, Ladies and Gentlemen, I propose a toast to Her Majesty Queen Elizabeth II, and to the prosperity of the British people.

19 September 1980

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TO IMMEDIATE FCO
TELEGRAM NUMBER 814 OF 19 SEPTEMBER 1980
AND TO IMMEDIATE BORDEAUX

ANGLO-FRENCH SUMMIT, 19 SEPTEMBER: BRIEFING OF BRITISH AND US
PRESS

1. FOLLOWING IS THE TRANSCRIPT OF THE PRIME MINISTER'S BRIEFING
OF THE BRITISH AND US PRESS AT THE EMBASSY THIS AFTERNOON:

NOW GENTLEMEN AND LADIES, YOU WERE PROBABLY IN THE VERY HOT PRESS
CONFERENCE WE'VE JUST COME FROM AND YOU PROBABLY HEARD THE GENERAL
STATEMENTS. YOU CAN SEE THERE ARE FOUR OF US OVER HERE. TODAY WAS
DIVIDED UP IN THE FOLLOWING WAY. I HAD QUITE A LONG TETE-A-TETE
WITH PRESIDENT GISCARD FIRST, ABOUT AN HOUR AND A HALF, AND THEN
THE FOREIGN MINISTERS JOINED US AND WE HAD A LARGER DISCUSSION ABOUT
WORLD AFFAIRS AND THEN I WENT AND HAD QUITE A LONG TALK WITH
M. RAYMOND BARRE PARTLY ABOUT COMMUNITY MATTERS AND ALSO ABOUT
THE ECONOMY. THEN WE HAD LUNCH TOGETHER, CONSISTING OF ALL THE
MINISTERS AND THEN WE HAD A WIDER PLENARY SESSION THIS AFTERNOON
IN WHICH EACH GROUP OF MINISTERS WHO HAD IN FACT BEEN CONSULTING
WITH THEIR OPPOSITE NUMBERS THIS MORNING REPORTED TO THE PLENARY
EXACTLY WHAT CONVERSATIONS THEY HAD HAD. THE ATMOSPHERE AS YOU
HAVE PROBABLY GATHERED WAS VERY VERY FRIENDLY THROUGHOUT AND I FEEL
THAT ANGLO-FRENCH RELATIONS ARE BACK ON COURSE AS THEY SHOULD
BE. THAT'S WHY I SAID THE ENTENTE CORDIALE WAS IN GOOD HEART
WHICH I UNDERSTAND WAS TRANSLATED AS BEING IN GOOD SHAPE - THE
HEART IS MORE IMPORTANT THAN THE SHAPE.

NOW, I THINK IT WOULD BE BEST IF YOU IN FACT ASKED ME QUESTIONS
OR ANY OF THE MINISTERS PRESENT QUESTIONS AND WE'LL DO OUR BEST
TO ANSWER THEM.

1. QUESTION: ANN SINGTON ((SUNDAY TELEGRAPH))

PRESIDENT GISCARD EXPRESSED HIS APPRECIATION OF THE FACT THAT
GREAT BRITAIN HAD EXPRESSED ITS INTENTION TO FULFIL ALL THE PROMISES
REACHED LAST SPRING. COULD YOU LIST THOSE PROMISES?

PRIME MINISTER: WELL BRITAIN USUALLY DOES. WE'RE READY TO IMPLEMENT
THE SHEEP MEAT AGREEMENT AND I VERY MUCH HOPE THAT THAT WILL BE
IMPLEMENTED TO COME INTO EFFECT BY OCTOBER 15. WE'RE MAKING GOOD
PROGRESS ON THE FISHERIES AGREEMENT. THE FINANCIAL AGREEMENT, I
BELIEVE, HAS ONLY A PROCEDURAL MATTER TO BE COMPLETED BEFORE THAT
IS IMPLEMENTED. THAT OF COURSE TAKES EFFECT FOR THE YEAR, CURRENT
YEAR OF 1980, ALTHOUGH WE EXPECT A GREATER PART OF THE SURPLUS
CONTRIBUTIONS TO BE RETURNED BETWEEN JANUARY AND MARCH 1981.
I THINK THAT WAS ALL. THOSE WERE THE THINGS AND OF COURSE THE

/AGRICULTURE

AGRICULTURAL PRICE SETTLEMENT WAS IMPLEMENTED. THAT WAS THE FULL PACKAGE OF THINGS WHICH WERE AGREED UPON BUT WE SHALL PROCEED IN PARALLEL ON EACH OF THOSE THINGS, THEY WEREN'T LINKED WITH ONE ANOTHER BUT WE SHALL PROCEED IN PARALLEL TO IMPLEMENT THE SEVERAL AGREEMENTS ARRIVED AT.

3. QUESTION: RICHARD BATH (IRN):

CAN YOU TELL US MORE ABOUT THIS SUDDEN THAWING IN RELATIONS?

PRIME MINISTER: WHAT'S WRONG WITH IT?

RICHARD BATH: WHAT'S BROUGHT IT ABOUT?

PRIME MINISTER: I THINK THAT SEVERAL AGREEMENTS WE REACHED IN MAY AND THE FACT THEREFORE THAT ANY DIFFICULTIES BETWEEN US REALLY HAVE BASICALLY BEEN REMOVED SO WE REVERT TO NORMAL ANGLO-FRENCH RELATIONS. BUT WE HAVE A GREAT DEAL IN COMMON - THE ECONOMIES ARE SIMILAR, THE ECONOMIC POLICY BEING PURSUED IN FRANCE IS VERY SIMILAR TO THAT BEING PURSUED IN BRITAIN AND THE BASIC PHILOSOPHY IS SIMILAR. WE HAVE BOTH BEEN WORLD POWERS AND IT REALLY DOES MAKE A DIFFERENCE IF YOU BOTH HAVE EXPERIENCE OF BEING A WORLD POWER. IT JUST GIVES YOU A WIDER HORIZON THAN IF YOU HAVEN'T, IT ALSO GIVES YOU CONTACTS ALL OVER THE WORLD. IT ALSO HELPS - AND I THINK FRANCE UNDERSTOOD THAT WHEN WE WERE ABLE TO SORT OUT THE RHODESIAN PROBLEM, IT HELPED WITH RELATIONS IN THE WHOLE OF AFRICA. AND OF COURSE WE ARE BOTH NUCLEAR POWERS AND WE BOTH SPEND A CONSIDERABLE PROPORTION OF OUR RESOURCES ON DEFENCE AND WE'VE A JOINT HISTORY NOW IN MANY WAYS. I'M GOING TO BORDEAUX TONIGHT AND THAT'S ALL IN THE SPEECH TONIGHT. SO REALLY THE NORMAL THING IS FOR GOOD RELATIONS. IT WAS AN ABERRATION THAT THERE WERE ONE OR TWO IRRITATIONS WHICH HAVE NOW BEEN REMOVED. AND I THINK IN FUTURE FRANCE'S INTERESTS AND OURS IN THE COMMUNITY ARE REALLY VERY VERY SIMILAR - SHE'S A CONTRIBUTOR, WE'RE A CONTRIBUTOR, GERMANY'S A CONTRIBUTOR AND WE BOTH AGREE ON THE ONE PER CENT VAT CEILING, WE BOTH AGREE THAT THERE'S NOT MUCH POINT IN GOING ON FINANCING BIGGER AND BIGGER SURPLUSES. SO I THINK THERE'S FAR FAR MORE IN COMMON THAN THERE EVER WAS THAT DIVIDED US. NEXT QUESTION. WOULD YOU LIKE OTHER MINISTERS TO SAY SOMETHING QUICKLY?

4. QUESTION: LIONEL WALSH (REUTERS)

WAS THERE ANY MENTION OF THE EXTREMELY ANTI-FRENCH TONE OF SOME BRITISH COMMENT DURING THE SUMMER HOLIDAY?

PRIME MINISTER:

NONE AT ALL, WE WERE ALL GOING TO HAVE A GOOD COOPERATIVE UNDERSTANDING DAY, WITH A VERY FRIENDLY ATMOSPHERE. WE SUCCEEDED AND I HOPE THAT THAT WILL BE REFLECTED IN THE REPORTS THAT YOU WRITE.

5. QUESTION:

IAN MURRAY (THE TIMES):

DO YOU HOPE TO GET AS GOOD A RELATIONSHIP WITH FRANCE AS THAT OF GERMANY AND FRANCE?

PRIME MINISTER:

WELL, I WONDER IF WE NEED NECESSARILY START TO COMPARE? I BELIEVE FRANCE HAS GOOD RELATIONS WITH WEST GERMANY, WE HAVE GOOD RELATIONS WITH WEST GERMANY. IT'S TO OUR ADVANTAGE THAT FRANCE HAS GOOD RELATIONS WITH WEST GERMANY AND TO WEST GERMANY'S INTERESTS THAT WE HAVE GOOD RELATIONS WITH FRANCE. YOU KNOW, WHEN YOU GET AN ENLARGED COMMUNITY, WHEN WE GO UP TO TWELVE, IT REALLY WILL BE EVEN MORE VITAL THAN PREVIOUSLY TO HAVE GOOD COMMON UNDERSTANDING BETWEEN WEST GERMANY, FRANCE AND GREAT BRITAIN BECAUSE TWELVE IS A VERY, VERY MUCH LARGER COMMUNITY TO CONSULT THAN THREE. AND OF COURSE YOU KNOW WE ARE ALL POWERS, SUPERVISORY POWERS IN BERLIN (DISCUSSION OF CORRECT TERM) - NOT TRIPARTITE POWERS.

6. QUESTION:

AMERICAN JOURNALIST ASKS ABOUT JOINT ANALYSIS OF THE POLISH SITUATION:

PRIME MINISTER:

WE'RE ALL OBSERVING VERY CAREFULLY WHAT IS HAPPENING. WE ALL AGREE THAT POLAND IN OUR VIEW, LIKE OTHER COUNTRIES, HAS A RIGHT TO DETERMINE HER OWN DESTINY AND BELIEVE THAT IT'S FAR TOO SOON TO DRAW CONCLUSIONS AND AT THE MOMENT IT WOULD BE UNWISE TO DO SO. THE IMPORTANT THING IS THAT EVENTS IN POLAND UNFOLD IN THE WAY IN WHICH THE POLISH PEOPLE WISH THEM TO UNFOLD WITHOUT OUTSIDE INTERFERENCE.

7. QUESTION:

AMERICAN JOURNALIST ASKS WHETHER THERE WAS A DIVERGENCE OF OPINION ON AFGHANISTAN, POSSIBLE SANCTIONS AND THE SANCTIONS THAT ARE IN EFFECT.

PRIME MINISTER:

NO, WE BOTH AGREE THAT RELATIONS WITH THE SOVIET UNION CANNOT BE NORMAL, SO LONG AS AFGHANISTAN IS OCCUPIED AND WE'RE VERY VERY FIRM ABOUT THAT AND WE SHALL MAKE THAT VERY CLEAR WHEN WE GO TO THE MADRID CONFERENCE. IAN, WOULD YOU LIKE TO SAY SOMETHING ABOUT THAT?

SIR I GILMOUR:

NO. I THINK THERE IS VERY CLOSE ACCORD ON AFGHANISTAN AND OUR ATTITUDE TO IT.

8. QUESTION:

COULD YOU TELL US IN A LITTLE MORE DETAIL ABOUT YOUR DISCUSSIONS ON THE ECONOMY? SECONDLY WE HAVE HEARD FROM SOME FRENCH SOURCES THAT FRANCE IS NOT INTERESTED THAT BRITAIN SHOULD BECOME A FULL MEMBER OF THE EMS.

PRIME MINISTER:

WELL WE DIDN'T DISCUSS EMS. THE ANALYSIS AND POLICIES WHICH M. BARRE IS PURSUING ARE VERY SIMILAR TO OUR OWN AND THE THINGS WHICH HE IS DOING ARE VERY SIMILAR TO OUR OWN. WE ARE JUST A LITTLE BIT BEHIND BECAUSE AFTER ALL THIS GOVERNMENT HAS ONLY BEEN IN POWER FOR WHAT 18 MONTHS, WE HAVE ONLY STARTED THOSE POLICIES THEREFORE WITHIN THE LAST 18 MONTHS. THEY ARE VRY REALISTIC POLICIES AND THEY ARE POLICIES WHICH RECOGNISE NO TRADE-OFF BETWEEN UNEMPLOYMENT AND INFLATION, BUT UNLESS YOU TACKLE INFLATION YOU'LL NOT IN FACT HAVE TRUE PROSPECTS FOR IMPROVED JOBS IN THE FUTURE. I THINK HE'S PROBABLY GOT A SIMILAR VIEW TOWARDS STATE PUBLIC INDUSTRIES AS THOSE WE HAVE. I THINK THAT HE HAS PUT UP PRICES RECENTLY BECAUSE HE'S PUT DOWN SUBSIDIES: THAT IS VERY SIMILAR TO THE APPROACH THAT WE ARE PURSUING IN BRITAIN. INDEED TO THE EXTENT OF THE AGREEMENT THAT IS THE OUTSTANDING FACTOR. WOULD YOU LIKE TO SAY SOMETHING ABOUT THAT?

SIR G. HOWE:

I THINK THAT'S THE DOMINANT FEATURE: E.G. BOTH GOVERNMENTS ON DIFFERENT TIME SCALES HAVE ABOLISHED PRICE CONTROLS AS A MEANS OF LIBERATING THEIR INDUSTRIES AND MOVING DISTORTIONS FROM THE ECONOMIES. EACH ASPECT WE DISCUSSED FOUND US ON COMMON GROUND.

PRIME MINISTER: YES, WELL WE BOTH HAVE A HIGH EXCHANGE RATE, THE FRANC IS HIGH, THE POUND IS HIGH. WE BOTH HAVE A MONEY SUPPLY POLICY BELIEVING THAT THAT IS THE LONG TERM WAY TO GET DOWN INFLATION. INFLATION RATES IN BOTH COUNTRIES ARE FALLING. WE BOTH HAVE PROBLEMS WITH UNEMPLOYMENT AND CURIOUSLY ENOUGH WE BOTH HAVE A COMMON FACTOR. IN GREAT BRITAIN WE HAVE MORE SCHOOL LEAVERS THIS YEAR THAN WE'VE HAD FOR MANY A LONG YEAR BECAUSE IT WAS A BIRTH-RATE BULGE YEAR IN 1960. SO WE HAVE MORE SCHOOL LEAVERS COMING ON TO THE EMPLOYMENT MARKET THIS YEAR AND NEXT THAN WE'VE HAD IN PAST YEARS AND THAT IS A FACTOR WHICH CONTRIBUTES TO OUR UNEMPLOYMENT LEVEL AND ALSO CONTRIBUTES TO FRANCE'S UNEMPLOYMENT LEVEL. SHE'S TAKING THE VIEW THAT HER POLICIES TO REDUCE UNEMPLOYMENT

MUST HAVE, AMONG THEIR PRIORITIES, JOBS FOR YOUNG PEOPLE LEAVING SCHOOL AND WE ARE TAKING THE SAME VIEW POINT. SHE HAS, AS THE CHANCELLOR SAYS, MOVED TOWARDS RELEASING PRICE CONTROLS, WE RELEASED I THINK ALL OF OURS LAST MONTH. WE HAVE NO PRICE CONTROLS.

9. QUESTION: AXEL KRAUSE (HERALD TRIBUNE)

CONCERNING THE JOINT PRODUCTION OF MILITARY EQUIPMENT, ESPECIALLY THE NEW EUROPEAN FIGHTER PROJECT WHICH GREAT BRITAIN, FRANCE AND W. GERMANY ARE STUDYING AS A MAJOR PROJECT. HE ASKS WHETHER ANY FURTHER PROGRESS WAS MADE DURING THE TALKS TODAY.

PRIME MINISTER: NO YOU WOULDN'T EXPECT US TO DO SO ON A DAY LIKE THIS. THE FACT IS THAT OUR COLLABORATIVE PROJECTS WERE CONCORDE, JAGUAR, A WING OF THE AIRBUS, HELICOPTERS, BUT AT THE MOMENT WE HAVEN'T SORTED OUT THE NEXT ONE.

10. QUESTION:

WE HEARD FROM THE FRENCH SIDE THAT COME NEXT APRIL AND THE PRESIDENTIAL ELECTION THERE MIGHT BE A HOLD UP IN THE FIXING OF AGRICULTURAL PRICES. DID YOU GET THIS IMPRESSION?

PRIME MINISTER: NO, LOOK IN THE COMMON MARKET WE TRY TO BE GOOD EUROPEANS AND TO REACH AGREEMENTS WITHIN THE DUE TIME AND THAT IS THE APPROACH WE SHALL OF COURSE TAKE. AND AFTER ALL OUR FARMERS ARE INTERESTED IN THE PRICE AGREEMENT AND THE FRENCH FARMERS ARE TOO. THEY WERE ALL INTERESTED IN PRICE AGREEMENT. THIS YEAR THEY HAPPENED TO BE LINKED, NOT BY US. IT WAS NOT WE WHO LINKED THE AGRICULTURAL PRICE SETTLEMENT TO THE BUDGET SETTLEMENT, BUT THEY WERE LINKED. BUT NOW AS EACH THING COMES UP WE COULD TRY TO REACH AGREEMENT UPON IT AS SOON AS WE POSSIBLY CAN BECAUSE IT'S IN THE INTEREST OF EACH AND EVERY COUNTRY TO DO SO.

11. QUESTION: PETER DEWHIRST: (SUNDAY EXPRESS)

ON THE MIDDLE EAST WHAT DIFFERENCES IF ANY APPEAR?

PRIME MINISTER: NONE, IT WOULD BE SURPRISING I THINK IF THERE WERE, BECAUSE AFTER ALL WE WERE BOTH MEMBERS OF THE VENICE SUMMIT WHICH ISSUED A COMMUNIQUE. IT IS A COMMUNIQUE WHICH IS NOW BEING ACTED UPON AND INDEED I THINK THAT OUR WHOLE APPROACH NOW IS VERY SIMILAR. WOULD YOU LIKE TO SAY THAT THERE WERE MORE DETAILED DISCUSSIONS? (TO SIR I. GILMOUR)
WE WERE BOTH IN DISCUSSIONS BUT THE DETAILS WERE DONE BY THE LORD PRIVY SEAL.

PETER DEWHIRST: BUT THE SITUATION IN JERUSALEM HAS CHANGED SINCE THEN.

PRIME MINISTER: BUT WE'VE BOTH KEPT IN STEP.

LORD PRIVY SEAL: I DON'T THINK THERE'S MUCH TO ADD, BECAUSE WE DISCUSSED IT IN THE POLITICAL COOPERATION COMMITTEE IN BRUSSELS ON MONDAY, WE DISCUSSED IT IN DETAIL TODAY. IT WAS AGREED THAT THE THORN MISSION HAD BEEN USEFUL AND THE VENICE DECLARATION HAS BEEN HELPFUL AND WE AGREED THAT EUROPE SHOULD CARRY ON. AT THE SAME TIME EUROPE COULD NOT SOLVE THE PROBLEM BY ITSELF. BUT EUROPE CAN HELP.

PRIME MINISTER: IN ADVANCE OF EVENTS ON JERUSALEM IN THE UNITED NATIONS WE HAVE SAID THAT THE FUTURE OF EAST JERUSALEM WAS NOT SETTLED AND COULD NOT BE SETTLED UNILATERALLY, BY UNILATERAL ACTION. WE WERE WELL AHEAD OF THE EVENTS THAT TOOK PLACE. WE HAD STATED OUR VIEW, WELL IN ADVANCE OF THE MOVE IN THE KNESSET.

12. QUESTION:

AMERICAN JOURNALIST: CAN YOU TELL US ANYTHING ABOUT YOUR DISCUSSION ON IRAN AND IS THERE ANY HOPE FOR THE FREEING OF THE HOSTAGES?

PRIME MINISTER: WELL WE ALL OF US WATCH EVENTS IN IRAN ALMOST EVERY DAY AND TRY TO FIND OUT AS MUCH AS WE POSSIBLY CAN ABOUT THEM. I DON'T THINK ANY OF US WOULD CARE TO PREDICT WHAT MIGHT HAPPEN. I THINK THE CHARACTERISTIC OF THAT COUNTRY AT THE MOMENT IS POSSIBLY ITS UNPREDICTABILITY. SO WE ARE VERY MUCH IN THE GUISE OF OBSERVERS.

13. QUESTION: IAN MURRAY (THE TIMES)

WAS ANYTHING DISCUSSED ABOUT BUYING FRENCH NUCLEAR TECHNOLOGY?

PRIME MINISTER: NO. NOT WITH ME, I'M NOT SURE WHETHER IT WAS DISCUSSED AT ENERGY CONFERENCES.

14. QUESTION: WALTER SCHWARTZ (THE GUARDIAN):

QUESTION ABOUT THE STRATEGIC IMPLICATIONS ON EAST-WEST RELATIONS.

PRIME MINISTER: I THINK THAT JUST ABOUT COVERS EVERYTHING.

WALTER SCHWARTZ: I MEAN MISSILES, THING LIKE THAT.

PRIME MINISTER: NOTHING AS DETAILED AS THAT, EXCEPT BASICALLY IT'S THIS: THAT SO LONG AS AFGHANISTAN IS OCCUPIED SOMETHING VERY FUNDAMENTAL AND VERY DIFFERENT IS HAPPENING WHICH, REALLY, WE SIMPLY CANNOT GO BACK TO THE NORMAL RELATIONSHIP WITH SOVIET RUSSIA. WE MUST NOT AND CANNOT, BECAUSE TO DO THAT WOULD BE TO CONDONE THE OCCUPATION OF AN INDEPENDENT COUNTRY AND WE MUST MAKE THAT VERY CLEAR WHEN WE MEET IN MADRID BECAUSE SOMETHING VERY FUNDAMENTAL HAS HAPPENED.

15. QUESTION: ROBERT MAUTHNER (FINANCIAL TIMES):

DID YOU GET THE IMPRESSION THAT THE FRENCH PRESIDENT HAS EXACTLY THE SAME VIEWS, THAT HE WILL MAKE IT CLEAR THAT NORMAL RELATIONS CANNOT BE RESUMED WITH THE SOVIET UNION?

PRIME MINISTER: WELL I THINK THAT AS FAR AS I'M AWARE HE HAS ALWAYS MADE HIS VIEWPOINT ON AFGHANISTAN VERY CLEAR. I DON'T THINK IT ARISES.....

ROBERT MAUTHNER: THERE SEEMS TO BE MORE MOVEMENT ON THE FRENCH SIDE TO RE-ESTABLISH NORMAL RELATIONSHIPS WITH THE SOVIET UNION DESPITE THEIR OCCUPATION OF AFGHANISTAN.

PRIME MINISTER: I WOULD NOT SAY THAT FRANCE HAS TRIED TO RE-ESTABLISH NORMAL RELATIONS WITH THE SOVIET UNION SO LONG AS AFGHANISTAN IS OCCUPIED. IN FACT IN CONVERSATION I UNDERSTAND THAT THE PRESIDENT HAS MADE IT PERFECTLY CLEAR THAT THE OCCUPATION OF AFGHANISTAN IS PERFECTLY INTOLERABLE.

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TO IMMEDIATE FCO

TELEGRAM NUMBER 813 OF 19 SEPTEMBER 1980
AND TO IMMEDIATE BORDEAUX (PASSED BY PARIS)

ANGLO-FRENCH SUMMIT, 19 SEPTEMBER: PRESS CONFERENCE

1. FOLLOWING IS THE TRANSCRIPT OF THE STATEMENT MADE BY
PRESIDENT GISCARD AT THE ELYSEE THIS AFTERNOON (TRANSLATION
BY OFFICIAL ELYSEE INTERPRETER):

WE HAVE HAD WITH MRS THATCHER AND WITH THE MINISTERS WHO
ACCOMPANIED HER THE FIFTH ANNUAL FRANCO-BRITISH MEETING AND AS IS
CUSTOMARY ON THESE OCCASIONS WE WILL MAKE A FULL STATEMENT AND
THEN OUR SPOKESMEN WILL REPLY TO QUESTIONS. NOW FIRST I WOULD LIKE
TO INDICATE THE GREAT IMPORTANCE THAT WE ATTACH TO THESE MEETINGS.
THE BILATERAL MEETINGS THAT WE HOLD REGULARLY WITH OUR FRIENDS
OF THE FEDERAL REPUBLIC OF GERMANY AND ITALY - I HOPE THAT BEFORE
THE END OF THE YEAR WE SHALL BE ABLE TO HAVE OUR ANNUAL MEETING
WITH THAT COUNTRY - AS EACH YEAR IT GIVES US AN OPPORTUNITY TO
EXCHANGE OUR VIEWS AND ALSO THE MEETINGS WE HAVE OF COURSE EACH
YEAR WITH THE UNITED KINGDOM; ALL THESE MEETINGS GIVE US AN
OPPORTUNITY OF ADDING TO THE CONSULTATIONS WE ALREADY HAVE AND
THE WORK WHICH IS ALREADY TAKING PLACE WITHIN THE EUROPEAN ECONOMIC
COMMUNITY. IN ADDITION TO THAT IT DOES GIVE US AN OPPORTUNITY TO
LOOK AT BILATERAL MATTERS CONCERNING THE ANALYSIS OF THE PROBLEMS
OF OUR TIME, THE WAY WE SEE WORLD AFFAIRS AND SECONDLY THE PROBLEMS
CONCERNING BILATERAL PARTICIPATION AND WHAT CAN BE DONE IN ORDER
TO INCREASE OUR JOINT ACTIVITIES. FIRST OF ALL AS FAR AS THE ANALYSIS
OF THE WORLD SITUATION IS CONCERNED FOR MANY REASONS IT IS APPROPRIATE
THAT GREAT BRITAIN AND FRANCE SHOULD IN FACT ENGAGE IN A COMMON
REFLECTION OF A NUMBER OF THESE PROBLEMS. ON THE ONE HAND THEY ARE
THE TWO COUNTRIES OF WESTERN EUROPE WHICH ARE NUCLEAR POWERS.
SECONDLY THEY ARE THE TWO COUNTRIES OF WESTERN EUROPE WHICH ARE
PERMANENT MEMBERS OF THE UNITED NATIONS SECURITY COUNCIL AND THIRDLY,
THEY ARE THE TWO COUNTRIES WHICH HAVE WORLD EXPERIENCE OF LONG
STANDING. AND SO IT IS RIGHT THAT ON THE BROAD PROBLEMS TODAY THEY
SHOULD TAKE A COMMON INTEREST IN WORLD AFFAIRS. WE HAVE CONSIDERED
THE FOLLOWING BROAD PROBLEMS. ON THE ONE HAND, THE SITUATION IN
POLAND AND ITS CONSEQUENCES, THEN THE SITUATION IN AFGHANISTAN,
THEN EAST-WEST RELATIONS AND STRATEGIC PROBLEMS AS THEY PRESENT
THEMSELVES AT THE PRESENT. THEN THE FUTURE NEGOTIATIONS FOR THE
FINAL ACT OF HELSINKI TO BE HELD IN MADRID, THEN THE MIDDLE EAST,
AND SOUTHERN AFRICA AND THE PARTICULAR QUESTION OF NAMIBIA. THESE
PROBLEMS HAVE BEEN CONSIDERED IN DEPTH AND WE HAVE EXPRESSED OUR
VIEWS ON THE SUBJECTS WHICH HAVE SOMETIMES BEEN SIMILAR VIEWS AND
SOMETIMES CONVERGING VIEWS. THE TALKS HAVE ALWAYS BEEN CONDUCTED
WITH GREAT CORDIALITY AND IN AN ENTIRELY TRUSTFUL ATMOSPHERE. AND
I FIND THAT THIS GIVES ME ENCOURAGEMENT THAT WE SHOULD PURSUE OUR
EFFORTS IN ORDER TO CORRECT THE ANOMALY OF HISTORY WHICH IS IN

/FACT

FACT THE ROLE, THE INADEQUATE ROLE PLAYED BY EUROPE IN WORLD AFFAIRS. IT IS IMPORTANT AS I HAVE INDICATED TO MRS THATCHER THAT WE AND THE UNITED KINGDOM SHOULD DRAW TOGETHER WITH OUR OTHER PARTNERS WITHIN THE COMMUNITY AND DO ALL THAT WE POSSIBLY CAN TO GIVE EUROPE A MORE POWERFUL AND STRONGER ROLE IN WORLD AFFAIRS BECAUSE I AM CONVINCED THAT THIS CAN FACILITATE THE SOLUTION OF THE MANY PROBLEMS THAT ARISE WORLD-WIDE AND IT CAN BUT CONTRIBUTE TO THE FOUNDATION OF PEACE. WE HAVE NOT DEALT AT THIS MEETING WITH COMMUNITY PROBLEMS SPECIFICALLY BECAUSE THE COMMUNITY MACHINERY IS THERE FOR THAT PURPOSE. BUT WE HAVE NOTED WITH INTEREST THAT THE PRIME MINISTER HAS INDICATED, HAS RESOLVED TO IMPLEMENT ACCORDING TO THE SCHEDULE AND MODALITIES AGREED ALL THE DECISIONS THAT WERE TAKEN IN THE SPRING. AND IN SUCH A WAY ONCE THOSE DECISIONS HAVING BEEN TAKEN AND ACTUALLY IMPLEMENTED SO THAT THE COMMUNITY WILL BE ABLE TO APPROACH 1981 WITHOUT MEETING THE PROBLEMS AND OBSTACLES OF 1980. AS FAR AS THE BILATERAL SITUATION IS CONCERNED THERE ARE FEW PROBLEMS. IN THE FIELD OF INDUSTRY CERTAIN ADVANCE TECHNOLOGIES WERE CONSIDERED IN WHICH PERHAPS FURTHER CO-OPERATION WOULD BE POSSIBLE. THE FIELD OF TELECOMMUNICATIONS WAS MENTIONED. AND WE HAVE ALSO NOTED WITH INTEREST, BECAUSE THIS IS A POINT OF GEOGRAPHICAL IMPORTANCE, THAT THE NEGOTIATION FOR THE PREPARATION OF THE CONFERENCE ON ARRANGING THE MARITIME CIRCULATION IN THE CHANNEL THAT OUR TWO COUNTRIES ARE PREPARING JOINTLY AND WILL BE ABLE TO PUT FORWARD A SIMILAR POSITION. WE ARE EXTREMELY GLAD TO HAVE THIS OPPORTUNITY OF DISCUSSING THESE MATTERS IN DEPTH, MATTERS OF IMPORTANCE IN THE WORLD TODAY AND IT IS IMPORTANT THAT OUR TWO COUNTRIES GREAT BRITAIN AND FRANCE SHOULD IN SUCH A WAY HAVE THE OPPORTUNITY TO CONTRIBUTE FRUITFULLY TO THAT SOLUTION.

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TELEGRAM NUMBER 812 OF 19 SEPTEMBER 1980
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ANGLO-FRENCH SUMMIT - PRESS CONFERENCE

1. FOLLOWING IS THE TRANSCRIPT OF THE PRIME MINISTER'S STATEMENT AT THE ELYSEE THIS AFTERNOON.

MR PRESIDENT, FRIENDS,

I WANT TO SAY AT THE OUTSET THAT IT'S A GREAT PLEASURE FOR US TO BE IN FRANCE TODAY AND TO SAY HOW MUCH WE VALUE THE CHANCE TO HAVE THESE BILATERAL TALKS WITH THE PRESIDENT AND WITH FRENCH MINISTERS. I HAVE BROUGHT WITH ME QUITE A DELEGATION. UNFORTUNATELY LORD CARRINGTON WAS NOT ABLE TO BE WITH US TODAY BUT I'VE BROUGHT SIR IAN GILMOUR, THE LORD PRIVY SEAL, TO DISCUSS FOREIGN AFFAIRS WITH M. FRANCOIS-PONCET: ALSO THE CHANCELLOR OF THE EXCHEQUER, THE SECRETARY OF STATE FOR INDUSTRY AND THE TRADE SECRETARY. I HAVE HAD THE GREAT ADVANTAGE OF HAVING QUITE LONG TALKS WITH PRESIDENT GISCARD, ALSO LONG TALKS WITH THE PRIME MINISTER, M. RAYMOND BARRE AND THEN WE HAD DISCUSSIONS IN A WIDER SESSION ON WORLD AFFAIRS, AND AGAIN IN A FULL PLENARY ABOUT THE SEVERAL MATTERS WHICH THE PRESIDENT HAS ENUMERATED. I KNOW THAT BEING LADIES AND GENTLEMEN OF THE PRESS YOU ALWAYS WANT SPECIFIC MATTERS TO WRITE ABOUT. IT IS DIFFICULT YOU KNOW TO HAVE SPECIFIC RESULTS FROM THESE PARTICULAR MEETINGS. REALLY I THINK THEIR VALUE CONSISTS IN EACH OF US COMING TO UNDERSTAND ONE ANOTHER BETTER: TRYING TO CONSERVE OUR ACTIONS IN THE WIDER FORA OF WHICH WE ARE BOTH MEMBERS WHETHER THAT BE THE EUROPEAN COMMUNITY OR THE ECONOMIC GROUP WHICH WAS STARTED ON PRESIDENT GISCARD'S INITIATIVE, OR IN THE UNITED NATIONS. AND I BELIEVE THAT WE HAVE MADE VERY CONSIDERABLE ADVANCES TODAY IN UNDERSTANDING ONE ANOTHER'S VIEWPOINTS. CERTAINLY WE DID NOT DISCUSS COMMUNITY AFFAIRS IN GREAT DETAIL. I WOULD LIKE TO MAKE QUITE CLEAR THAT WE BOTH BELIEVE THAT THE AGREEMENTS WHICH WE HAVE REACHED ON SEVERAL MATTERS THIS PAST YEAR WILL BE IMPLEMENTED AND IN THE TIME ALLOTTED FOR THAT IMPLEMENTATION. WE ARE ALSO BOTH MEMBERS OF THE CONTACT GROUP ON NAMIBIA AND AS WE BOTH HAVE EXPERIENCE OF BEING NATIONS WITH CONTACTS WITH AFRICA, WE HOPE THAT WE CAN KEEP TOGETHER ON WHATEVER PROCEDURES AND STEPS THERE ARE IN CONNECTION WITH FINDING A SOLUTION TO NAMIBIA'S PROBLEMS.

/THE PRESIDENT HAS

THE PRESIDENT HAS ENUMERATED THE THINGS WE HAVE TALKED ABOUT. IT IS NOT ALWAYS POSSIBLE TO REACH CONCLUSIONS. WE SEE GREAT EVENTS UNFOLDING IN POLAND, EVENTS UNFOLDING IN IRAN. ENORMOUS PROBLEMS IN THAT AFGHANISTAN IS STILL OCCUPIED, AND WE DISCUSSED HOW WE SHALL APPROACH THE MADRID CONFERENCE AND WE HOPE AND BELIEVE, LADIES AND GENTLEMEN THAT YOU WILL TAKE YOUR NEWS FROM THE COMMON UNDERSTANDING AND THE EXTENT OF THE AGREEMENT BETWEEN US. I MAY SAY THAT THAT AGREEMENT IS ALSO FOUND IN THE TALKS BETWEEN M. BARRE AND MYSELF. IT SO HAPPENS WE BOTH PURSUE SIMILAR ECONOMIC POLICIES: THAT'S BECAUSE WE ARE BOTH SOUND. WE BOTH BELIEVE IN SOUND ECONOMIC POLICIES AND WE BELIEVE THAT THOSE WILL SOLVE THE PROBLEMS WITH WHICH WE ARE BOTH FACED. AND SO, VERY GREAT COMMON UNDERSTANDING BETWEEN US, GREAT DEGREE OF CO-OPERATION, CONSIDERABLE UNDERSTANDING OF HOW TO TACKLE THE PROBLEMS IN THE WIDER FORA WHICH WE WILL SOON BE APPROACHING IN MADRID, THE UNITED NATIONS. IF I MIGHT SUM IT UP IN THIS WAY, WONDERFUL GENERAL ATMOSPHERE AND I BELIEVE YOU MAY CONCLUDE THAT THE ENTENTE CORDIALE IS IN GOOD HEART. MAY I THANK YOU ON BEHALF OF THE BRITISH DELEGATION FOR A VERY PLEASURABLE AND FRUITFUL DAY.

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SPEECH TO THE FRANCO/BRITISH COUNCIL:

BORDEAUX

19 SEPTEMBER 1980

Pani de Bordeaux

M. le/President de l'Assemblee Nationale,

M. le Premier Ministre, Madame et Messieurs
les Ministres,

Mr. Co-Chairman, Ladies and Gentlemen

~~France and Britain~~

~~M. le Maire, Mr. Co-Chairmen~~

Franco-British Council.

We are making history together this evening.

For one thing, we are celebrating the first joint conference of the Franco/British Council. The presence tonight of so many distinguished ^{people} participants augurs well for the Council's important work.

I hope that this first Conference will be followed by many others.

Bordeaux.

On a more personal note, I am told that this is the first time a British Prime Minister, speaking in that capacity, has made a speech in Bordeaux. I find it hard to believe, M. le ^{President} ~~Maire~~, that this is true.

Can my predecessors really have been so insensible to the charms of your lovely city and of its most famous product (which has so often eased the burden both on those who have to make speeches after dinner and on those who have to listen to them).

But if they were, I am delighted to be able to repair their omission.

I am sure that M. Barre will agree that there could be no more appropriate city than Bordeaux for a meeting of the Franco/British Council.

(i) From Bordeaux continental France looks out to the Atlantic, the route by which French soldiers and seamen set out to found a maritime empire which - like Britain's - circled the world. ||

ii) Bordeaux and Aquitaine helped to give England one of her greatest dynasties - the Plantagenets. The marriage of Eleanor of Aquitaine with Henry of Anjou ensured that France, | and Bordeaux in particular, were closely associated with England for many years and, in particular, with a vital stage in the creation of the English system of government.

One member of the dynasty founded by Henry and Eleanor, Richard II, is also known to history as Richard of Bordeaux - his birthplace.

No other city in France, therefore, - except perhaps the tragic cities of Artois and Picardy where a generation of British youth died in the defence of a common cause - symbolises more vividly the links which have bound our two countries for a thousand years.

French influence

The stream of French influence, continued over many centuries | and often flowing through Bordeaux, ensured that England did not become an introverted Anglo-Saxon kingdom cut off | on a foggy island from the main stream of European history.

Instead, French habits, fashions, words and modes of thought so penetrated English life that they now form an indissoluble part of our culture.

In the centre of London stands our national shrine, Westminster Abbey.

It is a building whose style is as French as any to be found in France (although I admit that down the years it has acquired an English accent).

/And to

And to this day our laws have no effect until
it has been signified ^{in Parliament} that "La Reine le veult".

British influence.

The stream of cultural and political influence has not,
of course, run in one direction only.

The inspiration of modern French democratic
thought is to be found /at least in part/ in British
institutions and in the ideas of Hobbes and Locke
as interpreted by Montesquieu ^{Keia} and Voltaire.

French science and industry owe much to the
philosophical and practical genius of Newton and
his successors in my country.

The well springs of the French Romantic movement
of the nineteenth century are in Byron and
Scott, ~~in Ossian~~ and Shakespeare.

(Let me acknowledge in passing the debt which we
in Britain owe to Victor Hugo for persuading the
French that our national poet was something more
than a disorganised, ~~if talented~~, scribbler of
bloodthirsty melodrama.)

Anglo-French rivalry.

For a thousand years, then, our destinies have been linked.

In the course of that time each of us has forged the strongest sense of identity as a nation. Each has developed distinctive, even idiosyncratic institutions. Each has the strongest sense of national purpose.

Britain and France forged the idea of the modern nation state.

After China and Japan we are two of the oldest nation states in the world.

With that inevitably goes pride and - let us be frank - a degree of wilfulness.

For two proud nations living side by side are bound to be rivals.

So it has been with Britain and France.

We have quarrelled down the centuries over many issues, great and small.

Since the middle ages we have competed in Europe and in the world beyond.

Our rivalry has been sharpened by awareness of the other's justified claims to excellence.

The Issues of Today

Yet it is our common interests, not our past rivalries, which need be emphasised now.

For it is my strongest conviction that, in the dangerous world in which we live, co-operation amongst neighbours is essential to the protection of our own most vital interests.

I do not, of course, believe that the day of the great European nation state is over.

France and Britain, Germany and Italy, Spain and others, will continue each to make their distinctive contribution to the civilisation of the world.

Not for us the grey collectivism and uniformity which has been imposed on Eastern Europe.

We value the richness which flows from our diversity.

/But

But this is an age of super-powers and superweapons; an age when pressure on the world's resources of food, energy and essential raw materials grow day by day; an age when our democratic systems and cultures are increasingly threatened and derided by those who appreciate the benefits of neither.

At such a time and in such a world it is no longer possible for even the greatest European nation to stand wholly on its own.

We all know this.

It is why France and Britain and the other present and future members of the European Community have resolved, in the words of the Treaty of Rome, to pool their resources to preserve and strengthen peace and liberty, and to ensure the economic and social progress of their countries by common action.

/The European Community

The European Community

Over the centuries Europe has owed much to our two countries.

The Ile de France and the Island of Britain can lay some claim to have been, in different epochs, the last redoubt of the European spirit, and to have kept that spirit alive.

The contributions we have made to Europe's civilisation are too numerous even to attempt to summarise.

The European Community itself springs directly from the political experience and practices of our two countries.

It represents an ambitious attempt to construct a new kind of political organisation based on the fundamental principles which we have fashioned - the principles of democratic liberty and the rule of law, of free trade and economic solidarity.

It is perhaps the most original practical political concept to be brought forth by the European genius since the American and French Revolutions.

(As you are probably aware, I have yet to be convinced that the ideas of Messrs. Marx and Engels, regrettably developed in my own country, were either practical or desirable.)

/Beyond that,

Beyond that, the Community is a grand effort to recreate institutions expressing the fundamental reality of Europe and of the European spirit.

Speaking within a few miles of the birthplace of Jean Monnet (Cognac is another place name well known after dinner in Britain), I need hardly extol the part played by France in the establishment and development of the Community.

Nor, before this audience, need I dwell on the support for Europe's democratic and libertarian traditions which I think British membership has brought.

Suffice it to say that a Community without France and Britain as full and equal members now seems to me inconceivable.

/Like any

Current Community problems.

Like any viable institution, the Community has had to demonstrate in the last twenty years its ability both to respond to challenge and to adapt to change. The 1973 enlargement, for example, was bound to bring problems.

The interests of the new members had to be reconciled with the arrangements which the existing members had worked out for themselves.

The imbalance of policies which had led to Britain becoming by far the largest net contributor to the Community has been recognised by our partners.

The arrangements which were agreed last May have given us time to devise more durable solutions.

I know that in France, as well as in Britain, there is dissatisfaction with the distortions which have arisen in the working of the Common Agricultural Policy.

We need reforms which will enable the CAP to meet its objectives without wasting money on unnecessary and sometimes damaging surpluses.

/But this is

But this is not enough.

We need new initiatives as well.

We need policies outside agriculture which will develop the scope for common action and produce a better balance in the way the Community disposes its resources.

We must do this without prejudicing those efforts which national governments and individuals are better able to make.

We must do it without a further increase in the bureaucratic regulation by which nowadays we are all too tightly bound - whether at the Community level, the national level, or the level of local government.

/These reforms

Europe + the world

These reforms are important in themselves.

But they are also a means to an end.

Europe needs a sound economic base if it is to resume its rightful place as the master of its own destiny and an arbiter of world affairs.

We must be strong if we are to defend our interests and to advance the case for order and the rule of law in a world where disorder and lawlessness are every day more widespread.

The full development of that strength will require the nations of Europe to develop wise, coherent and mutually beneficial policies.

I do not pretend that this will be easy.

There will inevitably be divergencies of national interest - between France and Britain as between other member states.

It will need understanding and forbearance to resolve these.

But the role of France and Britain in the European enterprise is literally vital.

/Our differences

Our differences must not - and I am determined that they will not - be allowed to obscure the longer-term benefits and the external dangers.

As my name perhaps implies I am more interested in construction than demolition.

I want to build a solid and weatherproof structure well able to resist the storms which lie ahead.

The outside world is under no illusions about what has been achieved already.

Europe's importance is growing.

We are the largest trading bloc in the world.

We have agreements with countries in every continent; and the list of candidates for new agreements is growing

We are playing a leading role in the conduct of relations between East and West; in the search for a solution in the Middle East; and in the negotiations between the developed and the developing countries.

Within the Community we sometimes lament that Europe has no foreign policy.

Those outside find that lament difficult to understand.

/East-West

East-West Relations and Defence

So far, I have spoken of 'Europe' and 'the Community' as if the terms were interchangeable.

They are not.

There are nine countries in the Community.

But thirty-three European countries will be attending the Conference on Security and Cooperation in Europe in Madrid.

These countries, too, have shared in the European experience for centuries past.

Today, a number of them live under regimes which, because they are tied to the Soviet superpower, prevent them from developing their European identity to the full.

/The tragic

The tragic division of Europe will not be shortlived.

Of course its effects can be mitigated.

We can and should promote trade, political, cultural and human contacts between the two halves of what should be one continent.

We can and should pursue detente - provided we always bear in mind that detente is a two way process.

The Soviet Threat.

But we must be realistic.

The military strength of the Soviet Union, both absolutely and relatively, has continued to grow. The moral, political and economic bankruptcy of Soviet Marxism is apparent to all.

Events in Kampuchea, in Afghanistan, in Cuba and in Poland have surely dispelled any lingering doubt on that score.

But their ideological failure seems, if anything, to have increased the readiness of the Soviet Government to resort to arms.

~~They appear to regard force as the best card left in their hand.~~

Events in Afghanistan daily underscore the point.

/Those of us

Those of us who live in Western Europe cannot ignore the menacing accumulation of modern weapons and highly trained soldiers deployed on our doorstep. The deployments are said to be defensive. But so, allegedly, was the invasion of Afghanistan. There can be no confidence that the Russians will refrain from using their massive forces - if not for an armed attack, then as a means of political pressure on a weak and disunited Europe.

The Alliance.

The Atlantic Alliance is a voluntary yet effective instrument of deterrence and defence.

We must maintain its strength.

It embraces countries like Germany, whose defence arrangements are wholly integrated into a common military structure, and France, which has chosen a different path,

It contains two countries, Britain and France, who have remained determined to preserve strategic nuclear forces in Europe under their independent control, to supplement the nuclear umbrella provided by our American ally.

/Britain and France

Anglo-French Defence Co-operation.

Britain and France have a very long history indeed of joint military activity!

But for the last century and more, we have found ourselves, happily, on the same side of the battlefield.

And for almost eighty years Britain has been fully committed to joint action with France in defence of our two countries and of Western Europe.

The British Army of the Rhine is the successor and heir of the British Expeditionary Forces and Armies, which entered Europe through France in two world wars; and which, alongside their French allies, fought to maintain freedom in Western Europe.

In recent years some aspects of our cooperation in the military field have marked time.

But let me make it clear this evening that Britain stands ready at any time to develop fuller and closer defence cooperation with France.

And meanwhile let us continue to build on our successful record in the joint production of military equipment.

/The cost of

The cost of weapons systems will continue to increase and effective collaboration is an important means of reducing the burden.

This is an area where Britain and France - together with the Federal Republic - have given, and should continue to give, a lead to Europe.

Anglo-French Industrial Collaboration

Britain would also like to develop closer links with France in the civil industrial field.

In many areas both ~~of~~ our countries could benefit from exchanging skills, know-how and resources.

Already there are many examples of successful collaboration.

There is Concorde and the Airbus project; our electricity industries are developing a new cross-Channel link.

And many British and French companies have established themselves in each other's country.

But there ought to be scope for more.

/Britain is today,

Britain is today, as in the past, a major source of inventiveness and innovation.

We are at the forefront of new developments in pharmaceuticals, in electronics, in glass, in biotechnology, in ^{avi}~~air~~onics - even in the motor industry, to name but a few.

Many of the latest techniques being used by industry worldwide are British in origin.

Likewise, I know, there are many technologies where France has taken the lead.

Together, and with better sharing of our several talents, our two countries would be a greater industrial force in the world.

/The World Outside Europe

"The Third World": the problems.

~~The World Outside Europe~~

The concerns of Europe cannot be limited to our continent alone.

France and Britain, with their imperial past and their present world-wide responsibilities, are uniquely qualified to understand that.

We know that, great though our economic problems are, we belong to the prosperous part of mankind. Most of our fellow men live in poverty.

They have yet to enjoy the political and economic freedoms which we in Europe have won for ourselves over the centuries and which are the root cause of our prosperity.

/ The disparity

The disparity in wealth between the richer nations of the world - many of them outside Europe, some of them in the Group of 77 - and the poorer must be diminished.

It is contrary to the principles of human dignity which underlie our own European civilization.

It provides opportunities for the enemies of freedom to extend their influence.

It impedes the development of trade and this can only be to the disadvantage of all since, in the last analysis, the prosperity of any nation depends on its ability to trade successfully.

"The Third World": remedial action.

It is therefore both morally and economically right that we should help the countries of the Third World to help themselves.

The practical assistance which they need can and should take many forms and flow through many channels, both public and private.

Our aim is to assist them to develop their economies, to exploit their resources and to educate their people.

Where we can, we must also play our part in trying to resolve the burning political issues - both local and regional - which divert them from their other pressing tasks.

Of course, neither Britain and France, nor indeed the Europeans together, can tackle these problems alone.

We have to work together with the other leading economic powers of the West, and especially with the United States and Japan.

(Fortunately we have an informal instrument for this purpose - the annual economic summit which has resulted from the far-sighted initiative launched by President Giscard at Rambouillet in 1975.)

And we must involve the oil producing countries - sometimes referred to as the "newly rich".

Their pressure on world energy prices has added greatly to the burdens of the poorer countries over the past decade and has equally diminished the ability of the industrialised countries to help them.

These problems will be the subject of intense and growing activity in the next twelve months and in the years beyond.

Our two countries have every reason to co-ordinate our approach as closely as possible.

Conclusion

The tasks Europe faces today are as great as any that have confronted our continent in its long history. We politicians do what we can to solve them, and to mould the forces of history along the lines we believe will most benefit the people we represent. In the past we have mainly worked within our nations, seeking to guide and to win the support of our peoples and of the institutions they have evolved through the centuries. That support remains the basis of all political achievement.

/ But today we know

But today we know that national institutions are no longer sufficient on their own; and we have set ourselves to construct additional ^{other} institutions which will bring our nations together for our mutual benefit. We know that this is a major task, and a slow one, not to be completed in a day or a decade. Indeed, we know that the business of nations is never complete: we create new problems even as we solve the old ones.

/ The story of

The story of Franco/British relations is therefore still unfolding.

Long may it continue to do so.

Many, including I am sure the Franco/British Council itself, will have a hand in writing the next chapter.

Let us, as we carry forward the work, take as one of our patrons Henry II Plantagenet, a great innovator, a great builder and a King of England who was born and died in France.

And let us, when we need encouragement, remember the words with which General de Gaulle concluded his memorable address to both Houses of Parliament at Westminster in 1960: ["Quels peuples savent mieux que la France et la Grande Bretagne, que rien ne sauvera le monde, sinon ce dont elles sont par excellence capables: la sagesse et la fermeté."] "What nations know better than France and Britain that the qualities which will save the world are precisely those which ^{are theirs} they, above all, ~~possess~~ wisdom and resolution."

In that spirit I give you the title
The Power of the French Republic

Subject

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Parts copied to:

- ① Middle East: Situation; PT 5.
- ② Iraq: Iraq/Iran relations: ARL 80.
- ③ Econ PD: Brandt Commission Oct 79.
- ④ EURO PD: Japanese Imports.

Sept 1980

SUMMARY RECORD OF DISCUSSION AT THE LUNCH GIVEN BY THE PRESIDENT OF THE REPUBLIC AT THE ELYSEE ON FRIDAY 19 SEPTEMBER 1980 AT 1300 HOURS

Present:

The President of the Republic	The Prime Minister
M. Raymond Barre (Prime Minister)	The Chancellor of the Exchequer
M. Jean Francois-Poncet (Foreign Minister)	The Secretary of State for Industry
M. Rene Monory (Minister of Economy)	The Lord Privy Seal
M. Joel le Theule (Minister of Transport)	The Secretary of State for Trade
M. Andre Giraud (Minister of Industry)	Sir Reginald Hibbert
M. Pierre Bernard-Raymond (Minister, Foreign Affairs)	Sir Robert Armstrong
M. Jean Sauvagnargues (French Ambassador, London)	
M. Jacques Wahl (Secretary General, Presidency of the Republic)	

The Middle East

The President of the Republic raised the subject of the Middle East.

Monsieur Francois-Poncet said that the situation in the Middle East had reached a very dangerous point. The danger was compounded by the Presidential election in the United States: both the main candidates would be impelled by domestic political considerations to say things that would be better unsaid. They would eventually have to be gainsaid; but that process would take time. The initiative taken by the European Council at Venice had been timely and important, and had been welcomed in the Middle East. The Arab countries in particular had responded positively to an initiative which came from another source than the United States. Monsieur Gaston Thorn had been well received in the Arab countries he had visited; less well received in Israel, though since his visit he had received a number of more encouraging messages from Mr. Begin. The European

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/Community

NOTE FOR THE FILE

Extract from the record of a discussion between the Prime Minister and the President of France at the Elysee on 19 September 1980 about Nuclear Defence, is filed on Defence:
The future of the UK Nuclear Deterrent:
Pt 3 on Cabinet 1.

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Community must now follow up the initiative by giving more precision and detail to the ideas and concepts in the Venice declaration, with a view to making further progress at the December meeting of the European Council.

The Lord Privy Seal agreed generally with Monsieur Francois-Poncet's analysis and in particular upon the need for building on, and giving greater detail and precision to, the European Council's initiative; but he emphasised the importance of ensuring that any proposals made by the European Community were at least not unacceptable to the United States, whose support was indispensable to progress towards peace in the region.

In discussion it was agreed that one of the matters which would require further discussion in the European Community was the future of the West Bank. The Prime Minister favoured federation of the West Bank in the State of Jordan: there was reason to believe that this could be acceptable to King Hussein. In her judgment the future of Jerusalem was likely to be the most intractable problem, given the views of the Saudi Government. The President of the Republic agreed that inclusion of the West Bank in a federal state of Jordan would be an acceptable solution if it were the choice of the PLO, but it could not be imposed on the PLO. He believed that it would not be possible to withhold recognition from the PLO after 1981. The Prime Minister said that recognition of the PLO must be dependent upon the PLO and the Arab states recognising the right of the state of Israel to exist. The President of the Republic agreed, and said that Arab leaders were in practice ready to accept and recognise the existence of the State of Israel. It was difficult, however, for the PLO and the Arab states to concede Israel's right to exist until the PLO was recognised: some way would have to be found of making the two steps simultaneous.

Iraq-Iran

The Prime Minister said that it was known that France was closer than other Western powers to Iraq: what view did France take of recent developments in relations between Iraq and Iran? Monsieur Francois-Poncet said that until recently he would have said that

/they

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would be likely to they/prosecute their claims upon territory held by Iran with words rather than with organised military force: in the light of recent reports that view might need to be re-evaluated. The Prime Minister asked whether there was a danger that the Iraqis might use the nuclear reactor and the weapons-grade uranium supplied to them by France to make nuclear weapons. The President of the Republic and Monsieur Giraud argued at considerable length that the French Government had considered this possibility in great detail and were satisfied that there was no such danger. It was because they were not satisfied that the same could be said about the Pakistanis and the South Koreans that they had cancelled their nuclear contracts with those countries. The fact that the uranium supplied for the Iraqi reactor was weapons-grade uranium was not itself significant: it was a research reactor, and all the thirty or so research reactors in the world used weapons-grade uranium. The amount supplied would be sufficient to make only one or two weapons, and the Iraqis had agreed to its being supplied in instalments in such a way as made it technically impossible to use it for the manufacture of weapons. The Iraqis had accepted perfectly readily all the requirements of international inspection. If their aim was to be able to make a nuclear weapon, they had chosen an unlikely and technically cumbersome way of going about it. If it was argued that Iraq's resources of oil made it unnecessary for her to develop nuclear power for the supply of energy, the Iraqis said that that oil would not last forever, and now was the time for them to begin development of a nuclear power capacity so as to be able to prolong the availability of oil and to replace it as a source of energy when it ran out.

Aid Policy and North-South Relations

Turning to questions of aid policy and North-South relations, there was general agreement that the resources which the industrialised countries had available to help the Third World were considerably restricted by the effects of the increase in oil prices. In international discussion of aid policies, it would be important to emphasise a number of points:

- (a) For several reasons the emphasis should be switched from multi-lateral aid more towards bilateral aid. Multi-lateral aid was in danger of becoming little more than a

kind of international income tax to redistribute wealth; and it tended not to serve the political interests of, or to confer the deserved degree of political benefit upon individual donor countries. Moreover if too great a part of the resources available for aid was hypothecated for multi-lateral aid, there was a danger that there would not be enough to give necessary help when emergencies arose.

(b) The resources available for aid should be concentrated upon the poorer recipients. Some countries which were receiving aid were already relatively prosperous; and some of them were also in receipt of trade preferences because they enjoyed unrestricted access for their exports to industrialised markets but imposed considerable barriers to imports from the industrialised countries. They really should not have it all ways.

(c) The industrialised countries could not continue to carry so large a proportion of the burden of assisting the less developed countries. The oil exporting countries must be brought to do more; and the Western countries should expose the inadequacy of the contribution made by the socialist countries by describing publicly what they did.

The President of the Republic and the Prime Minister agreed that these points should be followed up in the course of the study of aid policies and practices put in hand at the Venice Economic Summit, and agreed that their Personal Representatives should be instructed accordingly for the forthcoming meeting of Personal Representatives in Washington.

There was a brief discussion of the possible timing of the North-South Summit Meeting proposed by President Lopez Portillo and Chancellor Kreisky. The Prime Minister said that she supposed that neither the President of the Republic (who nodded his agreement with her) nor she was enthusiastic about it, but that neither would think it right to refuse to attend: it was preferable to be present rather than to face the possible embarrassment of decisions taken in their absence. Her recent discussion suggested that Chancellor

Kreisky was thinking in terms of holding a meeting early in 1981. The President of the Republic said that he thought that the meeting could wait and should not be held until after the French Presidential election. He and the Prime Minister agreed that it would be preferable if the North-South Summit were postponed until after the Ottawa Economic Summit.

In the context of the OPEC contribution to aid, Monsieur Giraud drew attention to the dangers inherent in the proposals discussed by the OPEC strategy committee:-

(a) The proposals for indexation of oil prices were so constructed as to be highly disadvantageous to the industrialised countries;

(b) The proposals for helping the less developed countries were so constructed that a considerable part of the benefit to those countries would in practice come out of the resources of the industrialised countries, who would thus be paying not only their own share of oil price increases, but also part of the share of the less developed countries.

Monsieur Barre was sceptical about the practical effect of any proposals for indexation of oil prices. Whatever the nominal prices, the actual cost to consuming countries would be determined by supply and demand. Decisions on levels of production would be what mattered; and it was very important for the industrialised countries to reduce their demand for oil by sustained efforts to save energy and develop alternative sources.

Imports from Japan

There was then a discussion of the threat of Japanese imports to European industries. Monsieur Giraud said that the threat was not generalised, but the Japanese concentrated their efforts on particular goods: on radio and television, on watches, on photographic equipment, on motorcars, and perhaps in future on information technology. The technique was always the same: the market was flooded with Japanese imports; the resulting payments surplus was then invested in local manufacture or in the distribution system, which served to keep down the exchange value of the Yen, preserve

the competitiveness of the goods and increase the market penetration, at the expense of the locally manufactured product. European industry could not stand much more of this type of competition. Even if it was assumed that European industry could match the technological efficiency of Japanese industry, it could not match the social factors which served to make Japanese labour more productive than European labour.

The Prime Minister said that she did not favour protectionism, though she accepted the need for a measure of voluntary self-limitation agreed between Japanese manufacturers and their European counterparts in circumstances of special difficulty. In considering whether to impose any measures of import freeze or control, it would be necessary to have regard for the possible political consequences for Japan's relations with other industrialised countries of the Western world.

Monsieur Barre did not favour protection. The problem was to get European goods into Japan. As the Prime Minister pointed out, they tended to be kept out not only by a "Buy Japanese" prejudice but also by the opacity and complexity of the Japanese distribution system. Rather than restrict Japanese imports into Europe, he would prefer to induce the Japanese to match their imports into Europe with imports of European goods into Japan. They should be invited to import European goods to the same degree of market penetration as that enjoyed by Japanese goods in Europe. He believed that they could do this if they wanted to; and he suggested that their willingness to do so could be re-inforced by the threat that, if they failed to do so, Japanese imports into Europe could be frozen, and only permitted to increase in proportion with increases in European exports to Japan.

The President of the Republic said that he was not a protectionist, though he was slightly more inclined that way than Monsieur Barre - a fact that might help his standing in France, which according to the latest opinion polls had slipped slightly while Monsieur Barre's had risen, since the French were naturally protectionist. In answer to a question from the Prime Minister, he confirmed that imports of Japanese cars into France were held at a very low level by an agreed measure of self-limitation. They would not be allowed to go

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above that level, and the Japanese were well aware that, if self-limitation was not honoured, other measures would have to be adopted. The President went on to say that there were differences between the Europeans and the Japanese for which no amount of technological efficiency could compensate. What European worker would give up one of his three weeks holiday to come down to the Japanese worker's two weeks? Or, still less, spend that holiday under his employer's aegis being subjected to instruction and propaganda about the need for and benefits of increased production. It was not a matter of protection but of correction for ineradicable national differences.

The discussion concluded at about 3 p.m., when the President of the Republic and his guests moved to the Plenary meeting.

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Parts copied to

Subject.

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- ① Fishing Industry: Fishery Policy: PT 4.
- ② Euro PDL: Budget: PT 9.
- ③ Euro PDL: CAP : PT 6.
- ④ Zimbabwe: Internal Sit: May 80.
- ⑤ Euro PDL: Appt of Commissioner: May 1980.

NOTE OF A MEETING BETWEEN THE PRIME MINISTER AND MONSIEUR RAYMOND BARRE HELD AT THE MATIGNON AT 1145 ON FRIDAY 19 SEPTEMBER 1980

⑥ Econ PDL: Brazil Commission: OCT 1979

Present:

Prime Minister	M. Raymond Barre
Mr. C.A. Whitmore	M. Pierre Achard

COMMUNITY AFFAIRS

The Prime Minister said that there were a number of matters on which she hoped the Community would make rapid progress. She expected the arrangements for implementing the agreement of 30 May to go through without delay. She looked forward to an early agreement on fisheries. The question of Zimbabwe's accession to the Lome Convention was urgent. Equally, she looked forward to early resolution of the outstanding problems over sheepmeat and New Zealand butter.

M. Barre said that in agreeing on the 30 May package all Nine members of the Community had undertaken to solve a number of problems before the end of 1980, including the implementation of the budgetary settlement, fisheries and sheepmeat.

/Fisheries

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Fisheries

The Prime Minister said that Mr. Walker and M. le Theule were making progress in their discussions which seemed to be going well. We would do all we could to reach an agreement, and if things faltered, it would not be the United Kingdom who were responsible. Our fishermen needed an agreement urgently. But she wanted to make it absolutely clear that there was no linkage between a settlement of the fisheries issue and any of the other problems now facing the Community. The agreement of 30 May provided for fisheries to be dealt with in parallel with the application of decisions in other areas. If suggestions of linkage were raised now, it would cause considerable difficulties.

M. Barre said that he very much hoped that agreement on fisheries would be reached by the end of the year. The first step was for the British and French fisheries ministers to reach agreement and then to get our partners, and in particular the Germans, to accept it. He was anxious to avoid any source of friction inside the Community over the next few months, and if the fisheries problem could be solved this would create a better climate generally. He thought it should be possible for the European Council in December to adopt regulations on both the implementation of the 30 May budget agreement and on fisheries, without expressing any linkage between them but taking account of parallel solutions for these problems.

The Prime Minister reiterated that there must be no linkage imported into the fisheries issue where none existed now. She was approaching the matter in the same spirit as M. Barre. There had undoubtedly been friction in the past, and she did not want there to be any more. Any problems between Britain and France must be smoothed away.

/30 May Budgetary Agreement

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30 May Budgetary Agreement

M. Barre said that although agreement had not yet been reached on the regulations to implement the agreement on 30 May, he thought it should be possible to find a solution without difficulty.

The Prime Minister said that if the budget agreement was not being implemented by the end of 1980, this would cause major problems within the Community.

Sheepmeat

M. Barre said that France was ready to accept the European Commission's proposals on sheepmeat which Mr. Gundelach thought would deal satisfactorily with all the outstanding problems. France's concern was to avoid a diversion of trade between Great Britain and France in favour of New Zealand. Such a diversion of trade would occur if Britain sold on the continental market New Zealand sheepmeat in a way which was "independent of the normal currents of trade." The Commission were ready to propose the implementation of Article 115 of the Treaty of Rome to prevent such a diversion of trade. For the rest France fully accepted the result of the negotiations between New Zealand and the Community on tariffs and quantities.

The Prime Minister said that she did not understand how New Zealand sheepmeat might distort the normal patterns of trade within the Community since it normally arrived when there were few British lambs on the market. She too saw no reason why the problem of New Zealand sheepmeat should not be finally settled now that the Commission had obtained the agreement of most Members of the Community on the tariff.

Zimbabwe and the Lome Convention

The Prime Minister said that Rhodesia had originally had an annual quota of 25,000 tonnes of sugar under the Commonwealth Sugar Agreement. Zimbabwe was now seeking a

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similar quota for sugar exports to the Community. They had made it clear that a satisfactory solution on sugar was a condition of their access to the Lome Convention. Unfortunately France had been able to agree on a negotiating brief for the Commission which only allowed Zimbabwe a quota of up to 25,000 tonnes. She wished to emphasise the political importance of making it possible for Zimbabwe to join the Lome Convention. If she lost interest in Lome, she might turn more towards Eastern Europe for help.

M. Barre said that France saw this problem in two phases. The first was how to deal with Zimbabwe between now and the renegotiation of the present sugar agreement next year. It was likely that some of the existing sugar quotas of other ACP countries would not be used and these could be attributed straightaway to Zimbabwe within an overall limit of 25,000 tonnes. The second phase comprised the long-term arrangements for Zimbabwe sugar, and these could be settled within the global quota of sugar during the renegotiation of the sugar agreement next year.

The Prime Minister said that there was no certainty that shortfalls during the coming months would give Zimbabwe a quota of 25,000 tonnes. Britain believed that Zimbabwe should be given a separate and additional quota of sugar. Otherwise there would be friction between Zimbabwe and her fellow ACP countries and between Zimbabwe and the Community. She therefore hoped that France would be prepared to look again at the Commission's negotiating instructions, with a view to agreeing that Zimbabwe should be given a quota of 25,000 tonnes straightaway. She wanted to re-emphasise the political importance of being ready to smooth the way for Zimbabwe to join the Lome Convention.

Commission portfolios

The Prime Minister said that President Giscard had suggested earlier in the morning that she and M. Barre should discuss the question of the distribution of portfolios in

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the new Commission, but this was not a matter to which she had so far given a great deal of thought. Britain would be keeping on Mr. Tugendhat and she was consulting Mr. Callaghan about candidates for the second British post. Britain would want one of the two financial portfolios. We were not seeking the agriculture post.

M. Barre said that neither was France bidding for the agriculture portfolio. Both M. Ortoli and M. Cheyssen had been Commissioners for eight years and they would be replaced.

Restructuring of the Community Budget

The Prime Minister said that Britain, France and Germany were the three Members of the Community who should be most concerned to see the Budget restructured since all were now net contributors. Germany in particular felt deeply that she was carrying an unduly heavy burden and she especially resented the fact that her contribution financed countries which were as rich as or even richer than her. There was, however, little likelihood of progress on restructuring the Budget until the German and French elections were out of the way. The changes in the Commission would also hold things up. This meant that if the timetable was to be adhered to, a lot of work on reforming the Budget and the CAP would have to be done very quickly next year.

M. Barre said that the problems raised by restructuring should be discussed closely between Governments. The Commission had a useful role in making proposals, but it was Governments which must discuss and settle these matters. Above all, it was essential to improve the management of the CAP. His personal view was that it would be very difficult to change the principle of 'financial solidarity'. Nor was he sure that ceilings could be put on the contributions of Member states; and ceilings on receipts would cause many difficulties. Hitherto our management of agricultural prices had been very bad. We had to agree upon new prices for meat and cereals which took account of international prices. We

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/ must

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must develop mechanisms for reducing prices when quantities increased. We could not give guaranteed prices for unlimited quantities. He wanted to solve the problem of agricultural surpluses, though this would cause difficulties for other Members of the Community. But any reform of the CAP must safeguard European agriculture for both social and security reasons. It was quite likely that in future food resources outside the Community would prove to be inadequate, and it made good sense to have sufficient resources of our own on the soil of the Community. But this objective must be attained without spending too much money. The Community had to accept the 1% VAT ceiling.

The Prime Minister said that she agreed with what M. Barre had said about surpluses. It was the build up of surpluses which gave rise to increased receipts. Equally, she was very pleased to hear what M. Barre had said about the 1% VAT ceiling. Britain would stick firmly to the ceiling.

M. Barre said that he understood the British position on the Community Budget and he did not blame her for seeking to limit her contribution. He had seen in 1972 that the problem would arise. What was important was for Britain and France to find solutions to the problem of restructuring the Budget which did not threaten the CAP. He was more concerned with the political aspects of the problem than with the economic ones. The French Government had had a very difficult time with French farmers over the last few months. For twenty years they had lived with an expansionist view of the CAP and now that they saw that times were changing, there was a crisis of confidence amongst them. Britain appeared to them to be threatening what was important in the Community, and this explained their strong feelings towards Britain. He wanted to avoid antagonism of this kind and at the same time to correct the causes of the Community's problems and

/ not simply

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not simply to treat the symptoms. We had to find solutions which avoided another huge burden for Britain. He was responsible for the global management of the French economy and he knew well the burden of the French contribution to the Community Budget. France was not seeking large financial benefits from the Community. He was against protectionism and valued membership of the Community for the increased competition it provided.

NATIONAL ECONOMIES OF FRANCE AND BRITAIN

The Prime Minister said that there was no way of avoiding the present world recession which was largely due to increases in the price of oil and to the problem of recycling the increased revenues of the OPEC countries. The Western countries simply had to get through the recession as well as they could. Britain was struggling hard to defeat inflation. The restriction of the growth of the money supply was bearing harder on the private sector than on the public, and the loss-making nationalised industries were a major difficulty for the Government. Britain had failed to adapt these industries in the past and they were having to be changed now, even though we were in the middle of a recession. Britain had been, for example, slower than France to deal with over-manning in her nationalised industries and to reorganise her steel industry. The British Government would continue to follow orthodox policies which would bring down the inflation rate still further. Interest rates had been at a very high level for a long time now: indeed, they had been kept up for much longer than might have been thought possible at the beginning of the year. The high exchange rate was helping to make firms more efficient, and exports were holding up well.

M. Barre said that France was facing two major problems. First, every year about 250,000 extra people came onto the labour market. He refused to try to treat unemployment by means of a global economic policy. Instead, he was concentrating

/ on the

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on the number of people who were actually looking for jobs and he had set specific objectives. The first was to reduce the number of unemployed men with families, and the measures introduced for this purpose had now been implemented. Second, the French Government were running successful programmes to find jobs for young people coming onto the labour market. Last, they were trying to reduce the pressure of women on the labour market, and to this end the Government would bring in a bill dealing with part-time work for women.

The second of the two major problems facing the French Government was the de-controlling of public sector prices. For a long time such prices had been kept artificially low by means of subsidies. For electoral reasons it was impossible to increase them drastically, and he had therefore adopted a strategy of raising them progressively over a period of time. He had now put up gas, electricity, telephone and public transport charges, and oil prices in France were increased as soon as the suppliers' price went up.

M. Barre continued that it was essential to maintain a grip on the growth of the money supply. He did this by crude mechanisms which were known as l'encadrement du crédit. These involved ceilings on the creation of bank credit and limitations on the ability of the public sector to create money. He maintained a firm hold on the budget deficit which was now small and manageable. It was financed by borrowing on the financial markets and not by printing money. He had also succeeded, with the implicit cooperation of some French trade unions, in moderating wage increases so that now they were broadly in line with price increases and thus created no more purchasing power, whereas until 1976 each year had^{seen} a 4-5% increase in purchasing power. The key to the French Government's economic strategy was to liberate productivity. Last year productivity in French industry ^{had} gone up by 7%. He was trying to offset wage increases designed to maintain purchasing power by greater productivity.

/ It would be

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It would be difficult to sustain next year the increases in productivity which recent years had seen, though the French Government were taking such steps as they could, for example by introducing fiscal initiatives to invest. If the French Government could stimulate further increases in productivity, this would help them to avoid too big an increase in unemployment, to maintain exports, and to stabilise the amount of purchasing power within the economy. To this end he was maintaining interest rates at the not too high level of 11-12% and he was keeping the franc stable. There were those in France who argued for a weaker franc in order to make industry more competitive, but his policy was to tell firms that they had to adjust to a stable franc and to become more efficient.

The Prime Minister said that her Government were also seeking to make British industry efficient, but there was not the same incentive to efficiency in the public sector as in the private sector. The private sector was cutting costs hard, but in the public sector what she called the cost plus mentality still prevailed. Only now were the nationalised industries beginning to realise that they too could lose markets because people simply could not afford their products.

M. Barre said that the next decade would be a very difficult period for all the Western economies. This was not only because the Western world was under pressure from OPEC and could not avoid the effects of increases in the crude oil price, but also because some parts of the Western economy were weaker today than they had been in the past. The United States, for example, would have to adopt stronger anti-inflationary policies for the next two or three years. The United Kingdom's policy needed three to five years to work. And France's policy was not a short term one but was based on a medium term period. At the same time, the Communist bloc was showing signs of vulnerability. Their system was not adapting to new world conditions, and their peoples were showing new aspirations which would have to be satisfied.

/ They would

CONFIDENTIAL

They would face very difficult economic problems over the next few years. Against this uncertain background it was very important that the Community should maintain its cohesion, for example by safeguarding its agriculture and maintaining its financial regulations, for Europe would have to bear the burden of the world while the United States recovered and adopted new policies. It was essential that France, Britain and Germany stood together. He distinguished between political cooperation, defence cooperation, common policies towards the Third World and cooperation on the mechanisms of the Community. Not all of these subjects could be dealt with within the Community: indeed it was dangerous to think of the Community as a framework in which everything could be put. We had to be flexible. The Community was one type of organisation for dealing with specific problems, but for other problems we should have to find other forms of organisation.

The Prime Minister said that she very much agreed with M. Barre's analysis and in particular with what he had said about the need for Europe to form an area of political and economic stability in the coming years.

NORTH/SOUTH

The Prime Minister said she was very worried about the present approach of the West to the North/South dialogue. So often the private views of political leaders on this subject were very different from their public position, but she recognised that there were politics in it all. Earlier that week she had seen Chancellor Kreisky and she had told him that she believed that the jargon in which the North/South dialogue was carried on was now so misleading that there was a very real risk that our analysis of the problem would, as a result, be wrong and that we should fail to find the right solutions. Everybody talked of a gulf between rich and poor nations, and the poor nations were thought to be represented by the Group of 77. But some members of the Group of 77 were very wealthy and, in some cases, were richer than any of the supposedly affluent industrial nations of the West. The fact

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- 11 -

was that there had already been a major redistribution of wealth from the western industrialised nations and the ldc's to the OPEC countries. Moreover, too much aid was being channelled through multilateral organisations and this left too few resources for bilateral aid, which was more important and more effective. The West had still not got to grips with the problem of the North/South dialogue. The first step in the right direction would be to stop using the language of the Group of 77 and to look at the issue de novo.

M. Barre said that he agreed with the Prime Minister's analysis. The western nations were being exploited, in the best Marxist sense, by the monopoly power of the OPEC countries. We were carrying not only the burden of the oil price rise but also the burden of the poorer nations. Moreover, the way in which we were giving aid was not the most efficient use of resources. Our methods of financing projects lacked consistency. We poured out funds and the recipient countries responded by asking for more and more. He could not understand why Mexico, for example, was still categorised as an ldc. In the Group of 77 there were countries which had already achieved economic take off and yet they were still benefiting from special measures which allowed them to trade on very favourable terms with the Community while they imposed restrictions on imports from Europe. It was time the industrialised countries made it clear that they were now poor and that the only resources they had were brains and a readiness to work hard. He agreed that the whole question of aid needed a fundamental reappraisal.

The meeting ended at 1245.

22 September 1980

CONFIDENTIAL

SUBJECT

SECRET

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Parts
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- ① Afghanistan: Situation: PT 5.
② Soviet Union: Human Rights Position of Disobedience
May 1980.
③ Defense: CTBS: PT 3.

2

RECORD OF A DISCUSSION BETWEEN THE PRIME MINISTER AND THE
PRESIDENT OF FRANCE AT THE ELYSEE ON 19 SEPTEMBER AT 1030

Present:

Prime Minister	President Giscard d'Estaing
Lord Privy Seal	Monsieur Barre
Mr. M.O'D.B. Alexander	Monsieur Francois-Poncet
	Monsieur Leclercq

Afghanistan

At the invitation of President Giscard, M. Francois-Poncet described how the French Government saw the present position in Afghanistan. It looked as though the Soviet Union had decided not to make a major effort to crush the rebellion in Afghanistan now. This would have involved doubling or trebling their present force in Afghanistan. But there was no evidence of any weakening in the determination of the Soviet Government to suppress the rebellion in due course. They now seemed to envisage a continuing effort at the present level lasting two or three years. On the political front, one of their main aims would be to exert pressure on the Pakistan Government with a view to forcing them to deal with Babrak Karmal. They would hope in this way to create a situation in which they could continue their military effort without interference. Soviet political pressure was already producing results, and the Pakistan Government were showing increasing signs of concern about Soviet intentions. Mr. Gromyko had told M. Francois-Poncet recently that "once there had been one Pakistan; now there are two; one day there might be four". The consequence of all this was Agha Shahi's proposal for a conference at which Afghanistan would be represented by the Babrak Karmal regime alone.

M. Francois-Poncet said that it was incumbent on the international community to ensure that the present situation was not accepted. Appropriate pressure had to be exerted on the Soviet Union to convince them of this. Action should be taken in the United Nations. More should be done to help Pakistan, particularly perhaps by the United States.

SECRET

/ Finally

Finally there was the question of what should be done for the Afghan rebels. The French Government's understanding was the United States was doing very little. M. Francois-Poncet understood that the American Government had discussed the question of aid to the Afghan rebels in great depth, and decided against a major effort. Mr. Muskie appeared to believe that for the American Government to give major help to the Afghan rebels would be to risk entanglement on the Vietnam model. He had also been heard to say "we do not want another Spanish Civil War situation". If this were the attitude of the US Administration, it threw a new light on the tough statements they had been making earlier in the year.

The Lord Privy Seal said that he agreed that no major Soviet effort against the rebels seemed to be in prospect. He also agreed that there was no sign of a Soviet withdrawal. Neither side seemed to be gaining much ground. Agha Shahi was showing signs of pulling back from his previous position. The British Government were trying to stiffen his resolve. We agreed that a conference attended only by representatives of Babrak Karmal would amount to recognition for his regime. We hoped therefore that if a conference were to be held, representatives of the Afghan rebels would be invited. An alternative approach would be a special meeting of the General Assembly. It would also clearly be necessary to find ways of giving more support to Pakistan. The financial support given by the Saudi Government so far had been disappointing. In general the situation was rather depressing.

On the question of military aid to the Afghan rebels, the Lord Privy Seal said that he thought the United States might be doing more than M. Francois-Poncet had acknowledged. M. Francois-Poncet said that they might be doing a little more but not much. The Prime Minister added that whatever equipment they were supplying it was not sophisticated. M. Francois-Poncet agreed and said that he had been surprised at how primitive the arms which the

Russians had displayed as having been captured from the rebels had been. The war in Afghanistan was being largely fought by helicopters. Modern anti-helicopter weapons were extremely effective. He did not understand why they had not been supplied in large quantities to the rebels. After he had left office Mr. Vance had told Lord Carrington that of the twenty million dollars appropriated for aid to the rebels only two million dollars had then been spent. If this was so, American policy was wrong. After all, if the Soviet Union succeeded in crushing the Afghan rebellion, the question of international acceptance of the Soviet invasion would be resolved. The only factor which prevented acceptance of the fait accompli was the fact that the fighting continued. It was extraordinary that the four western powers had never had a high level discussion of their strategy in the region.

President Giscard recalled that in the first half of the year the West had encouraged the Soviet Government to look for a political solution and that the Russians had briefly seemed to be considering such a solution. But time had passed, and there had been no further signs of any reduction in the Soviet military presence or of a major political initiative. The Russians seemed to be playing for time. Their threats against the Pakistan Government were having an effect. The international community had been impressed by the lack of action on the part of the West.

One useful element in the initial reaction of the United States Government had been their decision to acquire additional bases in the area. Their effort to do so should be supported. France had used her links with the Somali Government to persuade them to agree to the American request. France had a base in Djibouti. Although there was no organised cooperation between the French and American Governments in the area, there had been exchanges of views. Broadly speaking, the question of bases had been settled in a satisfactory way.

/ It would

It would also be important to keep the Afghanistan issue alive in the United Nations. There should be a debate in the General Assembly where it was to be hoped that members of the Nine would speak frankly. The idea of a special session should be discussed. President Giscard said he had no objection to the idea, but the modalities would need to be analysed. The West should try to ensure that there was a vote in the General Assembly at least as favourable as last time. The Prime Minister wondered whether such a vote was attainable. President Giscard said that no doubt some votes would be lost, but perhaps others would be gained. In any case there should be an organised effort to get out the maximum vote.

The position of Pakistan was a key one. If the Pakistan Government were to collapse or to soften its position, the situation might dissolve. President Zia was due to visit the United States in a few weeks. Perhaps he could visit Europe on his way back. The French Government had it in mind to invite him to Paris in order to give him visible support. As regards support for the Afghan guerillas, he was conscious that SAM 7 missiles had been used against French helicopters in Chad. These had been supplied by the Russians using the Libyans as cover. He did not therefore feel too many inhibitions on the principle of supplying the Afghans. Presumably the Americans were trying to supply the Afghans with Soviet made arms, but were having difficulty in finding them and in organising supply routes. The whole question should be reviewed by the Allies. We should be considering how to use the on-coming winter to supply the Afghan guerillas and ensure that they were not destroyed next year. A co-ordinated effort was needed. In response to a question from the Prime Minister, the Lord Privy Seal said that he thought some Soviet arms were getting through but not enough.

/ CSCE Review Conference

CSCE Review Conference

The Prime Minister said that President Giscard and she had agreed that in present circumstances it would be wrong to allow it to appear that the Madrid Conference had been a success. It might be that there would have to be no final communique. The West had to place its views on record about the Soviet invasion of Afghanistan and about the Soviet failure to implement the Helsinki Final Act. The French Government would proceed with its proposal about confidence building measures and would insist that the area of application should extend to the Urals. President Giscard said that his Government did not accept the Soviet invasion of Afghanistan and was content to be seen to be active in this connection. But he was afraid of the workings of the diplomatic machine in Madrid. Diplomats always wanted agreement. The effect of a multilateral agreement on the continuation of detente would be, in the aftermath of Afghanistan and Poland, to make it look as though the West had been deceived by the Soviet Union. The Russians, for their part, would certainly seek agreement however confused and muddled the text incorporating any agreement might be. Therefore Western participants should think in terms of a detailed discussion; of registering advances where possible; but of making it plain that there would be difficulties in agreeing a joint communique so long as basic issues were unresolved.

M. Francois-Poncet said that he agreed that it would look very strange if, after the recent blows to detente, business was continued as usual. Clearly it must not be allowed to appear that willingness to talk implied agreement. However some countries would wish to see a result. The Nordic neutrals, for instance, would want an agreement at almost any price. Moreover there were specific points e.g., the proposed conference on energy, where agreement had virtually been reached already. There was also the question of the time and place of the next Review Conference. Failing a rendezvous, the whole process might come to a halt. But it would be important to hold on to the French plan for military detente; if this was maintained in full, it would guarantee that there would be no progress on the main issues. The Prime Minister said that she

agreed about the need to arrange a further meeting. The Review Conference seemed to her valuable as a forum for criticising Soviet shortcomings. But she agreed with President Giscard about the need to avoid a final agreement. The Lord Privy Seal thought this would be one of the best ways of avoiding any impression of "business as usual".

President Giscard said that he did not see how one could reconcile "kissing in Madrid" with a hard line on Afghanistan. He did not believe that the Russians would try to sabotage the Helsinki process by refusing a further conference. They needed the conferences for their own purposes. But a joint document at the end of the Madrid meeting would not be acceptable unless it contained real concessions. There seemed to be no prospect of such concessions being forthcoming. This need not be taken too tragically. After all, the Belgrade Review Conference, which had taken place in much more normal times, had been a failure.

President Giscard asked about the attitude of the German Government. Might they not be in favour of an agreement? M. Francois-Poncet said that the stakes were much higher for the West Germans. For them the relationship between the two Germanys might seem to be at issue. But his own assessment was that they would go along with their allies. They were very strong adherents of the French plan for military detente. President Giscard said that if the Russians refused to accept the French plan it would be a major propaganda point for the West. He did not think the Russians would accept. M. Francois-Poncet said that there had been no sign whatever that they would.

/ Arms Control

Arms Control

President Giscard asked whether the Prime Minister had replied to President Breznev's recent letter about arms control negotiations. The Prime Minister said that she had and that her letter had been short and unpolemical. President Giscard said that he had replied two days previously. He had told President Breznev that France was, of course, not as concerned as the other recipients of the letter. He had said that the French Government approved the SALT II agreement; that they did not see any justification for the linkage the Soviet Government were trying to establish between forward base systems and theatre nuclear forces; and that they did not consider the American reaction to the earlier Soviet proposals had been so negative. Finally he had said that France would not participate in the SALT III negotiations although the contents of a SALT III agreement would, of course, be of concern to France.

Community Affairs

The Prime Minister said that she did not wish to discuss community matters in any detail but that there were one or two points she wished to make. The British Government hoped that the Article 235 financial agreement could be implemented without delay and without linkage to the negotiations on the Common Fisheries Policy. They would do everything they could to reach an early agreement on the CFP. An early agreement was necessary for the British fishing industry. In any case the British Government had undertaken in May to conclude the negotiations as quickly as possible. HMG were also concerned about the failure so far to conclude a sheepmeat agreement. British sheep farmers had expected an agreement by 1 October and were being increasingly affected by the absence of an agreement. It was to be hoped that the next Agricultural Council would reach an agreement: this would at least allow

/the

the agreement to come into operation by 15 October. On butter, it was the British Government's understanding that an agreement had already been reached. They hoped that agreement could be implemented soon.

There was also some concern about the sugar quota which had been offered to the Government of Zimbabwe by the Community. The Commission had been left with a very difficult case to argue. The result might be that Zimbabwe would refuse to accede to the Lomé Convention. This would be very serious in that it would give an anti-African flavour to the Community's policies towards the area.

The Prime Minister referred, finally, to Article 90. She said that she was aware that the French Government had decided to challenge a directive issued by the Commission under this Article. While the British Government had no difficulty with the objective being pursued by the Commission, i.e., to make state aids to industry more transparent, they did object to the Commission taking new powers which would not be subject to approval by the Council of Ministers. They would therefore be joining the French Government in challenging the Commission directive in the European Court. (It was clear that neither President Giscard nor M. Francois-Poncet were aware of the issue but that Mr. Barre was.)

President Giscard indicated that he had taken note of the Prime Minister's comments. He said that there were two matters which M. Barre might wish to pursue with the Prime Minister: the location of the Community's institutions and the renewal of the Commission.

The meeting ended at 1135.

20 September, 1980.

RECORD OF THE PLENARY SESSION HELD AT THE ELYSEE PALACE ON
FRIDAY 19 SEPTEMBER 1980 AT 1500 HOURS

Present:

President Giscard d'Estaing

M. Raymond Barre, Prime Minister

M. Jean Francois-Poncet, Minister of Foreign
Affairs

M. Rene Monory, Minister for the Economy

M. Andre Giraud, Minister for Industry

M. Joel Le Theule, Minister of Transport

M. Pierre Bernard-Reymond, Secretary of State,
Ministry of Foreign Affairs

H.E. M. Jean Sauvagnargues, French Ambassador
to Great Britain

M. Jacques Wahl, Secretary-General of the
Presidency of the Republic

H.E. M. Bruno de Leusse, Secretary-General of
the Ministry of Foreign Affairs

M. Jacques Blot, Press Counsellor, Presidency
of the Republic

M. Patrick Leclercq, Diplomatic Counsellor,
Presidency of the Republic

M. Guy de Panafieu, Counsellor, Ministry of
Foreign Affairs

M. Jean-Yves Haberer, Director of the Treasury

M. Michel Freyche, Ministry of Foreign Trade

M. Pierre Achard, Office of the Prime Minister

* * * * *

Prime Minister

Chancellor of the Exchequer

Secretary of State for Industry

Lord Privy Seal

Secretary of State for Trade

H.E. Sir Reginald Hibbert, HM Ambassador, Paris

Sir Robert Armstrong
Sir Michael Palliser
Sir Kenneth Couzens
Mr. Gordon Manzie
Mr. Russell Sunderland
Mr. Clive Whitmore
Mr. Bernard Ingham
Mr. Michael Alexander
Mr. John Wiggins

* * * * *

General

President Giscard welcomed the Prime Minister and her colleagues warmly to the traditional concluding session. He saw these annual bilateral discussions between the two Governments as an opportunity to strengthen relations and to discuss international, regional and European problems; but they were not the occasion to settle problems within the European Community, for which other machinery was available. He recognised the major contribution the United Kingdom had to make to the development of Europe and to the world as a whole, and commended the present brave UK economic policy. He saw an urgent need for Europe to play a more important and more effective role in free world affairs.

The Prime Minister thanked the President for his welcome and for the opportunity to have fruitful talks. She wanted Britain and Europe to play a larger role in world affairs, and noted that the long experience of both France and Britain had enabled them to see the world in a different perspective. She wanted the two Governments to cooperate more closely both bilaterally and in the Community; in the present world situation it was desirable for both countries to concert their reactions with their European partners and with the United States. Britain and France together represented a way of life - of democracy and freedom - which needed to be defended and protected. She hoped that now recent problems were behind us European Community issues would always be settled harmoniously in future.

Foreign Affairs

M. Francois-Poncet said that there was little for him and the Lord Privy Seal to add to what had been discussed at the enlarged session in the morning and at lunch. He would, however, like to report on their discussion on Namibia. The UN negotiations on the basis of the plan of the five Western countries were going rather slowly, but South Africa and SWAPO apparently wanted talks under independent auspices like those of the UN; a Security Council debate was expected soon. A solution on Namibia was the key to future peace in Southern Africa - a satisfactory settlement could assure stability for ten years. But there was a danger that the Security Council might be faced with a resolution Britain and France could not accept. The Prime Minister noted that it would be essential for Britain and France to act together over Namibia.

Economic Affairs

M. Monory gave an account of his two-hour meeting with the Chancellor. They had surveyed the problems of the poorest countries and noted that it was sensible to discriminate between the more and the less successful of the developing countries. They had also recognised the problems associated with pressures to turn official aid into a sort of international tax system. The Chancellor had emphasised the growing contribution of private capital flows to the developing world. On the conjunctural situation in the two countries they had noted the improving price performance in both, while the position on output and employment was tending to deteriorate. Unemployment was a general problem, and the labour force had to adapt if industry were to be made healthy and competitive despite the high exchange rates for the pound sterling and the French franc. M. Monory noted that the United Kingdom was perhaps doing rather better than France at present in the struggle against inflation. On the question of pre-accession assistance for Portugal, the French side had proposed equal amounts of aid and EIB loans - 115 MUA of each. The Chancellor had, however, suggested a higher contribution from the EIB - 175 MUA. Both Ministers had agreed on the importance of maintaining the present 1 per cent VAT ceiling on contributions to the Community Budget.

/ The Chancellor

The Chancellor noted the UK and French determination to cooperate more effectively in the international financial institutions. He explained UK reservations about sterling joining the EMS, given present world uncertainties. He fully accepted the need for the EIB to be prudent about the volume of loans and their concentration on particular borrowers, and looked forward to further exchanges with his French colleagues on the question of how the irresistible demands for additional expenditure on agriculture were to be reconciled with an unchanged VAT ceiling.

The Prime Minister commented on the French success in resisting pressures for reflation. M. Barre noted that the Government faced a demand for "relance" regularly twice a year, at the end of the summer holidays in September and again in the spring; the difficulty was that there were too many people who did not fully understand the prescriptions of Keynes. President Giscard commented that France was the only western country with - apart from 1975 - a continuous record of economic growth in recent years. In 1975 and 1976 the attempt to oblige the company sector to absorb the higher costs of oil had been a mistake which had led to unbalanced growth; this had been redressed by the abolition of price controls in 1978, and the Government were anxious now not to increase industrial costs (and the costs of social security which employers had to bear). The 1981 budget objective would be to increase industrial investment demand.

Industrial Matters

M. Giraud reported on his useful exchanges about industrial policy with the Secretary of State for Industry. Both Governments were looking for ways of making industry more healthy and competitive, but greater efforts were needed to achieve further administrative simplifications. Industry also needed to make better use of research and development, and officials of the two Governments would be meeting to discuss this. Greater attention was needed to the improvement of training and the development of skills - in particular the apprenticeship system. The two

/ Ministers

Ministers had discussed the threat posed by Japanese imports in a small number of sensitive industrial sectors; by contrast UK, France, US and Germany all had widely diversified exports, which did not threaten particular industries in other countries. In order to avoid undesirable general protectionism, it was necessary to deal with the Japanese problem industry by industry; the French side thought self denial on the part of Japanese would not be enough - there remained the problem of Japanese direct investment. The European steel industry was facing a new crisis, and both countries were taking vigorous measures; they were agreed on the need for a further production cut-back under Article 58 of the Treaty of Rome. Textiles presented further problems in the trade sector; US exports were in effect dumped because of the cheap energy and raw material prices they enjoyed, and further use would need to be made of the trigger price arrangement to secure more effective protection. The Multifibre Agreement should be maintained in force. Finally, it would be desirable to harmonise the two countries' specifications for telecommunications equipment.

The Secretary of State for Industry endorsed M. Giraud's summary of their talks; he was particularly interested in the removal of "faux chomeurs" from French statistics.

Maritime and Aviation Matters

M. Le Theule gave a brief account of his discussions with the Secretary of State for Trade. They had touched on the problem of navigation in the Channel and on the question of air fares, where the French attitude to derestriction was more reserved than that of the United Kingdom. He also referred to the useful talks he had had a few days earlier with the Minister of Agriculture about fisheries policy.

The Session concluded at 1600.

JWH.

24 September 1980



Treasury Chambers, Parliament Street, SW1P 3AG

01-233 3000

23 September 1980

C. Whitmore, Esq.,
Private Secretary,
10, Downing Street,

Dear Clin,

..... I attach a draft record of the plenary session. Please amend as you think fit.

*Yours
Peter Jenkins*

pp

A.J. WIGGINS



ANGLO-FRENCH SUMMIT

RECORD OF THE PLENARY SESSION HELD AT THE ELYSEE PALACE ON
FRIDAY, 19 SEPTEMBER, 1980 AT 3.15 P.M. 1500

Points:

....

~~The official list of participants is attached.~~

General
Poncet

her colleagues

2. Giscard welcomed the Prime Minister and the British team warmly to the traditional concluding session. He saw these annual bilateral discussions between the two Governments as an opportunity to strengthen relations and to discuss international, regional and European problems; but they were not the occasion to settle problems within ^{the} European Community, for which other machinery was available. He recognised the major contribution the United Kingdom had to make to the development of Europe and to the world as a whole, and commended the present brave UK economic policy. He saw an urgent need for Europe to play a more important and more effective role in free world affairs.

3. The Prime Minister thanked the President for his welcome and for the opportunity to have fruitful talks. She wanted Britain and Europe to play a larger role in world affairs, and noted that the long experience ^{of} both France and Britain had enabled them to see the world in a different perspective. She wanted the two Governments to co-operate more closely both bilaterally and in the Community; in the present world situation it was desirable for both countries to concert their reactions with their European partners and with the United States. Britain and France together represented a way of life - of democracy and freedom - which needed to be defended and protected. She hoped that now recent problems were behind us European Community issues would always be settled harmoniously in future.

Foreign Affairs

4. M. Francois-Poncet commented on the situation in Namibia. The UN negotiations on the basis of the plan of the five Western countries were going rather slowly, but South Africa and SWAPO

said that there was little for him as he had long felt the need to do, to what had been discussed at the ~~last~~ enlarged session in the morning and at lunch. He would not say, but to say that the UN negotiations were rather slow.



apparently wanted talks under independent auspices like those of the UN; a Security Council debate was expected soon. A solution on Namibia was the key to future peace in Southern Africa - a satisfactory settlement could assure stability for ten years. But there was a danger that the Security Council might be faced with a resolution Britain and France could not accept. The Prime Minister noted that it would be essential for Britain and France to act together over Namibia.

Reverend Mr. M. Monory

5. M. Monory gave an account of his two-hour meeting with the Chancellor. They had surveyed the problems of the poorest countries and noted that it was sensible to discriminate between the more and the less successful of the developing countries. They had also recognised the problems associated with pressures to turn official aid into a sort of international tax system. The Chancellor had emphasised the growing contribution of private capital flows to the developing world. On the conjunctural situation in the two countries they had noted the improving price performance in both, while the position on output and employment was tending to deteriorate. Unemployment was a general problem, and the labour force had to adapt if industry were to be made healthy and competitive despite the high exchange rates for the pound sterling and the French franc. M. Monory noted that the United Kingdom was perhaps doing rather better than France at present in the struggle against inflation. On the question of pre-accession assistance for Portugal, the French side had proposed equal amounts of aid and EIB loans - 115 MUA of each. The Chancellor had, however, suggested a higher contribution from the EIB - 175 MUA. Both Ministers had agreed on the importance of maintaining the present 1 per cent VAT ceiling on contributions to the ~~European~~ Community Budget.

6. The Chancellor noted the UK and French determination to co-operate more effectively in the international financial institutions. He explained UK reservations about sterling joining the EMS, given present world uncertainties. He fully accepted the need for the EIB to be prudent about the volume of loans



and their concentration on particular borrowers, and looked forward to further exchanges with his French colleagues on ~~the~~ question how the irresistible demands for additional expenditure on agriculture were to be reconciled with an unchanged VAT ceiling.

7. The Prime Minister commented on the French success in resisting pressures for reflation. M. Barre noted that the Government faced a demand for "relance" regularly twice a year, at the end of holidays in September and again in the spring; the difficulty was that there were too many people who did not fully understand the prescriptions of Keynes. Giscard commented that France was the only western country with - apart from 1975 - a continuous record of economic growth in recent years. In 1975 and 1976 the attempt to oblige the company sector to absorb the higher costs of oil had been a mistake which had led to unbalanced growth; this had been redressed by the abolition of price controls in 1978, and the Government were anxious now not to increase industrial costs (and the costs of social security which employers had to bear). The 1981 budget objective would be to increase industrial investment demand.

Jean-Marie Kerkas

8. M. Giraud reported on his useful exchanges about industrial policy with the Secretary of State for Industry. Both Governments were looking for ways of making industry more healthy and competitive, but greater efforts were needed to achieve further administrative simplifications. Industry also needed to make better use of research and development, and officials of the two Governments would be meeting to discuss this. Greater attention was needed to the improvement of training and the development of skills - in particular the apprenticeship system. The two Ministers had discussed the threat posed by Japanese imports in a small number of sensitive industrial sectors; by



contrast UK, France, US and Germany all had widely diversified exports, which did not threaten particular industries in other countries. In order to avoid undesirable general protectionism, it was necessary to deal with the Japanese problem industry by industry; the French side thought self denial on the part of Japanese would not be enough - there remained the problem of Japanese direct investment. The European steel industry was facing a new crisis, and both countries were taking vigorous measures; they were agreed on the need for a further production cut-back under Article 58 of the Treaty of Rome. Textiles presented further problems in the trade sector; US exports were in effect dumped because of the cheap energy and raw material prices they enjoyed, and further use would need to be made of the trigger price arrangement to secure more effective protection. The Multifibre Agreement should be maintained in force. Finally, it would be desirable to harmonise the two countries' specifications for telecommunications equipment.

9. The Secretary of State for Industry endorsed ^{M.}Giraud's summary of their talks; he was particularly interested in the removal of "faux chomeurs" from French statistics.

Marketing in American Markets.

10. M. Le Theule gave a brief account of his discussions with the Secretary of State for Trade. They had touched on the problem of navigation in the Channel^x and on the question of air fares, where the French attitude to derestriction was more reserved than that of the United Kingdom. He also referred to the useful talks he had had a few days earlier with the Minister of Agriculture about fisheries policy.

11. The session concluded at ~~4.00~~ p.m. 1600 . . .

(A.J. WIGGINS)

22 September 1980

RENCONTRE FRANCO-BRITANNIQUE

vendredi 19 septembre 1980

SEANCE PLENIERE - LISTE DES PARTICIPANTS

DELEGATION FRANCAISE

- M. le Président de la République
- M. Raymond BARRE
Premier Ministre
- M. Jean FRANCOIS-PONCET
Ministre des Affaires Etrangères
- M. René MONORY
Ministre de l'Economie
- M. André GIRAUD
Ministre de l'Industrie
- M. Joël LE THEULE
Ministre des Transports
- M. Pierre BERNARD-REYMOND
Secrétaire d'Etat auprès du Ministre des Affaires Etrangères
- Son Excellence M. Jean SAUVAGNARGUES
Ambassadeur de France en Grande-Bretagne
- M. Jacques WAHL
Secrétaire Général de la Présidence de la République
- S. Exc. M. Bruno de LEUSSE
Ambassadeur de France
Secrétaire Général du Ministère des Affaires Etrangères
- M. Jacques BLOT
Conseiller Technique
- M. Patrick LECLERCQ
Conseiller Technique
- M. Guy de PANAFIEU
Conseiller Technique

- M. Jean-Yves HABERER
Directeur du Trésor
- M. Michel FREYCHE
Directeur des Relations Economiques Extérieures au
Ministère du Commerce Extérieur
- M. Pierre ACHARD
Secrétaire Général du Comité Interministériel pour
les Questions de Coopération Economique et Européenne

DELEGATION BRITANNIQUE

Son Excellence Madame Margaret THATCHER
Premier Ministre de Grande-Bretagne

Sir Geoffrey HOWE
Ministre des Finances

Sir Keith JOSEPH
Ministre de l'Industrie

Sir Ian GILMOUR
Ministre délégué auprès du Ministre des Affaires Etrangères

M. John NOTT
Ministre du Commerce de Grande-Bretagne

Son Excellence Sir Réginald HIBBERT
Ambassadeur de Grande-Bretagne en France

Sir Robert ARMSTRONG
Secrétaire Général du Cabinet du Premier Ministre

Sir Michael PALLISER
Secrétaire Général du Ministère des Affaires Etrangères

Sir K. COUZENS
Secrétaire Général du Ministère des Finances

M. A.G. MANZIE
Directeur au Ministère de l'Industrie

M. C.A. WHITMORE
Directeur du Cabinet du Premier Ministre

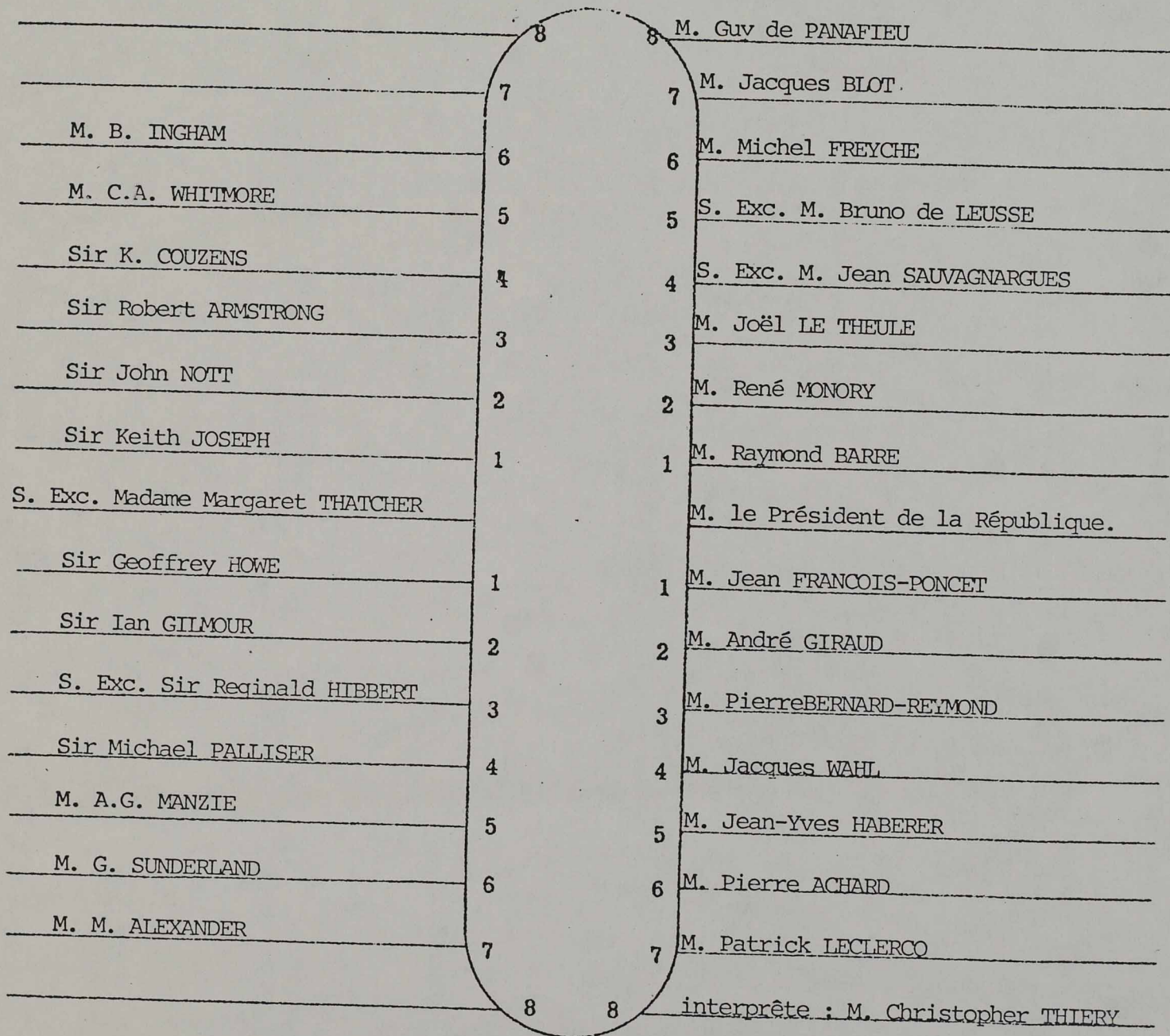
M. G. SUNDERLAND
Directeur adjoint au Ministère du Commerce

M. B. INGHAM
Porte-Parole du Premier Ministre

M. M. ALEXANDER
Conseiller Technique au Cabinet du Premier Ministre

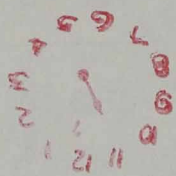
RENCONTRE FRANCO-BRITANNIQUE

SEANCE PLENIERE DU VENDREDI 19 SEPTEMBRE 1980



PLAN de TABLE

Nombre de participants : 30



24 SEP 1980

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GR 350

CONFIDENTIAL

DESKBY 190630Z PARIS

DESKBY 191200Z WASHINGTON

FM FCO 182026Z SEP 80

TO IMMEDIATE PARIS

TELEGRAM NUMBER 367 OF 18 SEPTEMBER

INFO IMMEDIATE WASHINGTON, PRIORITY BONN, UKMIS NEW YORK, PRETORIA
INFO SAVING OTTAWA

INWARD

FOR PS LORD PRIVY SEAL

MIPT:

ANGLO FRENCH SUMMIT: NAMIBIA

ESSENTIAL FACTS

UK AND FRENCH ASSESSMENTS SIMILAR (NOT TO BE REVEALED).

1. POINTS IN PARA 1 OF MIPT EMERGED FROM NEW YORK TALKS AMONG SENIOR OFFICIALS OF THE FIVE LAST WEEK. FRENCH PROPOSED THAT THE FIVE DESIGNATE A REPRESENTATIVE TRUSTED BY P.W. BOTHA TO IMPRESS HIM WITH THE STRONG POLITICAL CASE FOR AGREEMENT. WE RESPONDED VERY CAUTIOUSLY, GIVEN CONTROVERSY IN THE FIVE OVER UK PROPOSAL (SUMMER 1979) FOR A SINGLE NEGOTIATOR.

NEXT MOVES UNCERTAIN (NOT TO BE REVEALED).

2. WALDHEIM TOLD SOUTH AFRICA ON 16 SEPTEMBER ABOUT THE PROPOSAL FOR A MISSION, BUT SAID THAT IT HAD BEEN OVERTAKEN BY INFORMATION FROM ANGOLA THAT SOUTH AFRICA WANTED EARLY TALKS UNDER WALDHEIM'S CHAIRMANSHIP WITH SWAPO. SOUTH AFRICA INSISTS THIS IS AN ANGOLAN INITIATIVE. THE FIVE HAVE NOT (NOT) DISCUSSED THESE DEVELOPMENTS, BECAUSE THE UN SECRETARIAT HAVE TOLD ONLY THE US AND OURSELVES. THE FRENCH MAY KNOW FROM THEIR OWN SOURCES AS SOME OF THE PRELIMINARY ANGOLA/SOUTH AFRICA CONTRACTS TOOK PLACE IN PARIS. WALDHEIM IS UNDECIDED.

3. (TO BE DRAWN ON FREELY). THE FIVE ADVOCATE A LESS GRUDGING UN SECRETARIAT ATTITUDE TO INVOLVEMENT OF THE INTERNAL PARTIES IN THE DISCUSSIONS (WITHOUT FORMAL RECOGNITION OF THE INTERNAL "COUNCIL OF MINISTERS"): AND SUSPENSION OF UN FUNDING AND PUBLICITY FOR SWAPO, IN ORDER TO OUTFLANK SOUTH AFRICAN CRITICISM OF UN BIAS TOWARDS SWAPO. THESE (AND OTHER POSSIBILITIES) MAY STILL BE INSUFFICIENT, GIVEN SOUTH AFRICA'S WISH FOR MANY MONTHS IN WHICH TO STRENGTHEN DTA.

4. SWAPO/SOUTH AFRICA TALKS (TO BE DRAWN ON FREELY). WE TOLD THE FIVE IN AUGUST THAT SOUTH AFRICA WAS INTERESTED IN TALKS BETWEEN SWAPO AND A DELEGATION OF INTERNAL LEADERS LED BY THE ADMINISTRATOR GENERAL (VILJOEN UNTIL 7 OCTOBER, AFTERWARDS HOUGH): ANGOLA SAW SUCH TALKS AS A WAY OF EVADING CUMBERSOME CORRESPONDENCE INVOLVING CONSULTATION WITH FRONT LINE AND FIVE, THUS HASTENING SOLUTION OF BORDER PROBLEMS WITH NAMIBIA WHICH HINDER ECONOMIC DEVELOPMENT, PACIFICATION AND GETTING RID OF CUBANS.

5. TANZANIA, ZAMBIA AND ZIMBABWE (IN CAPITALS) FAVOUR TALKS. SOME FRONT LINE REPRESENTATIVES IN NEW YORK DOUBTFUL OR EVEN HOSTILE. US FEAR ADDED COMPLICATIONS AND DELAY.

CARRINGTON

NNNN

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DESKBY 190630Z PARIS

DESKBY 191200Z WASHINGTON

FM FCO 182025Z SEP 80

TO IMMEDIATE PARIS

TELEGRAM NUMBER 366 OF 18 SEPTEMBER

INFO IMMEDIATE WASHINGTON PRIORITY BONN, UKMIS NEW YORK, PRETORIA

INFO SAVING OTTAWA

INWARD

FOR PS/LORD PRIVY SEAL

ANGLO-FRENCH SUMMIT: NAMIBIA

POINTS TO MAKE

1. UK AND FRENCH ASSESSMENTS SIMILAR. SOUTH AFRICA WANTS TIME AND WILL NOT DECIDE YET, AT LEAST BEFORE US ELECTION. FRONT LINE STATES WILLING TO MAKE A FEW FURTHER CONCESSIONS. PRESSURE FOR SANCTIONS WILL RISE IF NEXT ROUND INCONCLUSIVE (WHICH IS LIKELY). THEREAFTER FIVE MAY NEED TO BECOME MORE INVOLVED IN THE NEGOTIATIONS IN ORDER TO MAINTAIN POSSIBILITY OF AGREEMENT AND TO FIND WAYS OF INFLUENCING MR P.W. BOTHA.

2. NEXT MOVES UNCERTAIN. FIVE AGREE TO SUPPORT UN MISSION TO SOUTH AFRICA. FIVE AND SECRETARIAT SHOULD AIM FOR A DEAL IN WHICH CONCESSIONS ON UN IMPARTIALITY AND EQUAL STATUS FOR INTERNAL PARTIES MIGHT BE EXCHANGED FOR SOUTH AFRICAN AGREEMENT.

3. POSSIBLE CONFERENCE.

QUESTION PRINCIPALLY FOR THE PARTIES. SYMBOLIC CONFERENCE TO RATIFY AGREEMENT COULD BE A DEVICE TO HELP P.W. BOTHA DEFEND AGREEMENT DOMESTICALLY.

4. SWAPO/SOUTH AFRICA TALKS

HAVE SHARED OUR INFORMATION ABOUT CONSIDERABLE SOUTH AFRICAN AND ANGOLAN INTEREST. NOT CLEAR WHETHER THEY WILL TAKE PLACE. MIGHT HELP GAIN TIME. FIVE SHOULD NOT BE INVOLVED, BUT SHOULD NOT DISCOURAGE.

5. FOR ESSENTIAL FACTS SEE MIFT.

CARRINGTON



Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

17th September 1980

M O'D B Alexander Esq.
10 Downing Street
LONDON
SW1

Dear Michael,

ANGLO-FRENCH SUMMIT: PRIME MINISTER'S MEETING WITH M. BARRE

In his letter to you of 11 September, Stephen Gomersall reported that M. Barre would, among other things, want to talk about the handling of national economic problems in the current international situation. Given the similarities between the domestic economic policies of the two Governments, this should provide a good opportunity to establish some common ground.

.... Attached is a note we have prepared bringing out these similarities. The Prime Minister might like to draw upon it in her talk with M. Barre.

I am copying this letter to Paul Lever and Stephen Gomersall at the FCO.

Yours ever

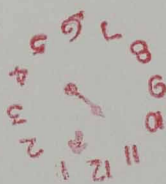
John Wiggins

A.J. WIGGINS
Principal Private Secretary



Treasury Chamber - Parliament Street, Dublin 2
01-232 3000

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18 SEP 1980

ANGLO-FRENCH SUMMIT

PRIME MINISTER'S MEETING WITH M. BARRE

Introduction

1. There are many similarities between the economic policies of the French and British governments. Though M. Barre no longer combines the Finance portfolio with that of Prime Minister, he is still considered to be the central figure in French economic policy-making. The meeting with M. Barre provides an excellent opportunity to stress what the two countries have in common to set against differences on Europe, North/South questions etc.

Points to make

2. Although the French government has not set out a medium term framework like the Medium Term Financial Strategy, policy has shown remarkable constancy over more than 4 years, despite the intervention of one election and the approach of another. Policy has been deliberately gradualist.
3. Despite rising unemployment, now over 6%, the containment and reduction of inflation remains the first priority. M. Barre has consistently rejected short-term palliatives; unemployment can only be reduced and kept down in a healthy economy.
4. The main features of economic policy, many of which find direct parallels in the UK, have been:
- (a) Tight control of the money supply, achieved through the setting of monetary targets.
 - (b) Recognition that fiscal policy must be consistent with monetary targets. This has required small public sector deficits and tight control over public expenditure.
 - (c) Belief in the value of a strong exchange rate.
- M. Barre recently stated "It is not a question of adapting the franc to the needs of business, but one of business adapting its requirements to the needs of the franc".

(d) Advocacy of wage restraint without recourse to formal incomes policies. Recognition of the need for government to give a lead with public sector pay.

(e) Promotion of a greater role for market forces eg removal of price controls and opening up of capital markets.

(f) Acceptance of the need for structural change in declining industries eg steel and textiles.

(g) Need to restore the profitability of industry.

5. There are a number of important differences:

(a) The main instrument of monetary control has been the "encadrement du credit" ie a system of ceilings on bank credit. There has been much less reliance on high interest rates. Can this be continued indefinitely without cumulative distortions?

(b) Credit flows are much more fragmented, with many of the channels being controlled by the government eg the medium term credit institutions like Credit National.

(c) France has to contend with a large current account deficit, estimated at \$7-10 billion this year. So far it has been financed without difficulty, partly by a large public sector borrowing overseas.

(d) Though there have been some relaxations, there is an extensive system of exchange controls.

(e) Unions are weak and divided.

Background

6. The French government has recently announced its budget for 1981. The deficit is set at F29 billion (1 per cent of GNP), slightly less than the expected outturn for this year. With the exception of defence and research and development, substantial cuts have been made in public expenditure plans. A five year programme



France
RC B. Ingham
VLS

10 DOWNING STREET

From the Private Secretary

17 September 1980

Prime Minister's Speech in Bordeaux

I attach the final text of the speech which the Prime Minister plans to deliver in Bordeaux on Friday evening.

Except for the addition of two paragraphs on industrial collaboration, the text includes only minor changes from that you which already have. The text released to the Press should, as I have indicated earlier, not include the first, second and final paragraphs. It should also omit all the passages in brackets except that on page 12. The text must, of course, be released on a "Check Against Delivery" basis.

M. O'D. B. ALEXANDER

Paul Lever, Esq.,
Foreign and Commonwealth Office.

France and Britain

M. le Maire, Mr. Co-Chairmen.

We are making history together this evening. For one thing, we are celebrating the first joint conference of the Franco/British Council. The presence tonight of so many distinguished participants augurs well for the Council's important work. I hope that this first Conference will be followed by many others.

On a more personal note, I am told that this is the first time a British Prime Minister, speaking in that capacity, has made a speech in Bordeaux. I find it hard to believe, M. le Maire, that this is true. Can my predecessors really have been so insensible to the charms of your lovely city and of its most famous product (which has so often eased the burden both on those who have to make speeches after dinner and on those who have to listen to them). But if they were, I am delighted to be able to repair their omission.

I am sure that M. Barre will agree that there could be no more appropriate city than Bordeaux for a meeting of the Franco/British Council. From Bordeaux continental France looks out to the Atlantic, the route by which French soldiers and seamen set out to found a maritime empire which - like Britain's - circled the world. Bordeaux and Aquitaine helped to give England one of her greatest dynasties - the

/Plantagenets.

Plantagenets. The marriage of Eleanor of Aquitaine with Henry of Anjou ensured that France, and Bordeaux in particular, were closely associated with England for many years and, in particular, with a vital stage in the creation of the English system of government. One member of the dynasty founded by Henry and Eleanor, Richard II, is also known to history as Richard of Bordeaux - his birthplace.

No other city in France, therefore, - except perhaps the tragic cities of Artois and Picardy where a generation of British youth died in the defence of a common cause - symbolises more vividly the links which have bound our two countries for a thousand years.

The stream of French influence, continued over many centuries and often flowing through Bordeaux, ensured that England did not become an introverted Anglo-Saxon kingdom cut off on a foggy island from the main stream of European history. Instead, French habits, fashions, words and modes of thought so penetrated English life that they now form an indissoluble part of our culture. In the centre of London stands our national shrine, Westminster Abbey. It is a building whose style is as French as any to be found in France (although I admit that down the years it has acquired an English accent). And to this day our laws have no effect until it has been signified that "La Reine le veult".

The stream of cultural and political influence has not, of course, run in one direction only. The inspiration of modern French democratic thought is to be found at least in part in British institutions and in the ideas of Hobbes and Locke as interpreted by Montesquieu and Voltaire. French science and industry owe much to the philosophical and practical genius of Newton and his successors in my country. The well springs of the French Romantic movement of the nineteenth century are in Byron and Scott, in Ossian and Shakespeare. (Let me acknowledge in passing the debt which we in Britain owe to Victor Hugo for persuading the French that our national poet was something more than a disorganised, if talented, scribbler of bloodthirsty melodrama.)

For a thousand years, then, our destinies have been linked. In the course of that time each of us has forged the strongest sense of identity as a nation. Each has developed distinctive, even idiosyncratic institutions. Each has the strongest sense of national purpose. Britain and France forged the idea of the modern nation state. After China and Japan we are two of the oldest nation states in the world. With that inevitably goes pride and - let us be frank - a degree of wilfulness.

For two proud nations living side by side are bound to be rivals. So it has been with Britain and France. We have quarrelled down the centuries over many issues, great and small. Since the middle ages we have competed in Europe and in the world beyond. Our rivalry has been sharpened by awareness of the other's justified claims to excellence.

The Issues of Today

Yet it is our common interests, not our past rivalries, which need to be emphasised now. For it is my strongest conviction that, in the dangerous world in which we live, cooperation amongst neighbours is essential to the protection of our own most vital interests. I do not, of course, believe that the day of the great European nation state is over. France and Britain, Germany and Italy, Spain and others, will continue each to make their distinctive contribution to the civilisation of the world. Not for us the grey collectivism and uniformity which has been imposed on Eastern Europe. We value the richness which flows from our diversity.

But this is an age of super-powers and superweapons; an age when pressure on the world's resources of food, energy and essential raw materials grows day by day; an age when our democratic systems and cultures are increasingly threatened and derided by those who appreciate the benefits of neither. At such a time and in such a world it is no longer possible for even the greatest European nation to stand/^{wholly} on its own. We all know this. It is why France and Britain and the other present and future members of the European Community have resolved, in the words of the Treaty of Rome, to pool their resources to preserve and strengthen peace and liberty, and to ensure the economic and social progress of their countries by common action.

/ The European Community

The European Community

Over the centuries Europe has owed much to our two countries. The Ile de France and the Island of Britain can lay some claim to have been, in different epochs, the last redoubt of the European spirit, and to have kept that spirit alive. The contributions we have made to Europe's civilisation are too numerous even to attempt to summarise. The European Community itself springs directly from the political experience and practices of our two countries. It represents an ambitious attempt to construct a new kind of political organisation based on the fundamental principles which we have fashioned - the principles of democratic liberty and the rule of law, of free trade and economic solidarity. It is perhaps the most original practical political concept to be brought forth by the European genius since the American and French Revolutions. (As you are probably aware, I have yet to be convinced that the ideas of Messrs. Marx and Engels, regrettably developed in my own country, were either practical or desirable.) Beyond that, the Community is a grand effort to recreate institutions expressing the fundamental reality of Europe and of the European spirit.

Speaking within a few miles of the birthplace of Jean Monnet/ (Cognac is another place name well known after dinner in Britain) I need hardly extol the part played by France in the establishment and development of the Community. Nor, before this audience, need I dwell on the support for Europe's democratic and libertarian traditions which I think British membership has brought. Suffice it to say that a Community without France and Britain as full and equal members now seems to me inconceivable.

Like any viable institution, the Community has had to demonstrate in the last twenty years its ability both to respond to challenge and to adapt to change. The 1973 enlargement, for example, was bound to bring problems. The interests of the new members had to be reconciled with the arrangements which the existing members had worked out for themselves. The imbalance of policies which had led to Britain becoming by far the largest net contributor to the Community has been recognised by our partners. The arrangements which were agreed last May have given us time to devise more durable solutions.

I know that in France, as well as in Britain, there is dissatisfaction with the distortions which have arisen in the working of the Common Agricultural Policy. We need reforms which will enable the CAP to meet its objectives without wasting money on unnecessary and sometimes damaging surpluses.

/ But this is

But this is not enough. We need new initiatives as well. We need policies outside agriculture which will develop the scope for common action and produce a better balance in the way the Community disposes its resources. We must do this without prejudicing those efforts which national governments and individuals are better able to make. We must do it without a further increase in the bureaucratic regulation by which nowadays we are ^{all} too tightly bound - whether at the Community level, the national level, or the level of local government.

/ These reforms

These reforms are important in themselves. But they are also a means to an end. Europe needs a sound economic base if it is to resume its rightful place as the master of its own destiny and an arbiter of world affairs. We must be strong if we are to defend our interests and to advance the case for order and the rule of law in a world where disorder and lawlessness are every day more widespread.

The full development of that strength will require the nations of Europe to develop wise, coherent and mutually beneficial policies. I do not pretend that this will be easy. There will inevitably be divergencies of national interest - between France and Britain as between other member states. It will need understanding and forbearance to resolve these. But the role of France and Britain in the European enterprise is literally vital. Our differences must not - and I am determined that they will not - be allowed to obscure the longer-term benefits and the external dangers. As my name perhaps implies I am more interested in construction than demolition. I want to build a solid and weatherproof structure well able to resist the storms which lie ahead.

The outside world is under no illusions about what has been achieved already. Europe's importance is growing. We are the largest trading bloc in the world. We have agreements with countries in every continent; and the list of candidates for new agreements is growing. We are playing a leading role in the conduct of relations between East and West; in the search for a solution in the Middle East; and in the

negotiations between the developed and the developing countries. Within the Community we sometimes lament that Europe has no foreign policy. Those outside find that lament difficult to understand.

East-West relations and defence

So far, I have spoken of 'Europe' and 'the Community' as if the terms were interchangeable. They are not. There are nine countries in the Community. But thirty-three European countries will be attending the Conference on Security and Cooperation in Europe in Madrid. These countries, too, have shared in the European experience for centuries past. Today, a number of them live under regimes which, because they are tied to the Soviet superpower, prevent them from developing their European identity to the full.

The tragic division of Europe will not be shortlived. Of course its effects can be mitigated. We can and should promote trade, political, cultural and human contacts between the two halves of what should be one continent. We can and should pursue detente - provided we always bear in mind that detente is a two way process.

But we must be realistic. The military strength of the Soviet Union, both absolutely and relatively, has continued to grow. The moral, political and economic bankruptcy of Soviet Marxism is apparent to all. Events in

/ Kampuchea,

207

Kampuchea, in Afghanistan, in Cuba and in Poland have surely dispelled any lingering doubt on that score. But their ideological failure seems, if anything, to have increased the readiness of the Soviet Government to resort to arms. They appear to regard force as the best card left in their hand. Events in Afghanistan daily underscore the point.

Those of us who live in Western Europe cannot ignore the menacing accumulation of modern weapons and highly trained soldiers deployed on our doorstep. The deployments are said to be defensive. But so, ^{allegedly,} / was the invasion of Afghanistan. There can be no confidence that the Russians will refrain from using their massive forces - if not for an armed attack, then as a means of political pressure on a weak and disunited Europe.

The Atlantic Alliance is a voluntary yet effective instrument of deterrence and defence. . . We must maintain its strength. It embraces countries like Germany, whose defence arrangements are wholly integrated into a common military structure, and France, which has chosen a different path. It contains two countries, Britain and France, who have remained determined to preserve strategic nuclear forces in Europe under their independent control, to supplement the nuclear umbrella provided by our American ally.

/Britain and France

Britain and France have a very long history indeed of joint military activity! But for the last century and more, we have found ourselves, happily, on the same side of the battlefield. And for almost eighty years Britain has been fully committed to joint action with France in defence of our two countries and of Western Europe. The British Army of the Rhine is the successor and heir of the British Expeditionary Forces and Armies, which entered Europe through France in two world wars and which, alongside their French allies, fought to maintain freedom in Western Europe.

In recent years some aspects of our cooperation in the military field have marked time. But let me make it clear this evening that Britain stands ready at any time to develop fuller and closer defence cooperation with France. And meanwhile let us continue to build on our successful record in the joint production of military equipment. The cost of weapons systems will continue to increase and effective collaboration is an important means of reducing the burden. This is an area where Britain and France - together with the Federal Republic - have given, and should continue to give, a lead to Europe.

/ Industrial Collaboration

Industrial Collaboration

Britain would also like to develop closer links with France in the civil industrial field. In many areas both of our countries could benefit from exchanging skills, know-how and resources. Already there are many examples of successful collaboration. There is Concorde and the Airbus project; our electricity industries are developing a new cross-Channel link. And many British and French companies have established themselves in each other's country. But there ought to be scope for more.

Britain is today, as in the past, a major source of inventiveness and innovation. We are at the forefront of new developments in pharmaceuticals, in electronics, in glass, in biotechnology, in aeronics - even in the motor industry, to name but a few. Many of the latest techniques being used by industry worldwide are British in origin. Likewise, I know, there are many technologies where France has taken the lead. Together, and with better sharing of our several talents, our two countries would be a greater industrial force in the world.

/ The World Outside Europe

The World Outside Europe

The concerns of Europe cannot be limited to our continent alone. France and Britain, with their imperial past and their present world-wide responsibilities, are uniquely qualified to understand that. We know that, great though our economic problems are, we belong to the prosperous part of mankind. Most of our fellow men live in poverty. They have yet to enjoy the political and economic freedoms which we in Europe have won for ourselves over the centuries and which are the root cause of our prosperity.

The disparity in wealth between the richer nations of the world - many of them outside Europe, some of them in the Group of 77 - and the poorer must be diminished. It is contrary to the principles of human dignity which underlie our own European civilization. It provides opportunities for the enemies of freedom to extend their influence. It impedes the development of trade and this can only be to the disadvantage of all since, in the last analysis, the prosperity of any nation depends on its ability to trade successfully.

/ It is therefore

It is therefore both morally and economically right that we should help the countries of the Third World to help themselves. The practical assistance which they need can and should take many forms and flow through many channels, both public and private. Our aim is to assist them to develop their economies, to exploit their resources and to educate their people. Where we can, we must also play our part in trying to resolve the burning political issues - both local and regional - which divert them from their other pressing tasks.

Of course, neither Britain and France, nor indeed the Europeans together, can tackle these problems alone. We have to work together with the other leading economic powers of the West, and especially with the United States and Japan. (Fortunately we have an informal instrument for this purpose - the annual economic summit which has resulted from the far-sighted initiative launched by President Giscard at Rambouillet in 1975.) And we must involve the oil producing countries - sometimes referred to as the "newly rich". Their pressure on world energy prices has added greatly to the burdens of the poorer countries over the past decade and has equally diminished the ability of the industrialised countries to help them.

/ These problems

These problems will be the subject of intense and growing activity in the next twelve months and in the years beyond. Our two countries have every reason to co-ordinate our approach as closely as possible.

Conclusion

The tasks Europe faces today are as great as any that have confronted our continent in its long history. We politicians do what we can to solve them, and to mould the forces of history along the lines we believe will most benefit the people we represent. In the past we have mainly worked within our nations, seeking to guide and to win the support of our peoples and of the institutions they have evolved through the centuries. That support remains the basis of all political achievement.

But today we know that national institutions are no longer sufficient on their own; and we have set ourselves to construct additional institutions which will bring our nations together for our mutual benefit. We know that this is a major task, and a slow one, not to be completed in a day or a decade. Indeed we know that the business of nations is never complete: we create new problems even as we solve the old ones.

The story of Franco/British relations is therefore still unfolding. Long may it continue to do so. Many, including I am sure the Franco/British Council itself, will have a hand in writing the next chapter. Let us, as we carry forward the work, take as one of our patrons Henry II Plantagenet, a great innovator, a great

/builder and a

builder and a King of England who was born and died in France. And let us, when we need encouragement, remember the words with which General de Gaulle concluded his memorable address to both Houses of Parliament at Westminster in 1960 "Quels peuples savent mieux que la France et la Grande Bretagne, que rien ne sauvera le monde, sinon ce dont elles sont par excellence capables: la sagesse et la fermeté."

Industrial Collaboration

Britain would also like to develop closer links with France in the civil industrial field. In many areas both of our countries could benefit from exchanging skills, know-how and resources. Already there are many examples of successful collaboration. There is Concorde and the Airbus project; ~~there is cooperation in the nuclear industry;~~ our electricity industries are developing a new cross-Channel link. And many British and French companies have established themselves in each other's country. But there ought to be scope for more.

We are at the forefront of new developments

Britain is today, as in the past, a major source of inventiveness and innovation. In pharmaceuticals, in glass, in electronics, in ~~insecticides, in herbicides, and even in~~ *genetic engineering, biotechnology, curions* the motor industry, to name but a few; *curions* many of the latest *(biotechnology)* ~~technologies~~ *techniques* being used by industry worldwide have been *are British in origin* developed in Britain. Likewise, I know, there are many technologies where France has taken the lead. Together, and *with better* *our is several times* by a ~~greater~~ *world* sharing of what we can each do best, our two countries will ~~continue~~ *lead* to be a major industrial force in the world.

/ The World Outside Europe



A 1

Foreign and Commonwealth Office

London SW1A 2AH

16 September 1980

L. Paul 20/9

Dear Michael,

Briefing for Paris Summit

We have prepared a brief on France-UK Relations for the Prime Minister which, being graded Confidential, sticks to the rather obvious and mostly irritating aspects of the relationship, while expressing the hope that things will improve. We did not, of course, refer to the recent development of very confidential high-level tripartite consultations between ourselves, the French and the Germans, which Lord Carrington regards as being of the greatest potential political significance. The 3 Foreign Ministers have met twice recently in complete secret and are to do so again at a working breakfast in New York on 24 September, in advance of the quadripartite meeting of Foreign Ministers that evening.

These tripartite consultations (which have also taken place at senior official - 'Political Director' - level) supplement the longer standing quadripartite discussions and there is every sign that the French are disposed to take both groups as seriously as we do. That being so, the Prime Minister may wish to take an opportunity during the tete-a-tete session with President Giscard to underline the importance we attach to the principle of tripartite discussion and our hope that it will continue to develop. This will help to put in perspective any subsequent discussion of purely bilateral differences as set out in the relevant brief.

Yours GW

Paul

(P Lever)

Private Secretary

M O'D B Alexander Esq
No 10 Downing Street

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DEPARTMENT OF INDUSTRY
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PS/ *Secretary of State for Industry*

Michael Alexander Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON SW1

15 September 1980

Dear Michael,

I attach a note on UK innovation for the Prime Minister's speech in Bordeaux this coming Friday. The note was prepared by Dr Duncan Davies, this Department's Chief Scientist.

*Yours ever,
Peter Stredder*

PETER STREDDER
Private Secretary

DEPARTMENT OF INDUSTRY

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11 12 11
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15 SEP 1980

10 Downing Street
London SW1E 5AA

I enclose a note on the...
prepared by Mr. James Davis...

PETER...
10 Downing Street



UK INNOVATION

Since the war, Britain has fully maintained her outstanding record in bringing quite new concepts to commercial profit. Many of these are now widely used internationally that it is easy to forget their origin. In the glass industry, nearly all flat glass is made by Pilkingtons' float process, in France under licence to St Gobain. Pilkingtons also, from a government basic invention, developed glass-reinforced cement. This is an outstanding lightweight strong skin material that permits quite new architectural concepts, for example that used in the Credit Lyonnais building in London. In automobiles, there is a further Pilkington success in the shape of their ten-twenty windscreen that bring together the merits of toughened and laminated glass so as to preserve the driver's visibility after an accident. The key innovation for the transverse-engined car, including ~~the~~ Renault, is the GKN constant velocity joint for driving steerable front wheels via a differential: this originated as the British 1950 Razeppa joint for military vehicles. Hydroelastic and Hydropneumatic suspensions are further success in this very mature industry. British-developed pharmaceuticals and agrochemicals are also so widely used, under trademarks of so many nationalities, that it is easily forgotten that we invented the most successful drug for angina and related cardiac malfunction, the second and third generation broad-spectrum



antibiotics (to add to our original penicillin success), and, most recently, drugs for more basic attacks on breast cancer and gastric ulcer. Our Agricultural Research Council invented the new stable and potent synthetic and non-toxic pyrethrin to their insecticides, and the non-persistent herbicides that increase crop yields and can replace ploughing. In your area of la telematique, we took the lead in developing the television set as a data terminal, with the prestel system for acquiring information via the telephone system (commissioned fully and commercially in October 1979) and with the teletext system for transmitting news and other information on the TV system: we have pioneered low attenuation optical fibres and optical data storage. Data handling and manipulation - ^{eg} stereoscan microscopes, medical scanners, is one of our special software skills.

Note Further electronic/data handling investions include the ICL Distributed Array Processor, which pioneers parallel processing, (much faster and more versatile than present methods). But is is not yet fully commercial and need much software development. The virtually universally used liquid crystal display system for watches and calculators comes from Malvern/Hull Univ/BDH but makes relatively little money for us; because we don't have a watch



or calculator industry ^{we can} ~~team~~ only sell the chemicals. Quantel's TV studio equipment greatly assists the assembly of programmes from different cameras ("frame storage"). And of course there are many other chemical inventions.

France

MB

Read in full

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FM PARIS 151040Z SEP 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 797 OF 15 SEPTEMBER 1980

INFO ROUTINE BONN; UKREP BRUSSELS AND WASHINGTON.

INFO SAVING TO OTHER COMMUNITY POSTS.

ANGLO-FRENCH SUMMIT 19 SEPTEMBER: THE FRENCH SCENE

1. ON THE EVE OF THE PRIME MINISTER'S AND YOUR VISIT TO FRANCE, THE MAIN FEATURES OF THE FRENCH SCENE CAN BE SUMMARISED AS FOLLOWS.

2. INTERNAL POLITICS

(A) PRESIDENT GISCARD IS RIDING FAIRLY HIGH. HE HAS A POWERFUL ASSET IN M. BARRE WHO, IF PRESIDENT GISCARD WERE INCAPACITATED, WOULD PROBABLY BE A STRONGER PRESIDENTIAL CANDIDATE THAN ANY OF PRESIDENT GISCARD'S LIKELY RIVALS IN THE ELECTION.

(B) THE COMMUNIST PARTY (PCF) AND ITS TRADE UNION ORGANISATION (CGT) COMPLETED THEIR RETURN TO A HARD LINE JUST BEFORE THE INVASION OF AFGHANISTAN. THEY ARE TRYING TO STIR UP INDUSTRIAL AND SOCIAL TROUBLE. THIS, AS THE FISHERMAN'S STRIKE SHOWED, IS LIKELY TO BACKFIRE ON THEM. THE GOVERNMENT IS WELL ABLE TO TAKE ADVANTAGE OF THIS SITUATION BY KEEPING TOUGHLY BUT RESILIENTLY ON COURSE.

(C) THE TROUBLE-MAKING OF THE PCF AND CGT EMBARRASSES CHIEFLY THE SOCIALIST PARTY AND ITS TRADE UNION ORGANISATION (CFDT). HAVING BEEN COMMITTED BY M. MITTERAND TO "UNITY OF THE LEFT", THEY ARE NOW THROWN INTO CONFUSION AND DO NOT KNOW WHERE TO GO OR HOW TO GET THERE.

(D) THE GAULLISTS (RPR) HAVE THROWN THEMSELVES INTO CONFUSION. BY MAKING HIMSELF A PRESIDENTIAL CANDIDATE, M. DEBRE HAS GIVEN ENCOURAGEMENT TO THE MANY GAULLISTS WHO DISLIKE M. CHIRAC. WHETHER THE LATTER DECIDES TO STAND OR NOT, HIS CHANCES OF CONTRIVING ANY EFFECTIVE COMBINATION AGAINST PRESIDENT GISCARD ARE NOW MUCH REDUCED.

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3. ECONOMIC AFFAIRS.

M. BARRE IS STEADILY GRADUATING FROM BEING FRANCE'S BEST ECONOMIST TO BEING FRANCE'S BEST POSSIBLE PRIME MINISTER AND STRONG MAN. A DIFFICULT PERIOD LIES AHEAD WITH DECLINING GROWTH, INFLATION RATES AT A RELATIVELY HIGH LEVEL, A DETIORATING EXTERNAL BALANCE AND RISING UNEMPLOYMENT. BUT THE FRANC REMAINS ONE OF THE FIRREST CURRENCIES IN EMS, AND FRANCE SEEMS LIKELY TO WEATHER THE RECESSION AT LEAST AS WELL AS MOST OF HER PRINCIPAL PARTNERS. THE GOVERNMENT SHOW NO SIGN OF BEING DEFLECTED FROM THEIR POLICIES OF STRICT MONETARY AND FISCAL CONTROL AND A STABLE CURRENCY. M. BARRE IS MANAGING TO GIVE THE IMPRESSION IN A SERIES OF SPEECHES AND ARTICLES THAT HE REALLY KNOWS WHAT HE IS DOING AND THAT FRANCE IS DOING BETTER THAN MOST OF HER NEIGHBOURS.

4. FOREIGN AFFAIRS.

THESE CONSTITUTE PRESIDENT GISCARD'S PRIVATE THEATRE, WHERE HE STAGES A SUCCESSION OF SPECIAL PRODUCTIONS AND ATTRACTIONS FOR THE FRENCH PEOPLE. LEADERSHIP IN EUROPE JOINTLY WITH THE FEDERAL REPUBLIC OF GERMANY IS THE CURRENT SPECIAL FEATURE. CONTRIBUTORY THEMES VARY WITH THE EBB AND FLOW OF INTERNATIONAL EVENTS, BUT QUESTIONING OF US LEADERSHIP, DETENTE IN EUROPE, INTERVENTIONISM IN AFRICA, AND SYMPATHY FOR THE ARABS RECUR FAIRLY FREQUENTLY IN VARIOUS FORMS. THE IMPROVISATIONS OF THE PRESIDENT'S FOREIGN POLICY AROUSE SCATTERED CRITICISM IN FRANCE, BUT ON THE WHOLE HIS WAY OF CONDUCTING AFFAIRS SATISFIES A WIDE RANGE OF FRENCH PREJUDICES. THE NATURE OF AN EVENTUAL FRANCO/GERMAN EUROPE IS LEFT VERY VAGUE. THE IDEA IS PROBABLY NOT EXCLUSIVE: BUT FOR HIS PART PRESIDENT GISCARD WILL NOT WANT THREE TO PLAY UNLESS THE THIRD PARTNER AGREES TO ABIDE BY MOST OF THE FRANCO-GERMAN, I. E. FRENCH, RULES.

5. DEFENCE.

THERE IS NO DEFINITE CHANGE IN FRANCE'S "INDEPENDENT" DEFENCE POSTURE, BUT HER INTEREST IN THE SECURITY OF NEIGHOURS IS BEING EXPRESSED MORE FREQUENTLY, PROBABLY BECAUSE IT ADDS VERISIMILITUDE TO THE THEME OF FRANCO-GERMAN LEADERSHIP IN EUROPE. FRANCE'S DEFENCE INDUSTRY IS BEING KEPT STRONG BY ASSIDUOUS EXPORTS TO THE THIRD WORLD.

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6. THE COMMUNITY.

FRANCE IS ON THE DEFENSIVE HERE AND THE SUBJECT IS THEREFORE OUT OF FAVOUR UNTIL AFTER THE PRESIDENTIAL ELECTION NEXT MAY. IT IS EXPECTED THAT BRITAIN WILL THEN ONCE AGAIN BE THE MAIN OPPONENT. FOR THE MOMENT BRITAIN SEEMS TO BE ASSIGNED TO A SORT OF PURGATORY, WITH THE ONUS OF PROVING MERIT OR DEMERIT BY THE WAY IN WHICH THE FISHERIES DEBATE IS CONDUCTED AND IN DUE COURSE THE NEXT AGRICULTURAL PRICE-FIXING ROUND. THE LATTER WILL COINCIDE WITH THE PRESIDENTIAL ELECTION NEXT APRIL AND MAY AND IS THEREFORE OF PARTICULAR SENSITIVITY TO PRESIDENT GISCARD.

FCO PLEASE PASS SAVING TO BRUSSELS, COPENHAGEN, DUBLIN, LUXEMBOURG, ROME AND THE HAGUE.

HIBBERT.

REPEATED AS REQUESTED

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France

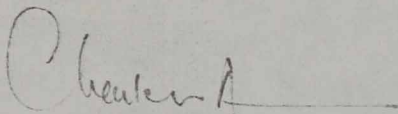
cc Mr Alexander

PRIME MINISTER

VISIT TO FRANCE: MEDIA

You agreed to give answers to four questions which the main regional newspaper in Bordeaux, 'Sud-Ouest', wish to ask you for publication on the eve of your visit to Bordeaux. 'Sud-Ouest' has a circulation of 400,000 and its chief editor will be taking part in the Bordeaux colloquy.

2. I attach the questions and answers on which Bernard Ingham has done some work and would be grateful for your approval.



CHARLES ANSON
PRESS OFFICE

12 September 1980.

Question 1:

We no longer hear very much of the Entente Cordiale. Do you think that inter-state relations should still take account of emotional considerations or does economic and political realism alone count?

Answer:

I am not sure that we talk less of the Entente Cordiale these days. But we should remember its origin - a reconciliation after late 19th century colonial rivalries. Today we do not need to be reconciled. After all we were allies in two World Wars and today we are allies in the European Community.

We have a close relationship. Of course we defend our national interests vigorously. But we should not let the problems which do exist obscure the enormous amount we have in common. In this increasingly dangerous world Franco/British solidarity, as part of wider Western solidarity, is imperative. This underlines the importance of the Conference organised by the Franco/British Council in Bordeaux. My aim in coming to Bordeaux will be to strengthen the Entente Cordiale.

So far as the second half of your question is concerned, I assume you mean that we have all become so mercenary now that we simply pursue our own narrow interests. That is a very cynical view and I do not think it is justified by the facts. Of course nations must safeguard their political and economic interests. But nations as close as Britain and France share, as allies, many ideals not the least of which is freedom under the law. We therefore have much in common and political and economic realism requires us to act in concert over so many fields - just as we act in concert with our other allies and partners in the European Community.

/Question 2:

Question 2:

Sentimental attachments count especially in our part of France which was English for three centuries. Do people in Britain remember that as vividly as we do?

Answer:

Aquitaine occupies an important place in our history books and we British value our historic links with Aquitaine. It is, however, difficult to say whether the Plantagenet Kings were more English than French. But today's links do not simply consist of having been ruled by the same Kings many centuries ago. Some of the largest scale school exchange programmes in Europe are between the cities of Bristol and Bordeaux. More than one thousand young people travel each way each year.

There are also many twinings of towns and counties: Norton Radstock; Bristol; Wansdyke; Dunstable; Cumbria County; Bury; Glastonbury; Wedmore; Sutton; Woodbridge; Harrogate; Monmouth; Denny; and Dalkeith.

What is more, last year Britain was the second largest importer of Bordeaux wine after Belgium and the top importer of Sauternes and Barsac.

I should add that Britain is one of the leading consumers of maize from the region (383m tonnes in 1979 worth £40 million approx.). Indeed, Britain is good economic news for Aquitaine for you have a favourable balance of trade with us; we take 8.2% of your exports and you take 6.9% of your imports from us.

There are also 5000-6000 British residents in Aquitaine - it is in fact a feature of Aquitaine that for centuries there has been a strong British "colony".

/Question 3:

Question 3:

Particularly close traditional links remain between Bordeaux and Britain in the wine trade. The Bordeaux wine business deplores British protectionist taxes which, with respect, we consider excessive. What is your view of this complaint? Incidentally are you fond of Bordeaux wine and, if so, which ones in particular?

Answer:

The taxes Britain applies to wines cannot be regarded as protectionist. They are determined by internal tax policy and apply equally to all wines for all parts of the European Community including Italy, West Germany and, indeed, to the increasing number of wines produced in the UK itself. The British have imported Bordeaux's delicious wines since the Middle Ages and our imports have increased steadily in recent years.

Prime Minister to fill in a personal answer about Bordeaux wines.

Question 4:

If you had the time and leisure what would you like to visit in our region?

Answer:

This is my first visit to the Bordeaux region which in the past has had such a long and fascinating association with us in Britain. Your area offers so much, not just historically but in its scenery, its food and its wine that I find it difficult to single out one particular aspect which I would like to come to know better. But I hope that sometime I will have the opportunity to return to the Bordeaux region again.

Question 1:

We no longer hear very much of the Entente Cordiale. Do you think that inter-state relations should still take account of emotional considerations or does economic and political realism alone count?

Answer:

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The fact that we ~~do~~ ^{may} not refer to the Entente Cordiale every day does not mean it any less real

!!

France + Britain

both belatedly & within the European Community

We have a close relationship. Of course we defend our national interests vigorously. But we should not let the problems which do exist obscure the enormous amount we have in common. In this increasingly dangerous world Franco/British solidarity, as part of wider Western solidarity, is imperative. This underlines the importance of the Conference organised by the Franco/British Council in Bordeaux. My aim in coming to Bordeaux will be to strengthen the Entente Cordiale.

3

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But the destinies of Britain & France have been linked for a thousand years. We have shared in many great achievements & we share today many ideals, not least of which is an attachment to the principle of freedom under the law. Emotional considerations point in the same direction as economic & political realism - the direction of closer cooperation between our countries.

Question 2:

Question 2:

Sentimental attachments count especially in our part of France which was English for three centuries. Do people in Britain remember that as vividly as we do?

Answer:

Aquitaine occupies an important place in our history books and we British value our historic links with Aquitaine. It is, ~~however~~, difficult to say whether the Plantagenet Kings were more English *or more than* French. But today's links do not simply consist of having been ruled by the same Kings many centuries ago. Some of the largest scale school exchange programmes in Europe are between the cities of Bristol and Bordeaux. More than one thousand young people travel each way each year.

There are also many twinings of towns and counties: Norton Radstock; Bristol; Wansdyke; Dunstable; Cumbria County; Bury; Glastonbury; Wedmore; Sutton; Woodbridge; Harrogate; Monmouth; Denny; and Dalkeith. *[Paris Embassy to add French towns]*

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Prime Minister to fill in a personal answer about Bordeaux wines.

Question 4:

If you had the time and leisure what would you like to visit in our region?

Answer:

and be and all too brief
This is my first visit to the Bordeaux region, which in the past has had such a long and fascinating association with us in Britain. Your area offers so much, not just historically but in its scenery, its food and its wine that I find it difficult to single out one particular aspect which I would like to come to know better. But I hope that sometime I will have the opportunity to return to the Bordeaux region again.

My ambition is to return here at some future date and explore the area, its historic sites, its coast, its vineyards, its rivers at my leisure. When I have done so I shall be better placed to give a detailed answer to your question.

[Standard Diet]

France

PAFO 007/12

IMMEDIATE

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OO FCO

ADVANCE COPY

Mr. Fergusson
Mr. Hamway

PP UKREP BRUSSELS

GRS 240

PS
PS/LPS
PS/Mr Hurd
PS/PUS
Sir E Youde
Mr. Bullard

CONFIDENTIAL

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FM PARIS 121548Z SEP 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 793 OF 12 SEPTEMBER 1980

INFO PRIORITY UKREP BRUSSELS

No 10 DS.

FRANCO-BRITISH SUMMIT:

BILATERAL MEETING PRIME MINISTER/M. BARRE

X - 15

1. WE UNDERSTAND FROM M. BARRE'S OFFICE THAT, APART FROM BRIEFINGS PROVIDED BY THE QUAI D'ORSAY, M. BARRE'S PREPARATION FOR THIS DISCUSSION HAS MAINLY BEEN WITH HIS COMMUNITY EXPERT, M. ACHARD. IN ADDITION TO WHAT ACHARD TOLD M(E) THIS MORNING (MY TELEGRAM NO 791, PARAGRAPH 2) ABOUT M. BARRE'S DESIRE TO AVOID DISCUSSION - AND ESPECIALLY CONTENTIOUS DISCUSSION - OF SPECIFIC COMMUNITY ISSUES, ACHARD THOUGHT M. BARRE WOULD PRIMARILY BE INTERESTED IN HEARING FROM MRS THATCHER HER VIEWS ON THE BRITISH AND WORLD ECONOMIES AND COMPARING THEM WITH HIS OWN PREOCCUPATIONS. M. BARRE WOULD ALSO BE GLAD OF THE OPPORTUNITY TO EXCHANGE VIEWS ON THE GENERAL STATE AND FUTURE EVOLUTION OF THE EUROPEAN COMMUNITY. PETRIE, SPEAKING PERSONALLY, SAID IT WOULD BE INTERESTING TO KNOW HOW FAR M. BARRE HAD MODIFIED THE VIEWS HE HAD FORMED AS A COMMISSIONER AT THE TIME OF THE BRITISH ENTRY NEGOTIATIONS. ACHARD DID NOT ANSWER THIS QUESTION DIRECTLY BUT SAID THAT M. BARRE HAD A PRAGMATIC APPROACH WHICH HAD BEEN WRONGLY CHARACTERISED AS A PREFERENCE FOR A "TWO-SPEED" SOLUTION. BARRE BELIEVED THAT PROGRESS TOWARDS THE COMPLETION OF THE TREATY OF ROME WAS BOUND TO CAUSE INCREASINGLY ACUTE CONFLICTS OF NATIONAL INTERESTS WHICH WOULD NEED TO BE RESOLVED IN PRAGMATIC - IE, NOT ALWAYS IDENTICAL - WAYS. HE THOUGHT THAT THERE COULD BE SCOPE FOR A VERY INTERESTING EXCHANGE OF VIEWS BETWEEN THE TWO PRIME MINISTERS ON THIS THEME.

HIBBERT.

CONFIDENTIAL



flrb

10 DOWNING STREET

From the Private Secretary

12 September 1980

ANGLO/FRENCH SUMMIT

The Prime Minister has seen and taken note of your letter to me of 11 September about the agenda for talks with M. Barre.

I am sending copies of this letter to John Wiggins (H.M. Treasury), Paul Lever (Foreign and Commonwealth Office) and, with a copy of your letter, to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

S. J. Gomersall, Esq.,
Lord Privy Seal's Office.

flrb

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Société Nationale
Télévision Française 1

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11th September 1980

Script Prime Minister's interview for TF1 (French TV channel one, NB please quote) this morning for our weekly current affairs programme "L'Evènement" (Thursdays 21H30).

Embargo 19H00 today British time

Interviewers : Jean-Louis Burgat (London correspondent)
Gerard Saint Paul (Head of Foreign News)

Q: Prime Minister, thank you for accepting this interview for TF1. You are certainly one of the best known heads of government in France and I am sure that French viewers will be numerous in front of their screens this evening to get to know you and better understand the direction of Great Britain today. You are about to pay your second official visit to France on the 18th, may we therefore begin by asking you what your vision of France is today ?

A: Well, France is a very great nation, so I think is Britain. We've been through a great deal together, we have an entente. We must continue to get on together and we must cooperate. It's quite true that there have been one or two problems, but they're small compared with our common interest. I think we're also fortunate too in that we both have close relationships with Germany. These are the three larger nations of Europe and as Europe becomes enlarged, and I believe it will, it's very important that all of the free democracies hold together in a free, democratic Europe .

So, I think more and more there will be a tendency for closer relationships between Germany, France and Great Britain. But as far as France and Britain is concerned we've been through a lot together and we must continue to get on together.

Q : After a difficult winter during which relations between our two countries deteriorated considerably and after a press campaign here in which France was for example called "the cunning jackal of Europe", following reports also that even dealings between yourself and President Giscard d'Esating were very tense at the European summit tables, after this serious discord, what is your evaluation of relations between France and Britain today and what do you expect of your visit to Paris ?

A : I think what you're really referring to is the difficulties we've had over the budget which certainly did cause some pretty frank and candid words to be said. I stood up for Britain's interests. I would expect President Giscard to stand up for France's interests. But I would expect both of us to say we are in Europe and there must be fairness between partners. And if we ever are going to get a position of strain in Europe because of the budget - because one nation feels she's paying far too much and others feel that, or we feel that others are getting far too much even though they're wealthier than we are. Then we shall not be totally happy until that strain goes. Between partners there must be fairness. That I believe is what we have got for the next 2 years. But you know, we will still have to sort out that budget. Germany is very much the largest contributor, we are the second largest contributor, France is also a contributor. So we all have a common interest to try, after the present 2 years, to get a rather different budget system perhaps, but one which would be fair to everyone. That's what partnership means.

Q: You said close entente between London, Paris and Bonn, but the Franco-German dialogue between Valery Giscard d'Estaing and Helmut Schmidt is considered exemplary. Do you think this dialogue is too exclusive ?

A: No, if my friends have close friends that is to my great advantage . You must not expect that friendship is an exclusivematter. Just because France is very close to Germany, as I may say she has to be, and I think it's to the advantage of Europe that there is this tremendous reconciliation between France and Germany. It does not mean Britain cannot be close to Bonn. We are, we as a matter of fact have 2 bilateral meetings with Bonn every year. We also get on very well with Germany and Helmut Schmidt. Indeed, I might say that Helmut Schmidt's economic policies and Raymond Barre's and mine are very, very close. We're trying to do the same thing and pretty well in the same way and that's another link between us.

Q: Beyond the technical and financial difficulties, what economic and politique future do you see for the EEC ? In other words, what is your Europe ?

A: Well, each of the EEC nations of course wishes to have a prosperous economy and the whole of Europe's better when each of us runs our own affairs very well so that we have greater growth, greater employment than we've got now and inflation well down. We all have to concentrate on that. And then together we have to do the things which it's better for Europe to do together. There is a Common Agricultural Policy that certainly we shall have to look at because it's ridiculous to spend 75% of the income of the Community on the Agricultural Policy and a lot of it on surpluses. We shall have to get the budget arrangement right. But more and more we must pull and keep together as democracies.

This has always been the thing that has motivated Britain's entrance into Europe. You have beyond the Iron curtain a grouping of nations not necessarily voluntarily, but because they have to group together. If we free Europeans can't group together and work together voluntarily, then it augurs ill for the future of democracy. The future of democracy and freedom is what matters in the world. And France, Germany, Britain and all of free Europe must steadily work to achieve that. The system we operate gives us 2 things: it gives us individual freedom, it also gives us far greater prosperity than anything communist system can ever give. And of course, it gives in addition political freedom as well.

Q: And we have a great role to play in the world between Moscow and Washington ?

A: Oh yes, but of course. But there really are 2 political systems in the world. There is one based on personal freedom which means that governments are there to serve the people. And there is one based on communism which is total central control, which denies freedom and which, because it denies freedom does not bring prosperity to its people. Now it's always been the Russian ideology that they try to expand and to extend their system, either by military force, either by proxy, or by subversion, or by propagating their creed the world over. We must do the same because ours is infinitely superior to anything which they can offer their people. And they are seeing that. We're no longer talking about 2 political theories: the communist theory and the theory of the free world. We're seeing how they work in practise. And everyone who could choose freely seems to choose the way of freedom, the way of democracy and we must never hesitate to say that our system, the system which France operates, West Germany, Britain, Holland, Belgium, Luxembourg, is by far the best and we must always try to get freer movement of ideas, freedom of worship. That of course is what the Helsinki accords were about.

Q: You represent the only member of the EEC to produce as much petrol as you consume. Do you think this gives Britain a special status on the international scene ?

A: It certainly does as far as our currency is concerned. I think it does perhaps in another way because people feel that if there were to be a very great upset then Britain has extra supplies of petrol and gas. So that we're not quite so vulnerable as other countries to that. As you know, belonging to the Community and we belong also to the International Energy Agency, we agree that under certain circumstances we will share our available resources of oil with Europe or with the IEA if there are certain shortages. So it does give us a certain status. It also does help tremendously you just think, through the difficult oil crises we've been through, if Britain also were a total consumer, that would increase the pressure on the available supplies. Britain is not, she's a supplier. This year we're going to be self-sufficient. Indeed, I must say it says a great deal for British free enterprise that we've gone from exploration to self-sufficiency within a decade. YOU know, we can do things very well in Britain. ~~But~~ Half our exports go to Europe. France, I think, has taken a different path and many times I've commented on her foresight in doing so. She's going to get a very large proportion of her energy from nuclear power. She is I think, foremost in the nations in the foresight and way in which she's tackled that and that too of course will relieve pressure on oil. So we have taken a different path, but we've both tried to relieve the pressure on the world supplies of oil and both therefore in different ways, have contributed to relieving the problem.

Q: May we go back to the East/West situation. How do you judge recent events in Poland ?

A: We believe, France believes, that each nation has the right to decide her own destiny in her own way by choice and expression of the people without external interference. I believe that's

what is happening in Poland. It is an absolute right that we believe in. And we shall be very interested to see what happens. We have of course been interested and fairly close to Poland for quite a time.

Q: Over the last few months, Prime Minister, and particularly during the Iranian and Afghan crises, Britain has always been in line with US foreign policy (you were one of the first governments to call for an olympic boycott). One always has the impression that as far as the international crisis is concerned, you are more inclined to share President Carter's outlook than that of your European partners.

A: I wonder why you try so hard to find differences between us. Why? The US interest, Europe's interest is the same. We're part of the free world, we're part of the Western alliance. We're all trying to defend the free world. We're all trying to say to the non-aligned countries - look don't you see, you're only right to choose your own destiny it is a right which is in tune with what we in the western world believe. You see what happens - the communist world does not give nations the right to choose their own destiny. Look at Afghanistan. Afghanistan was non-aligned, she wanted to carry on with her own future. She is occupied. The non-aligned nations will have the right to choose their destiny by being in tune with Western ideas which are the only ones that give that freedom. ☒ It's not a question of trying to separate Europe from the US, it's a question of all of us working together, we're the stronger because we work together. I beg of you, don't try to find differences. Try to do what I do and say the common interest of each and every people is so great that we must put that first. Of course there'll be differences ~~in~~. Don't you have differences in families in France? Sometimes you have differences because you're a family but it doesn't alter the fact that it's the common interest of the family that matters most. We must ~~work~~ work with the US. Europe's security in the last resort depends also on the US. Don't try to argue with it, that is a fact. And therefore we have to get on together, this is what matters.

Q: About Iran, Prime Minister, a few days ago you expelled from this country 3 Iranian students and the day before yesterday closed your Embassy in Tehran. Do you expect the situation in Iran to deteriorate again ?

A: The relations between Iran and Great Britain have been under strain for some time, about which I personally am profoundly sorry. As you know, we did have big demonstrations in London and some students were arrested. X They were tried before our courts, it was very difficult they wouldn't give their names or their addresses, some of them went on hunger strike. And we left our own legal system to deal with it. Because everyone has a right to be heard and everyone is not guilty in Britain until they're found guilty. The magistrates recommended deportation of a number of students. We gave a time for appeal, and now those deportation orders will be carried out by due process of law which applies to anyone who is in this country. Because relations have been under strain, we thought it a wise precaution to recall people who are in our Embassy in Iran for the time being. There is no break in relations, may I make that perfectly clear. The Iranian Embassy in London still continues and of course we keep in close touch with them and you yourself know what strenuous efforts Great Britain made to look after Iranian diplomats when they were taken hostage in London and we sent in our Special Air Service to rescue Iranian hostages in London. So we of course continue to look after the interests of Iranian diplomats in London and we still have relations with Iran through those. We just withdrew as a precautionary measure and we hope that that withdrawal will not last very long.

Q Did you know Prime Minister before, ^{head of} the attempt of the American Army to rescue the hostages in spring ?

A We knew only of a general possibility that is all. But then you know you would not expect either a Head of Government or a Head of State if he were ^{going} to do a rescue operation which would put his own troupes in difficulty, to announce ^N to the world what he was going to do. I would not. If I were ever going to do a rescue operation, I would not announce to the world, or you know, to say think in confidence, we are going to do this, because I would have regard for the safety of my home troupes. So ~~would~~ I believe would other Heads of Government, and Heads of States, of course. So we did not expect to know any more.

Q Mrs. Thatcher in the general East-West crisis do you see a real threat of conflict ? and what chances, what changes of success do you give the Madrid conference about the security in Europe ?

A I think there is always a danger unless we, all of us, have regard to our own defence. The Soviet Union is expansionist, ^{has} and people have been expansionist for years, you add to that a communist system, you add to that failures in economy, in the economic system ^{within} which in the Soviet Union it does not produce the prosperity, the consumer goods they need, and they try to take away attention from their own failures by doing things like marching into Afghanistan. They have a tremendous military programme, they spend something like 13% of their Gross National Product on defence.

So they are increasing their expenditure on defence, and that you know is potentially a dangerous situation, unless we keep up our defences, and both France and Britain and NATO, including the United States, take that view, and it is absolutely right, for your own defence do not depend upon the rightness of your cause, depend upon the measures you take for your own security. So we are absolutely in agreement on that. France has an independent nuclear deterrent, absolutely right, it ^{is} the greater protection for the West. So have we. So we must keep up defence.

We try also to say to the Soviet Union, look you have your system, we have ours, and we have to live together in the world, ^{and} therefore we do try detente, but you know detente is a two way business. It not just a theory, it has to work in practice, and we only ask from the Soviet Government what we ourselves grant. We ourselves grant free movement of people, free access to ideas, free speech, free discussion, they do not. We are only asking them to grant what we ourselves give.

What will happen at Madrid, it is going to be difficult, very difficult, and so it should be. Because the Soviet Union has occupied an independent country. That is totally unsatisfactory, and must never, never, never be accepted by the world. If you accept occupation by one power of an independent country, who is next? The Russians must withdraw from Afghanistan, and we must continue to tell them so, and I hope the non allied countries will continue to tell them so. So they cannot expect business as usual. Business as usual will only go on when they have withdrawn. And also we must say they them, but look you have not in fact honoured some of Helsinki accords on greater freedom of movement of people and ideas. They said they would in return for certain other recognitions, and they are not doing it, and we must be extremely tough in making that perfectly clear, and very tough in saying : when one

Nation occupies another by force, force is totally unacceptable in ^{the} modern world, and they must withdraw.

Q Prime Minister, let us say a few words about your economic policy. The people who criticize your policies give three figures, rapidly: Unemployment more than 2 million out of work. Inflation at nearly 17% for the year ending this July. Industrial output running at minus 6.7%, the worst figure of all the Western countries.

There seems to be only one cheerful figure in this outlook, the strength of sterling, but even that is a handicap for British exports.

Are you sure Prime Minister you are on the right road ?

A Absolutely sure. It will take a time to achieve what we want to achieve. The world is facing recession. France also I believe has an unemployment problem, United States unemployment is greater than we are, Canada greater, Belgium greater, Ireland greater, Italy greater, France's unemployment figures are increasing, in July they were slightly worst than ours . We all are suffering from world recession. I am afraid there is no way out of that world recession in the immediate future, because we are all having to pay more for oil, therefore we have less to spend on other goods and products; and that is what is hitting the Western world and the under-developed world simultaneously. In addition to that we have other things to tackle in this country. So on top of world recession, I do have extra problems to tackle, because ^{you have} ~~no one~~ tackled them before, let me be perfectly open about that. In Britain, for several years our people have been taking out more ⁱⁿ wages than they been putting in in increased productivity. And therefore we have to tackle that. They have been accustomed to taking out more in incomes than is warranted by their industrial performance. We have got gradually to get rid of that and bring them to ^{much} more sensible policies, and say if you do that, we shall continue to have inflation. So we are gradually tackling that. Also there has been a tendency to resist change in Britain and to use subsidies as substitute

for change. You know, dying industries we have subsidised, or course you have always to give some subsidies, but to help a transition to change. You have been quicker than we were to bring your steel industries into tune with modern needs and to slim them down, so was Germany. We have to do that. So I have all of those things to tackle at once, and I have to tackle them. And I am tackling them; and that is why in a way we are hit worse than others, but in the longer run, we shall emerge with a very much fitter industry. And we shall be worthy competitors to many of our european friends.

Now, you said that there were only one or two things going in the right direction : inflation is coming down, that is beginning to work. Secondly, perhaps you have not looked at our export figures. Do you know Britain exports 30% of our national income in goods and services. That is more than Japan, more than United States, more than most countries in Europe. That is done because we give satisfactory service. Let me tell you some of the success stories : there is a very big rapid transit system in Hong Kong. We supply most of the goods. It was open early because we produced the goods and material and delivered them $3\frac{1}{2}$ months early. Our exports figures are keeping up well, our balance of payment for the last two months has been good;

, and I remember you know discussing this with Helmut Schmidt, and saying, goodness me the exchange rate ~~is~~ really is very high, very high, and I feared it might cause some difficulty with exports. How did you cope with it, and he said, you know we used it to make our industries really efficient, and you must do the same, and we are doing the same. Last week we got a NATO contract against European competition, we won it. Exports are holding up very well, that is a success story, inflation is coming down, and there is a totally different attitude in Britain. It will take time for other things to work. But they are working, I have no doubt, and we shall keep on the path of sound policies and they will produce results.

Q Your diplomacy also is very strong. Do you believe that one day Britain will play in the world a role as great as at the beginning of this century ?

A I think that when we get our economic house in order we shall play an even stronger role on the world stage. There are a number of countries of whom France is one, that have been accustomed in past years to being world powers. This does give us a different view of world events. We know the effect of what we do, not only ⁱⁿ Europe, but we know the effect it will have on Africa, we know the effect it will have on the Far East, we also have garrison ^{still} in Hong Kong. And I do think this is very important when you come to consider world affairs and the future of the under-developed countries. We also ^{of course} did ~~it~~, I think, play a very important role in Central Africa, when we carried out our responsibilities towards Rhodesia, and brought her to independence. I think not only did we do a good thing for Britain, a good thing for Rhodesia, we proved to the world that ^{with} we skilled diplomacy, total resolution and dedication, it was possible to persuade people to discard the bullet and force, for the ballot box. That was important for us all. And it enured to the benefit

of Europe, to the United State and all African countries .
So I think we showed that we still have that diplomatic
skill, we still have that resolution, we still have that total
dedication and singleness of purpose, ~~which~~ which I think
will help, because it ~~is~~ is our job always to try to expand
the frontier~~s~~s of freedom, because that is what we believe
is best for ordinary men and women, that is the best way
to live their lives and that is really what matters.

Q Prime Minister, I think we come the end of this interview,
~~before~~ I would like to ask you a last question.

I know that you find questions concerning the fact that you
are a woman irrelevant. However, most of your nicknames in
the press refer to this : the iron lady, Margaret de Gaulle,
Joan of Arc. Does this amuse you or irritate you ?

A Wether you are a man or woman you need a touch of steel
to succeed in politics. You do need singleness of purpose,
you do ^{need} dedication. Yes I hope that I have these things.
I do not know wether being ~~relevant~~ a women is relevant or
irrelevant. I am what I am. I say what I think . I go
in the direction which I believe to be right , and I am
totally dedicated. May I say one final thing. Through out
this interview you have stressed differences, please do not.
Britain and France have been through too much together for
that, I know it, I will not allow you to quarel with me.
So we can go ahead together, and it is my purpose ~~show~~ that
we shall, to our mutual benefit, to Europe's benefit, and
to the benefit of the greater cause that we all serve.
It has been such a pleasure to be with you to day.

Thank you

Merci Madame pour TF1

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Prime Minister
Would you be content to
leave the agenda for this phase
of your discussions on this basis?

Foreign and Commonwealth Office

London SW1A 2AH

11 September 1980

Dear Michael.

Phunt
11/9
ms.

ANGLO-FRENCH SUMMIT

You asked what issues M. Barre was likely to raise in discussions with the Prime Minister during their hour together at the Anglo-French Summit. The Embassy have discussed this with French officials.

M. Barre is likely to be interested to hear about the British economy. He will no doubt respond by talking about the French economy, for which he is primarily responsible. The subject of closest interest to M. Barre is the handling of national economic problems in the current international situation. Community issues will have been raised at the enlarged session of talks preceding the tête-à-tête with M. Barre. The Prime Minister may wish to take the opportunity of this tête-à-tête to raise with M. Barre aspects of Community business or economic policy which have not arisen earlier in the talks or on which she has not been satisfied. It will be only the second time that she and M. Barre have met and they will both no doubt see advantage in establishing a closer rapport.

I am copying this letter to John Wiggins at the Treasury and to Paul Lever here.

Yours ever
S J Gomersall

S J Gomersall
Private Secretary to the
Lord Privy Seal

M O'D B Alexander Esq
10 Downing Street

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INDEPENDENT BROADCASTING AUTHORITY

70 Brompton Road London SW3 1EY Tel: 01-584 7011 Telex: 24345

THE RT. HON. THE LORD THOMSON

Deputy Chairman

I have told Lord Thomson's office that these points have been taken on board.

10th September, 1980.

h.s. Paul 11/9

Dear Prime Minister,

I am writing to say how much we are all looking forward to your visit to Bordeaux to take part in the first Franco-British Council Conference. It is extremely good of you to do this after what will have been a long day of talks in Paris.

There are two points about your speech that I would like to mention. I hope it may be possible in your opening remarks to say something about the importance that you and the Government attach to the work of the Franco-British Council and to the possibility that a Conference of this kind bringing together leading personalities from many walks of life in both countries might become a regular feature. The second matter is a purely mechanical one. No doubt there will be a Press Conference in Paris at the end of your talks with the President. I wonder whether it might be useful if you have an advance text of your Bordeaux speech if that could be made available with a suitable embargo by the British Embassy to the Press attending that Conference. It would give the best chance of your Bordeaux speech being properly reported in the Press the next morning.

I much look forward to seeing you in Bordeaux on September 19th.

*Yours sincerely,
Leane*

The Rt. Hon. Margaret Thatcher, M.P.,
The Prime Minister,
10 Downing Street,
London, S.W.1.

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CABINET OFFICE

70 Whitehall. London SW1A 2AS Telephone 01-233 8319

From the Secretary of the Cabinet: Sir Robert Armstrong KCB, CVO

Ref. A02943

9th September, 1980

Thank you for your letter of 4th September about the Prime Minister's forthcoming meetings in Paris and Bonn.

Detailed planning for the Bonn visit has not yet got under way; but I am glad to have your letter, and am registering the interest of your Secretary of State and you in being included in the Prime Minister's party for that visit.

Sir Frank Cooper, GCB, CMG

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TELEGRAM NUMBER 779 OF 08 SEPTEMBER 1980

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ANGLO/FRENCH HEADS OF GOVERNMENT MEETING

1. WHEN I SAW THE SECRETARY-GENERAL OF THE ELYSEE TODAY, HE HAD LITTLE TO OFFER IN THE WAY OF SPECIFIC INFORMATION ABOUT PRESIDENT GISCARD'S INTENTIONS. HE SAID THAT THE PRESIDENT WAS STRONGLY OF THE VIEW THAT BILATERAL MEETINGS WERE NOT APPROPRIATE FOR ANY DETAILED DISCUSSION OF COMMUNITY BUSINESS, ALTHOUGH IT MIGHT BE SUITABLE TO EXCHANGE VIEWS IN GENERAL TERMS ABOUT THE COMMUNITY IN ITS BROADER ASPECTS. I COMMENTED THAT MUCH WOULD DEPEND UPON THE WAY IN WHICH THE COUNCIL (FOREIGN AFFAIRS) WENT ON 15 SEPTEMBER. MATTERS WERE GOING TO BE DISCUSSED THERE OF VERY GREAT IMPORTANCE TO THE UNITED KINGDOM AND IF THERE WAS SIGNIFICANT DIS-AGREEMENT BETWEEN THE FRENCH AND BRITISH IT WOULD BE DIFFICULT TO SEE HOW THE PRESIDENT AND PRIME MINISTER COULD FAIL TO DISCUSS THE MATTER. WAHL CONFINED HIMSELF TO SAYING THAT HE FULLY AGREED THAT THE MATTERS TO BE DISCUSSED ON 15 SEPTEMBER SHOULD BE DEALT WITH BY THE FOREIGN MINISTERS AND NOT BROUGHT TO THE HEADS OF GOVERNMENT IF THIS COULD POSSIBLY BE AVOIDED.

2. WHEN I INVITED HIM TO COMMENT ON SUGGESTIONS WHICH HAD BEEN MADE IN RECENT MONTHS THAT EUROPE WAS GOING TO BE LED BY A FRANCO/GERMAN COMBINATION, AND TO SAY WHERE HE THOUGHT BRITAIN WAS SUPPOSED TO FIT INTO THIS, HE SAID THAT PRESIDENT GISCARD AND CHANCELLOR SCHMIDT REGARDED THEMSELVES AS HAVING OFFERED BRITAIN PARTICIPATION IN A TRIUMVIRATE BUT AS HAVING RECEIVED NO RESPONSE FROM THE BRITISH SIDE. I QUESTIONED WHETHER THE OFFER HAD EVER BEEN CLEARLY MADE AND WHETHER IT WAS RIGHT TO SAY THAT THERE HAD BEEN NO RESPONSE. INESCAPABLE OTHER PROBLEMS HAD BEEN AT THE HEAD OF THE AGENDA AND IT SEEMED TO BE UNWISE TO JUMP TO CONCLUSIONS ABOUT THE WAY IN WHICH LEADERSHIP PROBLEMS WOULD BE SOLVED IN EUROPE IN THE NEXT FEW YEARS. WAHL SAID HE THOUGHT HE COULD SAY THAT THE FRENCH AND GERMAN GOVERNMENTS SAW THEMSELVES AS GETTING ON TOGETHER TO DO AN IMPORTANT JOB AND THE DOOR WAS CERTAINLY OPEN FOR BRITAIN TO JOIN IF SHE WISHED. HE INDICATED THAT BY "JOINING" HE MEANT ARRIVING AT AN UNDERSTANDING WITH FRANCE AND GERMANY ABOUT THE CONDUCT OF EUROPEAN AND WORLD MATTERS IN THE LARGER SENSE. ONCE THAT WAS DONE, HE CLAIMED, SOLUTIONS FOR COMMUNITY PROBLEMS AND HELP FOR BRITAIN WOULD BE ARRANGED MORE EASILY..

3. AS REGARDS PRESIDENT GISCARD'S FAILURE TO GO TO BORDEAUX, WAHL WENT SO FAR AS TO SAY THAT HE THOUGHT THE DECISION NOT TO GO WAS REGRETTABLE, BUT HE CONTINUED TO TRY TO JUSTIFY IT IN INTERNAL POLITICAL TERMS. PRESIDENT GISCARD WAS VERY ANXIOUS NOT TO START

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HIS CAMPAIGN FOR THE PRESIDENTIAL ELECTION FOR SOME TIME YET AND HAD FELT THAT A MAJOR SPEECH AT BORDEAUX WOULD HAVE PLAYED INTO THE HANDS OF ALL HIS RIVALS WHO WISH TO GET THE ELECTION CAMPAIGN STARTED NOW. WAHL ADMITTED THAT HE HIMSELF WAS AT PRESENT ENGAGED ON TRYING TO ORGANISE A PRESIDENTIAL VISIT TO THE NORTH OF FRANCE SHORTLY AFTER THE BORDEAUX COLLOQUY. THIS WAS GIVING HIM GREAT DIFFICULTIES, BUT HE PROFESSED TO THINK THAT THEY WERE MORE MAN-AGEABLE THAN THE DIFFICULTIES WHICH WOULD HAVE ARISEN AT BORDEAUX. I DID NOT FIND HIM CONVINCING.

4. WAHL SPOKE OF THE IMPORTANCE OF THE COCOA PRICE QUESTIONS FOR THE IVORY COAST AND NEIGHBOURING AFRICAN COUNTRIES. HE DID NOT SEEM TO BE PARTICULARLY CONCERNED ABOUT THE LEVEL AT WHICH M. GALLEY WOULD BE RECEIVED IN LONDON. I OBSERVED THAT THE AGENDA OF THE COUNCIL OF MINISTERS MEETING ON 15 SEPTEMBER WAS GOING TO CONTAIN A NUMBER OF ITEMS OF IMPORTANCE IN THEIR VARIOUS WAYS TO FRANCE AND BRITAIN. THE QUESTION OF A SUGAR QUOTA FOR ZIMBABWE WOULD ALSO BE ON THE AGENDA. IT WAS TO BE HOPED THAT THE COUNCIL OF MINISTERS WOULD BE ABLE TO DO SEVERAL POSITIVE THINGS ON THAT DAY.

5. WAHL IS INTERESTED IN THE FACT THAT YOU HAVE A VISIT TO POLAND SCHEDULED AT THE END OF THE MONTH. I EXPLAINED THAT BRITAIN DID NOT HAVE THE SAME CLOSE TIES WITH MR. GIEREK AS FRANCE AND GERMANY HAD, AND I IMAGINED THAT THIS MIGHT HAVE THE CHANCE EFFECT OF MAKING CONTINUITY EASIER FOR THE UK THAN IT MIGHT BE FOR FRANCE OR GERMANY. WAHL ASSUMED THAT THE PRESIDENT AND THE PRIME MINISTER WOULD HAVE PLENTY TO SAY TO EACH OTHER ABOUT EVENTS IN POLAND.

HIBBERT.

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Frank
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10 DOWNING STREET

From the Private Secretary

8 September 1980

Dear Stephen,

Anglo-French Summit

The Prime Minister has seen your letter to me of 4 September about the Agenda for her talks with President Giscard. Her present inclination is to touch on the following subjects during her tête-à-tête with President Giscard:-

East/West relations (including Afghanistan)

Defence

Africa

Bilateral relations

Some or all of these topics might of course come up in the enlarged session with Foreign Ministers present when the Prime Minister would also hope to cover:-

The Middle East

North/South problems and

Community issues

I am sending copies of this letter to John Wiggins (HM Treasury), Stuart Hampson (Department of Trade), Julian West (Department of Energy), Brian Norbury (Ministry of Defence) and David Wright (Cabinet Office) - with a copy of your letter to the last two.

Yours ever

Michael Alexander

S.J. Gomersall, Esq.,
Lord Privy Seal's Office

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10 DOWNING STREET

Prime Minister.

MR WHITMORE

the
Six

Brian Crozier rang this morning to make two points regarding the attached:-

1. The memo sent from a French associate has been cleared with Giscard.
2. However, because of the "rules"; when they meet it would be better if the Prime Minister does not acknowledge this. But if she wanted to say something complimentary about Africa that would not go amiss.

es.

5 September 1980

no need to ack

~~318320 Grand Buildings, Trafalgar Square, London WC2N 5BT~~
~~Tel: 01 839 5358 XXXX Tel: 01 5538~~

As from: 112 Bridge Lane, Temple Fortune, London NW11 9JS.

FROM BRIAN CROZIER

The Rt. Hon. Mrs. M. Thatcher, MP,
Prime Minister,
10 Downing Street,
London SW1.

4th September 1980

Dear Margaret,

I am sorry if I seem to be bombarding you, but there is quite a lot going on.

Two points for your attention:

1. Iran. To supplement the suggestions made in my letter of 29 August, a suitable climax to any strong British policy towards the present Iranian regime would be an official invitation to Empress Farah and the Crown Prince to live in Britain.
2. I enclose a summary of a rather lengthy spoken memorandum (on cassette) from our principal French associate. After translating the whole thing, I decided it was perhaps too detailed for you, although it will be useful for the next issue of TRANSNATIONAL SECURITY. The main points he makes are, however, very important and I urge you to read it in preparation for your meeting with President Giscard d'Estaing on 19 September (which I assume is going ahead).

*Best regards
Yours ever,
Brian*

4th September 1980

ANGLO-FRENCH RELATIONS: SUMMARY OF MEMORANDUM

FROM FRENCH ASSOCIATE,

dated 30 August

ms.

1. If either Schmidt or Carter is re-elected in October and November respectively (or worse still, if both are re-elected), the situation of the Western Alliance will be even worse than it is at present. The only firm elements will be the United Kingdom and France (which, as argued below, is a good deal firmer than is often supposed). It is all the more essential that an effort should be made to improve Anglo-French relations. It is important that President Giscard should be re-elected next April, as the alternatives would be disastrous. However, his prospects are by no means encouraging. A stronger Anglo-French relationship would be valuable in this context also.
2. The President's policy towards the Soviet Union. Soviet policy aims at preventing any progress towards European political unity, and any growth in West European armaments. In Africa, Soviet policy aims at spreading subversion, to bring black countries under direct or indirect Soviet control. In these three areas, the President's acts – as distinct from his words – are firm and positive.

A. Africa

(i) April 1977. When a force from Angola invaded Zaire, the French President made the French Air Force available to transport Moroccan troops to the area.

(ii) 1978. Although much criticised, even by his Belgian friends, the President sent French paratroopers to round up invaders from Angola, in a much more serious attack.

(iii) 1979. Bokassa of Central Africa opened up the country to the Libyans and the Soviets. French troops intervened and set up the Dacko government.

(iv) January 1980. The French Air Force and Navy intervened to defend Tunisia against an operation launched from Libya. Previously, the French Air Force had intervened against the POLISARIO to help Morocco.

Thus in Africa within four years, there have been five French military interventions against Soviet, Cuban or Libyan subversion. These actions brought violent Soviet protests, and a wave of demonstrations in France itself.

It is worth pointing out that in each case, the President initiated his operations in complete secrecy, through the Defence Council and without any preliminary discussion by either government or parliament. No other Western country has intervened in Africa during this period to counter Communist subversion.

B. Europe.

- (i) The European Parliament was elected by universal suffrage.
- (ii) The European monetary system was launched.

In each case, these initiatives came from France, and were strongly attacked by the Soviet Union and the French Communist Party (PCF).

C. Defence.

(i) Under a decision taken, again, in secret by the Defence Council, in 1976, France became the only European country to launch a programme to develop the so-called neutron bomb.

(ii) On 26 June, the President announced that the security of Europe was henceforth indissolubly linked with that of France itself. This was a break with the sacrosanct principles of Gaullist nationalism, and brought protests from the Gaullists as well as from the Communists.

(iii) On the same occasion, he announced plans for the production of a mobile missile launcher.

These examples appear to be the first of their kind – of a Western government countering Soviet strategy by using Soviet methods. For instance, in Central Africa, the French forces arrived at the same time as the new government which had appealed for French intervention (cf Afghanistan). All the defence measures mentioned above, although extremely unpopular, were announced during the run-up to the Presidential elections. In each case the President faced public opinion with a fait accompli. It is precisely because such measures are highly unpopular (as shown in the public opinion polls) that the President feels obliged to wrap them up in vague discourses praising detente and peace. Here again, there is a curious parallel between his methods and those of the Soviets, who will never cease talking about peace and detente, but act without inhibitions.

3. The President's much discussed meeting with Brezhnev in Warsaw in June has been generally misinterpreted as Giscard's way of preparing the ground for Chancellor Schmidt's own forthcoming trip to Moscow the following month. In reality, the President went to Warsaw to forestall any excessive concessions by Schmidt, whom he regards as the most vulnerable of all Western leaders. By going to Warsaw, Giscard cut the ground from under Schmidt's feet and deflated the spectacular aspect of the Chancellor's trip to Moscow.
4. The sequel to the President's visit merits close attention. In Warsaw itself, he called for the total Soviet evacuation of Afghanistan, and Brezhnev duly said No.

Back in Paris, the President then did the following:

(i) He issued a communique from the Elysee, the first of its kind, announcing atomic military manoeuvres for the "global defence" of France, to be directed – as if they were the real thing – by the President of the Republic himself in his underground headquarters.

(ii) M. Pinton, Delegate-General of the UDF (the President's own party)

publicly declared that any medals won by participants in the Olympic Games would be "blood-stained". This was the strongest of all Western statements on this theme. (Here again, Giscard was borrowing a typical method from the Communists, who often use party spokesmen for attacks against governments, while their own government continues to make soothing noises.)

(iii) At the Venice Summit, the President, along with other heads of State or government, took a firm line, demanding the complete withdrawal of Soviet forces from Afghanistan.

(iv) Back in Paris, the President called his press conference of 26 June (see above).

5. It should be recalled that during his visit to Moscow from 14 to 18 October 1975, the President was the only Western leader to declare publicly that detente must be global and must apply to ideology as well as to other aspects. This brought strong and negative reactions from Brezhnev. Since then, Giscard's line has been consistently to preach detente and peace while acting secretly and promptly when the occasion demands.

6. The Soviets and the French Communists have, of course, got the message. On 30 June, a PCF spokesman named Giscard d'Estaing as "our sole adversary, our sole class enemy. We fight Giscard because of unemployment, because of his international policy and also and in particular of his sinister and dangerous neutron bomb".

7. The re-election of Giscard is by no means certain, because of continuing social agitation (orchestrated by the PCF and the CGT), aimed at creating a general climate of discontent. It may be useful to compare the present situation with that on the eve of the last Presidential elections seven years ago:

(i) Seven years ago Giscard d'Estaing was a "new boy", who campaigned for change. Since then he has had seven years of erosion of power and popularity.

(ii) The economic situation is generally considered far worse than it was seven years ago. There are many sectional causes of discontent, which could add up to a hostile majority.

(iii) True, the Union of the Left no longer exists in a formal sense. But it may turn out to exist in reality amongst the masses of Communists and Socialist voters. In a French election, what counts is the second round, which is decisive as already demonstrated in recent by-elections. If the Socialist candidate (as distinct from the Communist) topped the poll on the first round, the second round could bring a left-wing majority to power.

(iv) A fraction of the Jewish minority will no longer support Giscard as in the past, because of France's Arab policy. A fraction of fundamentalist Catholic vote will also cease to support him because of the legalisation of abortion.

(v) At the last elections, the ruling majority (Gaullists and the group that

became the UDF) were united on the second electoral round. This time, mainly because of the deep quarrel between Chirac and Giscard, many militant Gaullists will probably abstain on the second round. It should be remembered that in the last elections, Giscard's majority was only 1.6% of the total electorate.



N^o 10.

Confidential.

MINISTRY OF DEFENCE

Main Building, Whitehall, London SW1A 2HB

Telephone (Direct Dialling) 01-218 2119

(Switchboard) 01-218 9000

PERMANENT UNDER-SECRETARY OF STATE: SIR FRANK COOPER CCB, CMG.

PUS/80/900

61/1/38

CABINET OFFICE
A 5386
5 SEP 1980
FILE INSTRUCTIONS
FILE No.

4 September 1980

Sir Robert Armstrong KCB CVO
Cabinet Office
Whitehall
LONDON SW1

John Robert.

We had a word before you went on leave about the Prime Minister's forthcoming meetings in Paris and Bonn. We agreed that the aim should still be for defence involvement in both areas but that in the light of the French attitude it would be unwise to raise the matter in relation to Paris.

2. I can now confirm that my Secretary of State would very much like to be involved in Bonn and, in any event, it already looks as though a number of defence issues will come up. I thought I ought just to let you know that this was the position. He would hope I could be in the party too if there is room.

Yours ever
Frank Cooper

FRANK COOPER

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(1)

10 DOWNING STREET

Prime Minister.

Perhaps

- (a) E/W relations (inc Afghanistan)
- (b) Defence
- (c) Africa
- (d) Bilateral relations

for the ête à tête, and

(e) Middle East

(f) North/South

(g) Community

for the session with Foreign Ministers?

Paul,

Yes no.

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Foreign and Commonwealth Office

London SW1A 2AH

4 September 1980

①
Prime Minister

Dear Michael,

ANGLO-FRENCH SUMMIT

I enclose a telegram from Paris setting out the French proposals for a programme for the summit meeting on 19 September. The programme seems acceptable. I should be grateful if you could seek the Prime Minister's confirmation of this.

I would be helpful to know which agenda items the Prime Minister will wish to discuss herself, both in her tête-à-tête with President Giscard and at the enlarged session afterwards. I should be grateful if you could consult the Prime Minister on this (and I attach a copy of the agenda). You will see that the Elysée have proposed that defence issues might be raised in the tête-à-tête. This would allow President Giscard to raise any more sensitive defence matters, such as nuclear issues, should he wish to do so.

I am copying this letter to George Walden and to John Wiggins in the Treasury, Stuart Hampson in the DOT and Julian West in the DOE.

Yours ever,
S J Gomersall

M O'D B Alexander Esq
10 Downing Street

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GRS 260
CONFIDENTIAL
FM PARIS 011001Z SEP 80
TO PRIORITY FCO
TELEGRAM NUMBER 765 OF 01 SEPTEMBER 1980

YOUNG'S LETTER OF 20 AUGUST TO VEREKER, WED: UK/FRANCE SUMMIT,
19 SEPTEMBER

1. THE ELYSEE HAVE PROPOSED THE FOLLOWING PROGRAMME FOR THE
SUMMIT ON 19 SEPTEMBER:

- 9.30-10.30 TETE-A-TETE MEETING BETWEEN THE PRIME MINISTER
AND PRESIDENT GISCARD.
- 10.30-11.30 ENLARGED SESSION. THE PRIME MINISTER AND PRESIDENT
GISCARD ARE JOINED BY M BARRE, YOU AND M FRANCOIS-
PONCET.
- 11.45-12.45 MEETING BETWEEN THE PRIME MINISTER AND M BARRE
(PROBABLY AT MATIGNON).
- 13.15 LUNCH FOR ALL MINISTERIAL PARTICIPANTS.
- 14.45 PLENARY SESSION.
- 16.00 MEETING WITH THE PRESS.
- 16.30 END OF SUMMIT.
APPROX

I SHOULD BE GRATEFUL TO KNOW IF THIS IS ACCEPTABLE.

2. DURING THE MORNING, AT TIMES TO BE DECIDED, OTHER MINISTERS
WOULD HOLD TALKS WITH THEIR OPPOSITE NUMBERS. WE DO NOT YET KNOW
WHETHER M FRANCOIS-PONCET INTENDS TO PROPOSE TALKS WITH YOU
BOTH BEFORE AND AFTER THE ENLARGED SESSION AT THE ELYSEE. I
SHOULD BE HAPPY TO CONVEY ANY VIEWS YOU MAY HAVE ON THIS POINT.
THE ELYSEE HAVE SUGGESTED THAT MR NOTT MAY WISH TO HOLD SEPARATE
MEETINGS WITH M DENIAU AND M LE THEULE. THE WAY IS NOW OPEN TO BEGIN
DISCUSSING INDIVIDUAL AGENDAS WITH THE VARIOUS MINISTERIAL
CABINETS CONCERNED.

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/ 3. ON THE


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3. ON THE OUTSTANDING POINTS ON THE AGENDA, THE ELYSEE, AFTER CONSULTING PRESIDENT GISCARD, HAVE COMMENTED AS FOLLOWS:

(A) DEFENCE

THE TOPICS ALREADY PROPOSED ARE CONFIRMED. THE FRENCH SIDE HAVE NO OTHERS THEY WISH TO ADD. THEY SUGGEST THAT THE INITIAL TETE-A-TETE MIGHT PROVIDE A SUITABLE OPPORTUNITY TO RAISE DEFENCE ISSUES.

(B) INTERNAL COMMUNITY QUESTIONS

 IF THE PRIME MINISTER WISHES TO RAISE IMPLEMENTATION OF THE 30 MAY BUDGET AGREEMENT, OR THE REFORM OF THE BUDGET, THE FRENCH SIDE WILL NATURALLY LISTEN WITH CARE, BUT WILL NOT EXPECT TO ENTER INTO A DETAILED DISCUSSION. !

HIBBERT.


[THIS TELEGRAM WAS NOT ADVANCED]

LIMITED

WED
ECD
PLANNING STAFF
DEFENCE D
NEWS D
P & C D
PS
FS/LPS
SIR E YOUDE
SIR A ACLAND
MR BULLARD
MR HANNAY

- 2 -

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DRAFT AGENDA

1. International Political Questions
 - A. The Afghanistan Problem
 - B. East-West Relations
 - C. Defence and Disarmament problems
 - D. Middle East
 - E. Southern Africa
 - F. Other topical questions:
 - (i) Preparation for the UN General Assembly
 - (ii) South-East Asia
 - (iii) Caribbean
 - (iv) Pacific

2. International Economic Questions
 - A. North/South
 - B. International monetary problems
 - C. International energy problems (follow up to the Venice Conference)
 - D. Relations with the Industrialised countries (Japan/United States)
 - E. Sectoral problems (textiles, steel)
 - F. Trilogue (i.e. Euro/Arab/African multilateral cooperation)

3. European Questions
 - A. Enlargement of the Community
 - B. ~~Institutional problems (location, relations with the Assembly, Commission).~~ ^{Internal Community Questions (including and advance)}
 - C. Miscellaneous (cocoa, recycling, insurance, consensus (presumably interest rates), Zimbabwe and the Lomé Agreement, relations with New Zealand and Australia)



(ANNEX A cont)

4. Bilateral Questions
 - A. France/UK Relations
 - B. Economic Cooperation
 - (i) Energy
 - (ii) Industrial Cooperation
 - (iii) Transport
 - C. Cultural Relations

(2)



Foreign and Commonwealth Office

London SW1A 2AH

Weekend Box,

Prime Minister *Ph...*

4 September 1980

Dear Michael,

MS.

I enclose a copy of Sir Reginald Hibbert's despatch of 12 August about the run-up to the French Presidential Election of 1981. Briefing for the Prime Minister's attendance at the Anglo-French Summit will of course draw on the despatch, but the Lord Privy Seal thought the Despatch to be of sufficient interest that the Prime Minister might wish to see it in advance.

Yours ever
S J Gomersall

S J Gomersall
Private Secretary to the
Lord Privy Seal

M O'D B Alexander Esq
10 Downing Street



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REC-113

14 AUG 1980

ALLOCATION SECTION

S U M M A R Y

PREVIEW OF THE FRENCH PRESIDENTIAL ELECTION

1. The French Presidential election is scheduled for May 1981. This despatch examines why President Giscard's re-election is widely predicted. It also highlights the role played by the French Presidential system in widening the gap between appearance and reality in French political life in the 5th Republic. It also draws attention to the importance of the Presidential image. (Paragraphs 1 and 2)

2. The President's electoral prospects are enhanced by the divisions of the Opposition (paragraphs 3 - 5) and of the Gaullists (paragraph 6). But M. Giscard has implemented many of the social reforms which formed part of his election platform in 1974 (paragraph 7). His economic and foreign policies are broadly approved by the French electorate (paragraph 8 and 9).

3. Yet President Giscard appears anxious about his electoral prospects (paragraph 10). His principal cause for concern must be the economy (paragraph 11). Some of his achievements in foreign affairs look precarious (paragraph 12). Doubts have also been raised about his personal standing in the eyes of French voters (paragraph 13).

4. President Giscard is nonetheless likely to emerge as the strongest candidate on the first round of next year's election and to face a run-off against a left-wing (Socialist) candidate.

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On the second round, President Giscard is likely to be more successful in attracting Gaullist votes than a Socialist candidate would be in mobilising Communist voters. This will be necessary for his re-election (paragraphs 14 - 16).

5. M. Giscard's need to be constantly cultivating an artificial majority to secure his re-election helps to explain the influence of electoral considerations on French Government policy. His re-election next May is not likely to remove the political constraints which determine so much that he does (paragraphs 17 and 18).

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BRITISH EMBASSY,
PARIS.

12 August 1980

The Rt Hon The Lord Carrington KCMG MC
Secretary of State for Foreign and
Commonwealth Affairs
Foreign & Commonwealth Office
London SW1

My Lord

PREVIEW OF
THE FRENCH PRESIDENTIAL ELECTION

1. President Giscard's term of office expires in the Spring of 1981. Already some 16 declared runners are jostling for a place on the starting line for next year's Presidential race. All these must be considered outsiders as none of them represents a major French political formation. The real competitors have yet to declare themselves. Many of those already in the lists will be unable to meet the legal requirements necessary to appear on the ballot paper. President Giscard has not yet formally confirmed that he will seek re-election, and he will probably hold back his nomination until a very late stage so that the formal election campaign cannot properly start until he is ready for it - it certainly cannot start effectively without him. The Gaullist Rassemblement pour la République (RPR), the Socialists (PS) and the Communists (PCF) have not yet decided definitely who will carry their colours. This has not prevented the political pundits from studying the form of the likely contenders.

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The almost universal view is that President Giscard will run and that he will win. This seems an appropriate moment to examine the reasons why President Giscard's re-election should be regarded as a foregone conclusion and why in these circumstances President Giscard himself should appear anxious about his electoral prospects.

2. The Constitution of the 5th Republic gives Presidential elections in France a very special character. The Presidential election is almost the only institutional forum in France which furnishes a platform for broad and coherent statements of political philosophy to the French people as a whole (hence M Debré's insistence on putting forward his candidature). The system makes it very difficult for a political party or movement to survive or be effective without having a Presidential candidate (hence the plethora of candidates, many of them insignificant). By producing in practice a run-off in a second round between the two strongest candidates from the first round, it brings about a left/right confrontation which very much oversimplifies France's political realities. By giving, indeed imposing on, an important section of voters in the second round a choice transcending party allegiances, it increases the importance of the personal image built up by candidates, and this strongly favours the sitting President and brings into play considerations of national feeling, world prestige, etc, which tend to play a lesser part in elections in other countries. The

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most important consideration of all is that the system is designed to create an absolute majority where none exists. The President of the French Republic is elected by a majority vote but his majority has no political permanence, does not correspond in composition to the distribution of "Majority" seats in the National Assembly and is in a party political sense artificial. This artificiality introduced by France's constitutional forms colours or stains a great deal of the substance of French political life and explains to a very large extent the surprisingly wide gap between appearance and reality in French political life to which I have referred on various occasions in previous correspondence. It also explains why President Giscard seems less sure than everyone else that he will win. He is constantly caught between the need to satisfy his parliamentary majority and the need to create, patch together and realise a presidential majority which has no natural existence in France.

3. One of President Giscard's main sources of strength lies in the divisions of the Opposition. In recent months the French Left has given the impression of being determined to reverse the political maxim that Oppositions do not win elections, Governments lose them. At the last Presidential election in 1974, the PS and the PCF united in supporting the candidature of M Mitterrand. As a result President Giscard barely scraped home by less than 1% of the vote. But the Left's electoral aspirations founded on the Common Programme of 1972 have crumbled following the Communist

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Party's change of line in 1977 which led to the Left being soundly beaten in the legislative elections. This setback has produced increasingly bitter recriminations between the PS and the PCF, which makes agreement on a common candidate for 1981 look very unlikely. The PCF's prime concern seems to be to check the erosion in its electoral base which the period of co-operation with the Socialist Party brought about. This requires the Communists clearly to differentiate themselves from their erstwhile Socialist allies and to demonstrate that only they are working for a radical transformation of French society. The announcement of the Secretary-General of the PCF, M Marchais, in January this year that his party intends to field its own Presidential candidate acknowledged the growing rift between the Communists and the Socialists.

4. Communist tactics call into question the basis of the electoral strategy pursued by the Socialists since the early 1970s. M Mitterrand and his supporters continue to concentrate on obtaining a maximum left-wing vote and try for this purpose to prevent the idea of Union of the Left being buried. With little prospect of a first round electoral arrangement with the Communists for 1981, M Mitterrand has tried to ensure that the PS continues to pursue policies attractive to a broad spectrum of the Left, including members of the Communist Party. In January this year, at the initiative of M Mitterrand and his

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left-wing CERES allies, the PS adopted a new policy programme, the "Projet Socialiste". This is designed to provide an electoral platform for 1981 to which Communist voters could rally in the second round of the Presidential elections. M Rocard, who is M Mitterrand's principal rival for the PS's candidature, advocates a different approach. He, in some ways like the younger Giscard but from the other side of the spectrum, believes that there is a centre to be found or made in France. He does not disown the "Projet Socialiste" but argues that a Socialist candidate should not be bound by it. In his view, the Communists should be allowed to rot in their ghetto until they are prepared to accept the responsibilities of Government. Meanwhile, the Socialist candidate should pursue policies which would be attractive to the centre ground of French politics. Rather than attempt to garner Communist votes by pandering to the PCF, M Rocard regards the disenchanted supporters of the President as providing the ripest field for the Socialists to harvest.

5. The PS has so far been unable to choose between these conflicting strategies and hence between the rival candidatures of MM Mitterrand and Rocard for the Socialist Party's nomination. The opinion polls suggest that M Rocard would be a tougher opponent for President Giscard in a second round run-off. But this does not attract socialists who want their candidate to

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be above all "socialist". M Mitterrand still controls the Socialist Party organisation which will play an important role in the designation of the Socialist candidate. If M Mitterrand should decide to run, as seems increasingly likely, M Rocard has indicated that he will not formally oppose him. Since neither wishes to be accused of splitting the party by pushing his own candidature, the PS is for the time being in a state of suspense. A final decision on the candidature has been postponed until towards the end of the year. In the meantime, the PS gives the impression of being more concerned with its internal feuding than training its fire on the Government and its policies.

6. Within the ranks of the Majority, the Gaullists are hardly in a better position than the Left to mount an effective challenge to President Giscard. But where the Left has been falling apart under its own compulsions, the disarray of the RPR is partly due to skilful manoeuvring by President Giscard. He has quite simply been stealing the Gaullists' clothes while continuing to wear some attractive accessories of his own. The RPR made a poor showing in last year's elections for the European Parliament, and since then the party leader, M Chirac, has had difficulty in keeping Gaullist troops united under his command. M Chirac has allowed himself to be driven to differentiate himself from President Giscard by moving into positions which are too nationalist and too right-wing. He accepts challenges too easily. As one political commentator put it, "M Chirac is a

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marvellous steeplechaser. He jumps beautifully. The problem is that it is now the flat season". With political difficulties arising, questions are also asked about M Chirac's abrasive style. Divisions in the Gaullists' ranks have been brought out into the open with the announcement by M Michel Debré on 30 June of his intention to stand in next year's Presidential elections. M Debré, in a way like General de Gaulle himself, is a dangerous maverick in French politics in that he is very sincere. He is convinced that he has a message for the French people to turn them back into the paths of national righteousness and save them from their dissolute ways and worship of the golden calf. He gives the impression that for him MM Giscard and Chirac are equally weak and deficient. M Debré is unlikely to receive the official endorsement of the RPR. But if he does stay in the race, he will seriously embarrass M Chirac by splitting the Gaullist vote. He may also embarrass President Giscard. M Chirac's discomfiture has been exacerbated by the public decision of three of the eleven Gaullist Ministers in the Government to support the re-election of President Giscard from the outset of next year's election campaign. There seems no reason to doubt that the President will emerge convincingly as the strongest candidate of the Majority on the first round ballot. Indeed, opinion polls suggest that whereas President Giscard should pick up 30% plus of the first round votes, M Chirac and M Debré between them will only obtain about 15-18% of the vote. The

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crucial question is where these 15-18% will go on the second round.

7. President Giscard's rating as favourite is not merely the product of the disarray of his opponents. The President has pursued a selection of policies which are cleverly calculated to cater for the fears and aspirations and prejudices of the French electorate. The electorate is in a passive way conservative, anxious to hold on to its economic gains of the last two decades, but at the same time hankering after social reform. President Giscard sticks to the old adage that when the French voter enters the polling booth he may have his heart on the left but he carries his pocket-book on the right. The President has pursued a blend of policies designed to appeal to reformist instincts in the electorate without prejudicing the prospects for sustained growth under a strong central government. In an interview in May this year, he prided himself on having carried out three quarters of the social reforms which he had proposed in 1974. He placed particular emphasis upon his efforts to enhance the role of women in French society, to improve the lot of the aged and the handicapped and to enhance the status and conditions of employment of manual workers. To anyone left of centre, or even to anyone of actively liberal disposition, all of this adds up to very little; but M Giscard can reasonably claim that thanks to the reforms he has advocated French social legislation is gradually being brought more closely into line

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with standards currently accepted in the West. President Giscard gives the impression that he would probably go further along the path of social reform if he were free to do so. But he plays his hand in such a way as to make more obvious the difficulties which he encounters from the legislature. It is indicative of the conservatism of the Deputies of the Majority that only one-third supported the President's proposal for the legalisation of abortion. As a result, the Bill could not pass into law without the reluctant support of the Left, who did not relish being seen to come to the President's aid.

8. In the economic sphere, M Giscard's Presidency has coincided with the difficult period of adjustment to the aftermath of the international oil crisis. It was in fact left to M Barre ("the best economist in France") to devise detailed economic policy. The results have naturally been controversial politically, as the effects of world recession have made themselves felt in a country which is still dependent on imports for over 70% of its energy consumption. But President Giscard can now take some of the credit for what is seen to be the superior short-term performance of the French economy relative to those of other major Western economies and for devising a path which looks as though it may lead to future success. Rather than batten down the hatches, the Government has set about streamlining French industry and to some extent liberalising it. The opportunity has been taken to reduce traditional industries, such as iron and steel, to a viable size, and the worst social effects of this were absorbed a

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year or so ago. Meanwhile, the Government is making progress with development of those industries in which it hopes France will be able to play a leading role well into the future. How successful these policies will be remains to be seen; but they are being pursued with vigour and coherence and the French electorate is conscious of and generally approves of them.

9. President Giscard, following closely in the footsteps of his Gaullist predecessors, has also skilfully cultivated a sense of national pride, not to say chauvinism, among Frenchmen. In this he follows in a long tradition, and as explained in para 2 above the constitution of the Fifth Republic encourages rather than diminishes the value of playing on national feeling. Continued assertions of French independence and of the need for France and a French-led Europe to make a distinctive contribution to world affairs strike a responsive chord across the whole width of the French electorate. President Giscard's skill in making foreign policy seem like a string of privileged relationships plays on this. The consolidation of France's special relationship with the FRG and his efforts to remain the Soviet Union's favoured partner in Western Europe are broadly popular. Efforts to develop an independent role for France in the Middle East, while also in the Gaullist tradition, have aroused more opposition, particularly among France's Jewish voters. But the rationale behind courting the Arab oil producers is generally understood. To the outside observer, there may appear more style than

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substance to many of President Giscard's initiatives in the foreign affairs field. Nevertheless, like his recent state visit to the FRG, they help to thrust the President into the international limelight and foster the impression within France that he is a statesman of world stature. At a time when Frenchmen are increasingly conscious of the impact of the outside world on France's freedom of manoeuvre, President Giscard's experience in the foreign affairs field, when compared with that of most of his potential rivals, will prove an important asset in the election campaign.

10. Given the ineffectiveness of President Giscard's opponents and his own achievements in office, it is hardly surprising that most political commentators consider that next year's elections will be a one horse race. Yet President Giscard himself has in recent months sometimes acted if he were unsure of the outcome. Rather than displaying the confidence to be expected of the favourite, he has given the impression of fearing that the slightest false move could irreparably damage his chances. This shows that he understands the precariousness of the system. He has constantly to be at work assembling his second-round majority from voters who are not in any real sense his political followers. He is an innately cautious man, probably not really a brave one, and he remembers the narrowness of his victory in 1974. He is probably acutely aware that, over the next nine months, while the election campaign is in full swing,

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something could go seriously wrong in the sense that an ugly aspect of reality, either at home or abroad, could suddenly poke jaggedly through the carefully harmonised appearance of cool supremacy.

11. M Giscard's principal cause for concern must be the economy. The Government has pledged itself to maintain the level of economic activity. But the Prime Minister, M Barre, has publicly recognised that it will not be possible to protect the real income of all French wage earners, particularly as the world recession bites into France's export markets. The President's opponents are already focussing their criticism of Government economic policies on the continuing problem of unemployment. Whereas there were 425,000 out of work in 1974 when M Giscard was elected, unemployment will soon reach one and a half million with little prospect of any substantial improvement this side of the election. Widespread and prolonged industrial unrest has so far been avoided, partly as a result of the divisions in the trade union movement which reflect those in the parties of the Left. But a sharp deterioration in the economy in the coming months could make the President's position look less secure, even if the cause of it (such as a further world energy crisis) could be shown to be largely beyond the control of the French Government. This would then weigh more heavily with French electors than the positive factors outlined in para 8 above. A different problem might arise if there were a major difference between M Barre and the President over possible stimulus of the economy in

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anticipation of the elections. So far M Barre has taken a firm line on a more general reflation and there have been no signs that the President disagrees with him.

12. Some of M Giscard's achievements in foreign affairs look more precarious. The policy of dialogue with the Soviet Union is central to the President's concept of an independent role for France. But it needs to achieve regular results to remain credible. If, nearer the election, Soviet troops are still in Afghanistan in large numbers, the hollowness of French claims to be able to influence Soviet policies by acting independently may become more apparent to the French electorate. France's recent policies towards the EC have equally brought little credit to the President. The agreement on the UK's Budgetary contribution has been widely interpreted here as a defeat for M Giscard, not because he was too tough but because he allowed himself to be outmanoeuvred by the British. The President has sought to draw attention away from this by opposing the early entry of Spain into the EC. Not only does this help pacify France's vociferous farmers lobby but it also muffles the Gaullists and the Communists who have long opposed Spanish entry. Increasingly, the President's foreign policy appears to be dictated by domestic electoral considerations. M Giscard is therefore vulnerable to the accusation that he is allowing his electoral preoccupations to override France's longer term national interest. To the extent

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that this critique is accepted by the French voter, President Giscard could begin to find that his foreign policy does not bring adequate electoral dividends. It is not easy for him to achieve the right balance for months on end.

13. On a more personal plane, over six years in office have given the French electorate a clearer, but not necessarily more favourable, impression of the man they chose as President in 1974. M Giscard is still widely admired for his intelligence and his mastery of the details of Government policy. Despite nearly seven years in the saddle, he shows none of the tiredness or lack of resolve of some of his Ministers. But he remains for most Frenchmen a cold, remote and uncharismatic figure. Critics say that beneath his liberal mask President Giscard is an authoritarian, brooking no resistance in any matter of state, however trivial. With the passage of time his early attempts to develop a more informal Presidential style have been largely forgotten both by the French public and by M Giscard himself. Much that he does looks gimmicky and aimed at effect rather than based on principle as he pretends. It is, however, the case that respect for a firm and strong President wielding great power from the centre runs deep in France. As against this, the French voters' evaluation of M Giscard's personal integrity has been undermined by the series of scandals that have touched the Presidency in recent months: the Bokassa diamonds affair, the suicide in November 1979 of the Minister of

/Labour

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Labour, M Boulin, and the allegations against M Poniowski, one of President Giscard's closest confidants, arising from his handling when Minister of the Interior of the murder of M de Broglie, another former collaborator of the President.

14. None of these handicaps should prevent President Giscard from obtaining the largest number of votes on the first round of next year's elections. This is not however sufficient to secure election. Under the French electoral system the two best placed candidates on the first round go through to a second round run-off, provided no candidate has polled more than 50% of the vote. It seems inevitable that a second round will be necessary.

15. It is difficult to imagine that the run-off could be other than between President Giscard and a left-wing (Socialist) candidate. Each will need to increase his share of the vote by attracting those who supported candidates eliminated at the first round. For President Giscard this largely means Gaullist voters. The present state of relations between the President and the RPR leadership does not augur well. Already on 11 July, the RPR Secretary-General, M Pons, threatened that if the Government did not take greater account of Gaullist sensitivities it would be impossible for the RPR to support the President on the second round. President Giscard's supporters have dismissed M Pons' remarks as electoral manoeuvring. Can the RPR afford not to vote against the Left? While it is probably right

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to be sceptical about the RPR, the difficulties the President is likely to face in ensuring that the RPR throws itself wholeheartedly into the second tour campaign on his behalf are clear enough. The real trouble here could be M Debré's candidature. The need to entice M Debré's supporters as well as those of the RPR could complicate the President's task.

16. On the Opposition side, the Socialists are likely to face similar problems in mobilising Communist voters. A Socialist candidate could not expect to have any chance of winning unless he receives solid support from the Communists. M Rocard would probably face greater difficulties in this respect than M Mitterrand even though it is unlikely that he would be opposed by the PCF. In the present state of relations among the parties on the Right and on the Left, it would appear that the Communists are more likely to abstain than are the Gaullists. This is the essential calculation behind the estimate that President Giscard will be re-elected.

17. This despatch may have seemed to show that it did not need to be written, in the sense that the outcome of the Presidential election next May seems virtually certain, barring accidents in the intervening period. The interest of the subject lies not so much in predictions about what will happen, as in studying the way in which the French constitutional and electoral system influences the way in which policy is conducted in and by

/France

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France. In several telegrams from this post I have reported that the French Government's attitudes on various subjects have been largely determined by electoral considerations. I hope that this despatch may have helped to show how this comes about. To a large extent the Fifth Republican constitution tries to turn France into something which it is not, a closely united country. President Giscard's political difficulties consist largely of his trying to be something which he is not, an inspiring leader of men. Those dealing with France need to understand the play of appearances which these considerations entail. France is far from being a single-minded and inspired pursuer of its own real national interest, as so many imagine. It is rather in perpetual pursuit of a national interest which is partly contrived.

18. There is a further consideration which should perhaps be borne in mind as the Presidential election campaign begins to gather pace. President Giscard and his Ministers and officials allude freely in private conversation to the political constraints which limit the President's freedom of action. They are alluding, of course, to his lack of a firm majority of his own. The Presidential election next May will not alter this situation for the better. Fresh elections to the National Assembly will be due at the latest by 1983. There are ways in which the President could cause the elections to be held earlier. The point of real interest is to estimate whether the

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next elections to the legislative assembly will ease or aggravate the political constraints on the President or leave them much as they are. There is a case for arguing that the successful economic development of recent years is slowly and silently altering the political geography of France. It is on this that M Rocard for example builds his hopes for his own political future, which would be a future based on a political centre which does not at present exist. President Giscard himself set out a few years ago looking for that centre. He has failed to find it and no longer seems seriously to look for it. The best estimate that can be made at present is that the next legislative elections will not alter at all significantly the present political pattern in France, with the electorate divided into four large and more or less incompatible segments with little movement between them. The campaign to which President Giscard appears to be committed and his manoeuvring to outwit the RPR are hardly calculated to encourage any radical change in political allegiances. It certainly does nothing to encourage the emergence of a centre. For the moment the prospect is that President Giscard will be re-elected, but also that his re-election will not give him a more powerful position from which to strike out on new constructive policies. It is more likely to leave him labouring under the same constraints as now. In that case it is not only the outcome of the Presidential

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elections which seems predictable: it also seems possible to predict that the Presidential election is not likely to be a point of new departure in the next few years in French attitudes and policies.

19. I am sending copies of this despatch to Her Majesty's Representatives at Washington and Community Posts and to the Permanent Representatives to the European Communities and to the North Atlantic Treaty Organisation.

I have the honour to be
Your Lordship's obedient servant

A handwritten signature in dark ink, reading 'Reginald Hibbert'. The signature is written in a cursive style with a large, prominent initial 'R'.

Reginald Hibbert

RESTRICTED



10 DOWNING STREET

3rd September, 1980

Thank you so much for your letter of 29th August, together with its enclosures.

These will be of very great assistance to the Prime Minister in preparing for her visit to Bordeaux on 19th September, and the Prime Minister has asked me to say how particularly grateful she is.

It is much too long since I have seen you.

Would you, by any chance be able to lunch with me at the Carlton Club at 12.45 p.m. on Wednesday, 17th September?

Ian Gow

Sir Derek Ezra, MBE.

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Foreign and Commonwealth Office

London SW1A 2AH

2 September 1980

Dear Michael,

As promised on the telephone yesterday, I enclose comments just received from HM Ambassador in Paris on the draft speech for the Prime Minister at Bordeaux which I sent to you yesterday. You indicated that you would be content to work these comments in yourself, but we would be quite happy to do this if you would like.

*Yours truly,
Stephen Gomersall*

S J Gomersall

M O'D B Alexander Esq
10 Downing Street

Covering CONFIDENTIAL



BRITISH EMBASSY

PARIS

P W M Vereker Esq
Western European Department
FCO

1 September 1980

Dear Peter

PRIME MINISTER'S SPEECH AT BORDEAUX, 19 SEPTEMBER

1. The Ambassador spoke to you on the telephone about our contribution to thinking about the Prime Minister's draft speech for Bordeaux. As our comments are fairly long, I enclose them with this letter instead of sending them by telegram. As we have a bag this evening, they will in any case reach you first thing tomorrow morning. In the circumstances, the enclosure has been drafted as a telegram and should be read as such.

Yours ever

J R Young .

COMMENTS FROM HM AMBASSADOR, PARIS, ON THE DRAFT SPEECH FOR
THE PRIME MINISTER AT BORDEAUX

1. I find the opening passage of the speech satisfactory, although the Plantagenet connection if overdone could be a bit of a cliché in connection with Bordeaux. It seems to me to be a mistake to return to the Plantagenet theme at the end of the speech. The speech needs perhaps to concentrate less on the present and to be given a longer and deeper perspective in order to make the theme of Anglo-French cooperation prevail in the minds of the audience over the theme of Anglo-French differences.

2. In the section on the European Community it could be said that while the Community is the boldest and most innovatory political creation in Europe in the past two centuries it is still at an early stage and has a long way to go before it can play a really major role in world affairs. A community which consists of a common external tariff, a common commercial policy and a common agricultural policy is still only a partial community. Under the pressure of world crises, progress has been made in the past two or three years in devising the rudiments of common industrial, energy and financial policies, but a great deal more will be needed if the Community is to achieve the objective of maintaining the interests of the Western European countries in an increasingly turbulent world and, beyond that, to spread some degree of order outwards from Europe. Even in the Community policies which already exist it has been recognised that readjustment is necessary. The agenda before the Community is therefore very heavy and it is going to take a long time to work through it.

/This

- 2 -

This makes it particularly important that Britain and France should face the task of working out these common policies with stoicism and forbearance, keeping their eyes on the longer term benefits and the external world dangers rather than on the inevitable frictions of national interest which will be encountered on the way.

3. Both Britain and France have their eyes on the future. We both recognise that the future will be a pluri-centralist world in which only units which can cohere sufficiently tightly to fight their corner will survive. This competition between groupings has positive aspects (mutual investment and exchange of technology) as well as negative ones (necessary resistance to import penetration, collaboration to frustrate third party competition in other parts of the world). Within the European grouping, it is clear that there is considerable scope for some degree of specialisation and mutual sharing. The economic and industrial policies of both the French and British Governments, though they may differ in emphasis, are sufficiently flexible to allow considerable scope for market-orientated international collaboration. The British Government is ready to explore the possibilities of collaboration to the full.

4. In the section on defence, I hope that more may be made on the British contribution to European security. The audience could be reminded, for example, that from the beginning of this century Britain has been fully committed to joint action with France in the defence of our two countries and Western Europe. It is unusual to talk of BAOR as a factor in Anglo-French relations, but BAOR should be seen as the successor, heir and extension of

/the

- 3 -

the British Expeditionary Forces and Armies which entered Europe through France (Flanders and Normandy) and in the closest cooperation with France, and which made major contributions to maintaining freedom in Western Europe. Britain's first post-war treaty was the Treaty of Dunkirk with France, and that was followed by the Brussels Treaty in which Britain and France were principal members. Since the mid 1950's, ie., since the failure of the attempt to move straight to a common defence organisation in Western Europe, Britain's defence relationships have tended to thicken with the Federal Republic of Germany and to mark time in the case of France. This is because the British Armed Forces are stationed in Germany and Britain is an active participant in the NAT Organisation, while France pursues policies of independence. But Britain stands ready at any time to develop closer defence cooperation with France as a neighbour, a fellow European and a fellow signatory of the North Atlantic Treaty. For the moment the most promising way forward may be in the field of cooperation in defence production. But Britain, faithful to her record throughout this century, stands ready for closer collaboration in developing the security and independence of Western Europe if any ways offer themselves.

5. I suggest additional points might be made about Britain's contribution to Europe and about political cooperation. Britain's presence in the Community and in the construction of Europe is a strong safeguard for democratic and libertarian traditions in Europe. France and Britain, more than any other European countries, have experienced the cost and sacrifice in human life

/of

- 4 -

of preserving free societies. Britain's motives in joining the Community were fundamentally political: to strengthen the countries of Western Europe, to reinforce and underpin democracy in Europe and to contribute to making Western European voices more effectively heard in the world now that the voices of individual European nation states can no longer predominate. The Europe of competing nation states was completely destroyed in the war: although our Continent is still divided, a new Western Europe of cooperating nation states has been constructed and Britain cannot fail, given her traditions, to take part in it. Many of the most acute problems in the modern world are arising outside Europe. It is in the urgent interest of the European countries to combine their efforts to deal with them. This can be achieved only by the steady growth of political cooperation. The Thorn mission in the Middle East is a pointer in the right direction. There is a need for careful attention to the relations between Western Europe and its most important ally, the United States, particularly now that so many world problems occur outside the area which NATO allotted to itself. It seems unlikely that a satisfactory solution can be found to trans-Atlantic relationships unless political cooperation is developed; and it is through political cooperation that eventually the crucial security dimension may be grafted on to the European Community. The growth of political cooperation in Europe cannot occur unless France and Britain work together, unless both work closely with the Federal Republic of Germany, unless both have a close relationship with Italy, particularly in everything that concerns the Mediterranean, and with their other partners among the Nine and eventually the Ten, Eleven, and Twelve.

/A

- 5 -

A close bilateral relationship between France and Britain is indispensable for progress across the board.

6. Apart from these major comments I have the following points of detail:

Page 1 "A generation of British youth died in the defence of French soil" might be resented. I suggest "A generation of British youth died in the defence of a common cause".

Page 6 References in the first paragraph to Britain's own budgetary contribution may fall away in the light of my paragraph 2 above. If this section is retained, however, I suggest omitting the word "temporary" before "arrangements" in the last sentence. We understand what this means, but the French might misinterpret it as an intention to re-open the whole Budget contributions issue.



SEP 2 1980

ANGLO/FRENCH SUMMIT: 19 SEPTEMBER 1980

1. Steering Brief
2. European Community Questions
 - i. Community Steering Brief
 - ii. Restructuring (including Strategy, CAP, Own Resources New Policies and 1 per cent ceiling)
 - iii. Implementation of Budget Agreement of 30 May
 - iv. Enlargement
 - v. Community Institutions (including New Commission)
 - vi. Insurance
 - vii. Fisheries
 - viii. New Zealand/Australia
 - ix. Zimbabwe's Accession to the Lome Convention
 - x. Cocoa
 - xi. Common Judicial Area
3. International Economic Questions
 - i. North/South
 - ii. International Monetary Problems
 - iii. International Energy Problems
 - iv. International Trade Questions (including relations with industrialised countries and sectoral problems)
 - v. Trilogue
 - vi. World Economy
4. Southern Africa
5. East/West Relations (including Poland and China)
6. Afghanistan
7. South-East Asia
8. Middle East (including Iran)
9. Central America/Caribbean
10. Pacific (including Vanuatu)
11. Preparations for United Nations General Assembly
12. Defence and Arms Control (including the French proposals for a Conference on Disarmament in Europe)
13. Bilateral Matters (including energy, industrial co-operation transport, channel tunnel and cultural relations)
14. France: Internal Political and Economic Scene
15. France/United Kingdom Relations

Briefs PMVA(80) 1-15 are
preserved in CAB 133/504.
This set has been destroyed.
Wayland, 16/3/10

CONFIDENTIAL

France

Cabinet Office,
Whitehall,
London, SW1

1st September, 1980

PS(80) 18

Dear Private Secretary,

Anglo-French Summit: 19th September 1980

This letter sets out the briefing arrangements for the Anglo-French Summit in Paris on Friday 19th September 1980.

The objectives for the Summit, as approved by the Prime Minister, are at Annex A. The list of briefs to be prepared, with an indication of Departmental responsibility, is at Annex B. Instructions on format are at Annexes C and D. Those preparing briefs should note the Prime Minister's wishes on the structure of briefs, contained in (b) of Annex C.

75 copies of each brief should be sent to the Cabinet Office as soon as they are ready, and in any event to arrive no later than 12.00 noon on Friday 12th September. They should be addressed to Mrs. M. Wagner in Committee Section, who should be consulted (tel. no. 233 7628) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Michael Palliser, Sir Brian Cubbon, Sir Douglas Wass, Sir Peter Carey, Sir Frank Cooper, Sir Brian Hayes, Sir Kenneth Clucas, Sir Donald Maitland, Sir Kenneth Couzens and Mr. Robin Ibbs, and to Michael Alexander, No. 10.

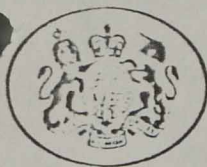
Yours sincerely,

(Signed) B.G. HILTON

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United Kingdom Objectives

1. To make the most of this annual opportunity to register with President Giscard, a number of his senior Ministers and so far as possible the French public, the importance of Britain as a factor in European and world affairs and the importance Britain attaches to the European Community.
2. To exchange views on East-West relations, with particular regard to Western reactions to the Soviet invasions of Afghanistan, to the situation in Poland and to the forthcoming CSCE meeting in Madrid, including the French proposal for a Conference on Disarmament in Europe (CDE).
3. To urge upon the French that any future government-supported credits for the Soviet Union should attract interest not below the internationally agreed consensus rates.
4. To harmonise views on the international economic and monetary situation, including North/South issues, energy and the Brandt Report
5. To identify areas of international trade negotiation where we and the French might most usefully co-operate.
6. To encourage the French to stick with the Nine on the Middle East, including Iran.
7. To encourage the French to work closely with us on Africa and in particular on Southern African problems.
8. To underline the importance we attach to restructuring the Community budget within the 1% ceiling, and to reducing the growing cost of the CAP; and our wish to keep in close touch with French thinking.
9. To make it clear that, while we will fight our corner vigorously in the forthcoming restructuring negotiations, we want to find Community solutions to avoid the re-emergence of unacceptable situations and to work closely with the French and Germans in the search for such solutions.
10. [If not agreed at Foreign Affairs Council] To emphasise the need for prompt agreement on the procedures to give effect to the 30th May Budget agreement.
11. To see whether common ground can be established with the French on other Community problems which they may raise, consistent with the maintenance of British interests.
12. To remind the French that our interests on nuclear and non-nuclear defence and arms control questions overlap and to impress on them the desirability of closer co-operation in these areas.
13. To reaffirm our commitment to the cross-Channel electricity link and to avoid commitments over North Sea oil.
14. To impress on the French our interest in the fast breeder reactor and in the scope for collaboration.
15. To review progress in the promotion of industrial collaboration between Britain and France and to urge that the new regulations on foreign investment in France be implemented flexibly.



PROBABLE FRENCH OBJECTIVES

1. To review current international political and economic issues; to assess the strength of United Kingdom views; and to explore the possibility of Anglo-French cooperation or understanding on questions, including the Middle East, Southern Africa, and relations with industrialised countries (especially Japan).
2. To identify areas of shared Franco-British practice, interest or experience, e.g. Community institutions and military nuclear capability.
3. To present the Anglo-French Summit to the media as a harmonious event, and for this reason to opt for a broad-brush discussion in preference to detailed argument about those issues on which French and British interests diverge (eg the budget/agricultural prices link-up).
4. To avoid anything which might have adverse internal political repercussions in France in the run up to the Presidential elections (May 1981).

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ANNEX B

LIST OF BRIEFS FOR ANGLO-FRENCH SUMMIT: 19th SEPTEMBER 1980

<u>PMVA(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
1.	Steering Brief	FCO	as appropriate
2.	European Community Questions		
	(i) Community Steering Brief	FCO	as appropriate
	(ii) Restructuring (including strategy, CAP, own resources, new policies and 1 per cent ceiling)	FCO	Treasury MAFF Cabinet Office
	(iii) Implementation of Budget Agreement of 30th May	Treasury	FCO Cabinet Office
	(iv) Enlargement	FCO	as appropriate
	(v) Community Institutions (including new Commission)	FCO	as appropriate
	(vi) Insurance	Treasury	FCO Cabinet Office
	(vii) Fisheries	MAFF	FCO Cabinet Office
	(viii) New Zealand/Australia	FCO	as appropriate
	(ix) Zimbabwe's Accession to the Lome Convention	FCO	as appropriate
	(x) Cocoa	FCO	as appropriate
3.	International Economic Questions		
	(i) North/South	FCO	as appropriate
	(ii) International Monetary Problems	Treasury	FCO
	(iii) International Energy Problems	Energy	Treasury FCO

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<u>PMVA(80)</u>	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
	(iv) International Trade Questions (including relations with industrialised countries and sectoral problems)	Trade	Treasury FCO
	(v) Trilogue	FCO	as appropriate
	(vi) World Economy	Treasury	FCO
4.	Southern Africa	FCO	as appropriate
5.	East-West Relations (including Poland and China)	FCO	as appropriate
6.	Afghanistan	FCO	as appropriate
7.	South-East Asia	FCO	as appropriate
8.	Middle East (including Iran)	FCO	as appropriate
9.	Central America/Caribbean	FCO	as appropriate
10.	Pacific (including Vanuatu)	FCO	as appropriate
11.	Preparations for United Nations General Assembly	FCO	as appropriate
12.	Defence and Arms Control (including the French proposals for a Conference on Disarmament in Europe)	FCO	MOD
13.	Bilateral Matters (including energy, industrial co-operation, transport, Channel Tunnel and cultural relations)	FCO	as appropriate
14.	France: Internal Political and Economic Scene	FCO	as appropriate
15.	France/United Kingdom Relations	FCO	as appropriate

INSTRUCTIONS ABOUT FORMAT

All briefs should be laid out in the same way with a top page in accordance with the specimen layout at Annex D. Those preparing briefs should note the following:-

- (a) Briefs should be concise. Each brief should if possible be no more than four sides long.
- (b) The main body of each brief should comprise two sections, a concise list of Points to Make, followed by a factual Background section which distinguishes clearly between information which can be freely used and information which should not be disclosed.
- (c) Briefs should be complete and self-contained with all the information required on that particular subject. Briefs should not be divided into separate self-contained sub-sections.
- (d) Briefs should be typed in double spacing, using both sides of the paper. Pages should be numbered at the foot of each page.
- (e) The top page only should bear the symbol and number of the brief in the top left-hand corner (e.g. PMVA(80) 7) with the date of production below; a copy number in the top right-hand corner; and the visit heading, the title of the brief (in capitals) and the name of the Department responsible (as in Annex D).
- (f) Briefs should bear at the foot of the last page, on the left-hand side, the name of the originating Department and the date of origin.
- (g) If late developments require a brief to be amended or updated, an addendum should be prepared. It should be set out in the standard way with the brief number (e.g. PMVA(80) 13 Addendum) and title to which it relates at the top of the front page. The Private Secretary to the Secretary of the Cabinet should be informed when an addendum is in preparation.
- (h) Additions to the list of briefs in Annex B require the authorisation of the Private Secretary to the Secretary of the Cabinet.

CLASSIFICATION

ANNEX D

THIS DOCUMENT IS THE PROPERTY OF HER BRITANNIC MAJESTY'S GOVERNMENT

PMVA(80) Serial No.

COPY NO

Date of production

ANGLO-FRENCH SUMMIT - 19 SEPTEMBER 1980

SUBJECT / Insert subject in capitals

Leave 1½"
margin

Brief by name of originating Department, e.g. Foreign and
Commonwealth Office

At the foot of the last page:-

Department of origin e.g. Foreign and Commonwealth Office

Date of origin

CLASSIFICATION

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CONFIDENTIAL

Mr. Wade-Gery

Anglo-French Summit: 19 September

The Prime Minister has seen your minute of 29 August to Mr. Pattison about the Anglo-French Summit. She is content with the agenda and the summary of UK objectives attached to your minute.

M. O'D. B. ALEXANDER

1 September, 1980.

Ref: B06008

MR PATTISONPrime Minister*Content with Agenda
at annex A and
objectives at B? The
objectives list is a*Anglo-French Summit: 19th September*Engone. MAP 29/8.*

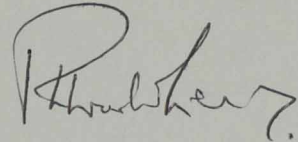
As you know, the Prime Minister will be going to Paris on the evening of 18th September for the next in the series of full-scale annual Summit meetings on 19th September. The French have told us that President Giscard will be supported at the Summit by his Prime Minister, M. Barre; the Foreign Minister, M. Francois-Poncet; the Minister of the Economy, M. Monory; the Minister of Industry, M. Giraud; the Minister of External Trade, M. Deniau; and the Minister of Transport, M. Le Theule. On the British side the Prime Minister will be accompanied by the Foreign and Commonwealth Secretary; the Chancellor of the Exchequer; and the Secretaries of State for Trade and Industry.

2. The French, as hosts, will decide the shape of the discussions but we assume that the morning session will be taken up largely with tete a-tete discussions between the Prime Minister and President Giscard (for part of which M. Barre may well also be present) while other Ministers hold discussions with their opposite numbers. There might be an informal working lunch or lunches. We would expect a Plenary Session in the afternoon, followed by a press conference which must end at 5.00 pm if the Prime Minister is to arrive in Bordeaux in time for the Franco-British Council dinner at which she is to speak.

3. I attach at Annex A the draft agenda proposed by the French. We have accepted the outline of this but have proposed some detailed amendments which the French are considering (we want to cover Central America as well as the Caribbean under item 1F and to broaden item 3B to cover "internal Community problems, including institutional problems and insurance"; and we are also trying to find out what aspects of defence and disarmament the French have in mind for item 1C). Some of the European Community questions may already have been discussed or resolved at the Foreign Affairs Council meeting on 15th/16th September and it will be difficult to prepare final briefing on these items until the last moment. We shall be pointing out to the French that the proximity of the Summit to the United Nations General Assembly may preclude worthwhile discussion of the preparations at that late stage.

4. I attach at Annexes B and C our draft assessment of British and probable French objectives and at Annex D a suggested list of briefs, the preparation of which will be co-ordinated by the Cabinet Office.

5. If you can let me know on Monday that the Prime Minister is content with these arrangements we will arrange for the briefs (subject to last minute ^{amendment} ~~amendment~~ as noted above) to reach you by 12th September.



R L WADE-GERY

29th August 1980

DRAFT AGENDA

1. International Political Questions
 - A. The Afghanistan Problem
 - B. East-West Relations
 - C. Defence and Disarmament problems
 - D. Middle East
 - E. Southern Africa
 - F. Other topical questions:
 - (i) Preparation for the UN General Assembly
 - (ii) South-East Asia
 - (iii) Caribbean
 - (iv) Pacific

2. International Economic Questions
 - A. North/South
 - B. International monetary problems
 - C. International energy problems (follow up to the Venice Conference)
 - D. Relations with the Industrialised countries (Japan/United States)
 - E. Sectoral problems (textiles, steel)
 - F. Trilogue (i.e. Euro/Arab/African multilateral cooperation)

3. European Questions
 - A. Enlargement of the Community
 - B. Institutional problems (location, relations with the Assembly, Commission).
 - C. Miscellaneous (cocoa, recycling, insurance, consensus (presumably interest rates), Zimbabwe and the Lomé Agreement, relations with New Zealand and Australia)



(ANNEX A cont)

4. Bilateral Questions
 - A. France/UK Relations
 - B. Economic Cooperation
 - (i) Energy
 - (ii) Industrial Cooperation
 - (iii) Transport
 - C. Cultural Relations

United Kingdom Objectives

1. To make the most of this annual opportunity to register with President Giscard, a number of his senior Ministers and so far as possible the French public, the importance of Britain as a factor in European and world affairs and the importance Britain attaches to the European Community.
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3. To urge upon the French that any future government-supported credits for the Soviet Union should attract interest not below the internationally agreed consensus rates.
4. To harmonise views on the international economic and monetary situation, including North/South issues, energy and the Brandt Report
5. To identify areas of international trade negotiation where we and the French might most usefully co-operate. *Such as?*
6. To encourage the French to stick with the Nine on the Middle East, including Iran.
7. To encourage the French to work closely with us on Africa and in particular on Southern African problems.
8. To underline the importance we attach to restructuring the Community budget within the 1% ceiling, and to reducing the growing cost of the CAP; and our wish to keep in close touch with French thinking.
9. To make it clear that, while we will fight our corner vigorously in the forthcoming restructuring negotiations, we want to find Community solutions to avoid the re-emergence of unacceptable situations and to work closely with the French and Germans in the search for such solutions.
10. [If not agreed at Foreign Affairs Council] To emphasise the need for prompt agreement on the procedures to give effect to the 30th May Budget agreement.
11. To see whether common ground can be established with the French on other Community problems which they may raise, consistent with the maintenance of British interests.
12. To remind the French that our interests on nuclear and non-nuclear defence and arms control questions overlap and to impress on them the desirability of closer co-operation in these areas.
13. To reaffirm our commitment to the cross-Channel electricity link and to avoid commitments over North Sea oil.
14. To impress on the French our interest in the fast breeder reactor and in the scope for collaboration.
15. To review progress in the promotion of industrial collaboration between Britain and France and to urge that the new regulations on foreign investment in France be implemented flexibly.

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1. To review current international political and economic issues; to assess the strength of United Kingdom views; and to explore the possibility of Anglo-French cooperation or understanding on questions, including the Middle East, Southern Africa, and relations with industrialised countries (especially Japan).
2. To identify areas of shared Franco-British practice, interest or experience, e.g. Community institutions and military nuclear capability.
3. To present the Anglo-French Summit to the media as a harmonious event, and for this reason to opt for a broad-brush discussion in preference to detailed argument about those issues on which French and British interests diverge (eg the budget/agricultural prices link-up).
4. To avoid anything which might have adverse internal political repercussions in France in the run up to the Presidential elections (May 1981).

List of Briefs

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2. European Community Questions
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 - ii. Restructuring (including strategy, CAP, own resources, new policies and 1% ceiling)
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 - iv. Enlargement
 - v. Community Institutions (including new Commission)
 - vi. Insurance
 - vii. Fisheries
 - viii. New Zealand/Australia
 - ix. Zimbabwe's accession to the Lome Convention
 - x. Cocoa
3. International economic questions
 - i. North/South
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 - vi. World economy
4. Southern Africa
5. East-West relations (including Poland and China)
6. Afghanistan
7. South-East Asia
8. Middle East (including Iran)
9. Central America/Caribbean
10. Pacific (including Vanuatu)
11. Preparations for UN General Assembly
12. Defence and Arms Control (including the French proposals for a Conference on Disarmament in Europe)
13. Bilateral matters (including energy, industrial co-operation, transport, Channel Tunnel and cultural relations)
14. France: internal political and economic scene
15. France/UK relations

5

NATIONAL COAL BOARD
HOBART HOUSE
GROSVENOR PLACE
LONDON SW1X 7AE

01-235 2020

CHAIRMAN

29th August, 1980

Ian Gow Esq., MP,
Parliamentary Private Secretary to
Rt. Hon. Mrs. Margaret Thatcher, MP,
10 Downing Street,
London, SW1.

Dear Ian,

... I am glad to note that the Prime Minister will be addressing the Bordeaux Conference of the Franco-British Council on 19th September. As Chairman of one of the Committees for the Conference, I was asked to prepare an article for Le Figaro, copy enclosed, which you may be interested to see.

... I am also enclosing copies of the report of the Franco-British Seminar held in Autumn 1979 on 'The Challenge of Industrial Change in Britain and France' and of a preliminary report on Franco-British Industrial Collaboration. These documents will provide a basis for some of the discussions in the Committee on Business, which I am chairing.

*With kind regards,
Yours,
Derek Ezra*

Derek Ezra

Franco-British Cooperation

by

Derek Ezra

Chairman National Coal Board

Member Franco-British Council

The Conference of the Franco-British Council to be held in Bordeaux on the 19th-21st September under the distinguished Chairmanship of Monsieur l'Ambassadeur de Courcel and Lord Thomson of Monifieth, will bring together 150 leading personalities from our two countries. This Conference has the full backing and support of the two governments as is reflected by the fact that Prime Ministers M. Raymond Barre and Mrs. Margaret Thatcher will be making major speeches. In this prestigious centre, where we will be welcomed by Monsieur Chaban-Delmas, I am sure we will have a unique opportunity of reviewing Franco-British relations.

As a participant at the Conference, I hope we shall use this opportunity to launch a more positive phase in our historic relationship. If we are to succeed in doing this, it will require a considerable degree of determination and dedication on both sides.

We shall be meeting at a time when both countries are being hit by the worst recession since the last war. The situation has been complicated by a number of differences between France and Britain, arising particularly out of the agricultural and budgetary arrangements in the European Community. I believe that, with good-will and understanding, these differences can be resolved (indeed some progress has already been made to find a solution to the budgetary problem).

There are a number of more fundamental problems which we should tackle positively together. Leaving aside wide strategic issues such as the maintenance of world peace, in which we both have a vital role to play, I suggest that there are three key areas where we can cooperate in a practical way to find solutions which will be of benefit both to us and to our other European partners. These are: energy security, industrial adjustment and relations with less developed countries. Unless we can progressively help to resolve these three issues we will remain beset with serious economic, social and political difficulties.

I put energy security first, because the uncertainty of energy supplies and prices remains at the root of many of the world's present problems. It is no exaggeration to state that the economic recession which we are now experiencing is directly attributable to the oil crisis. It must be a prime objective to avoid such perturbations in the future. This can be done in only one way - by lessening our dependence on external energy sources. Such an objective has been firmly declared by the seven leading Heads of State and Government at their meeting in Venice in June. It now needs to be carried out.

In both our countries we are highly skilled in the technology of the various forms of energy. Links have already been established in the major energy sectors. I can speak with experience going back many years of the collaboration between our respective coal industries, a collaboration of both a commercial and a technological nature which is opening up possibilities of joint activities in third countries. Our electricity industries are working together on an enlarged power line across the channel. French oil companies are operating in the North Sea. There is cooperation in nuclear technology within the framework of the Community. We need to intensify these existing links so as to be able to contribute in a positive way to an effective European policy for reducing energy import dependence.

The industrial scene represents another major challenge. Not only is recession bringing about reduced industrial activity and high unemployment, but there are also structural changes resulting from rapidly developing technologies and growing competitive pressures from outside the Community. A major effort of industrial adjustment is required. This involves both the stimulus of new industrial activities in place of those in decline, and a massive redeployment and retraining of industrial workers. Carefully balanced measures of social aid need to be devised to assist people in their transition from one form of activity to another. In all these matters we have considerable experience in our respective countries, but the challenge is now so great as to call for a pooling of experience and the injection of new ideas. We should put this in hand without delay.

An encouraging development in recent years has been the extent to which British and French firms have established themselves in each other's country. The activities involved range widely through industry, commerce and banking. Such companies as Michelin, Peugeot, Total Oil, and Tefal on the French side, and Lucas, Trust Houses Forte, Cadbury Schweppes and Marks and Spencer on the

British side, have been particularly active in this regard. Between 500 and 1,000 million francs every year are being invested in each direction across the channel. I have spoken to some of these firms and they are generally well pleased with their experiences. Here is a fruitful field for further expansion.

Should we not also be looking at major projects involving governments as well as enterprises? We already have the example of Concorde which, even though it has been financially costly, has demonstrated beyond doubt our combined technological excellence. We should be examining further possibilities in aerospace, transportation (including the Channel Tunnel), computers and other high technology areas.

Europe cannot exist isolated from the rest of the world. In particular we have a responsibility to those countries still in the process of economic development. The nature of this problem, and what the more affluent countries should do about it, has been clearly brought out in the Report, published early this year, by Willy Brandt's Commission. The report of this Commission will be debated at the Conference in one of the Committees presided over by Monsieur l'Ambassadeur Stephane Hessel and Dr. David Owen, former British Foreign Secretary.

While the North-South Dialogue, as it is called, affects numerous countries on both sides, Britain and France have had long years of experience of dealing with developing countries in many parts of the world. We therefore have special knowledge of their difficulties and can provide guidance to other developed countries on the sort of assistance required. We cannot minimise the vital importance of this problem. Unless positive corrective action is taken, the gulf between the affluent and the poorer nations will widen, misery and destitution in major parts of the world will increase, and the risk of violent upheavals will grow.

Another major item on the Conference agenda is how to improve the flow of information and understanding between France and Britain and it is a sign of the significance of the Conference that not only the keynote speeches will be made by the two Prime Ministers, but that much of the work in the field of future co-operation will be done by leaders of the press, television and radio of the two countries.

I have described some of the challenges which face the industrialised countries of Europe. I believe that Britain and France, by extending their links and pooling their highly developed skills and technology to an increasing degree, can contribute substantially to the solution of these problems, thereby benefitting not only themselves but also their other European partners. It is now necessary to select the areas of greatest importance - and I have suggested three - and then in a practical way, involving Governments, experts and business interests as appropriate, to identify the nature of the problem and pursue desirable solutions.

I hope that the forthcoming Franco-British Conference will prove to be an historic landmark in opening up a new era of cooperation between our two countries.

26.8.80

FRANCO BRITISH COUNCIL

Franco-British Industrial Collaboration:

A Preliminary Report

August 1980

Franco-British Industrial Collaboration

At the Autumn Seminar of the Franco British Council held in Sussex on 19-21 October 1979, it was agreed that "there should be a joint inquiry into the prospects for further Franco-British industrial collaboration based on a systematic analysis of the existing situation."

A preliminary report has now been prepared with the assistance of the French Embassy in London and the British Embassy in Paris.

This is attached to serve as a basis for further discussion by Committee B at the Conference of the Franco British Council to be held in Bordeaux on 19-21 September 1980.

Franco-British Industrial Collaboration

Levels of Investment

(a) UK Firms in France

1. In 1979 the number of British Firms operating in France was estimated at 1,360; breaking them down into categories shows that these companies operated in the following areas:

<u>Category</u>	<u>Number</u>	<u>%</u>
Industry	260	19
Sales/Service	600	44
Banking and Insurance and Oil Companies	50	4
Professional and Consultants	200	15
Mixed Manufacturing Services and Sales	100	7
Miscellaneous (incl. hotels, travel, property owning)	150	11
	<u>1,360</u>	<u>100</u>

2. Excluding the category of Banking and Insurance and Oil Companies, the estimated value of these interests in 1974 in a Department of Trade Survey was about £460m. Allowing for inflation and adding in figures for investment since then of £400m. (French figures for 1975-1978) and the estimated value of the Insurance and Banking and Oil Companies at £350m., the current total is likely to be at least £2000m.

3. The remittance of profits by UK companies in France in the years 1974-1978 averaged about £35/40m. per annum. The Department of Trade Survey indicated that on average, UK companies overseas plough back some two-thirds of profit after local taxes. This points to UK companies in France making net profits of about £100m. per annum which represents a lower than 5% overall return on investment after tax.

(b) French Firms in UK

4. The figures available for the level of French Investment in the United Kingdom to the end of 1978 show the total number of French companies to be 507. A detailed breakdown by category along the lines of UK investment in France is not available, but by sectors the breakdown is:

<u>Sector</u>	<u>Number</u>	<u>%</u>
Commercial	379	75
Industrial	92	18
Financial	36	7
	<u>507</u>	<u>100</u>

5. The total value of these investments in the 1974 Department of Trade Survey was £163m. This put France in seventh place amongst foreign countries investing in the UK, with 2.5% of total foreign investment.

6. In broad terms, there would seem to have been more UK investment in France than French investment in the UK in the period up to 1974 - the time when the United Kingdom had just entered the EEC. However, the trend of this investment in recent years has been:

	<u>French Investment in UK</u>	<u>UK Investment in France</u>
	<u>FFr. m.</u>	<u>FFr. m.</u>
1974	776	1392
1975	790	520
1976	844	822
1977	1010	580
1978	559	976

7. The level of new UK investment in France seems to have peaked at the time when the UK had just joined the common market because the post-1974 figures are at a similar level to pre-1974 figures and must be lower in 'real' terms. However the trend for French investment in the UK seems to have been rising in the period immediately after the UK's accession to the EEC, even after discounting inflation. In the years

/...

1974-1977, the United Kingdom was the largest recipient of French investment in the EEC and in 1973, 1974 and 1975 the United Kingdom was the largest EEC investor in France.

8. The figures seem to indicate that there is now, taking one year with another, a broad balance in the flow of investment.

Geographical Distribution

9. UK companies operating in France are fairly well spread with an expected bias to the Nord and Pas-de-Calais, whereas French companies in Britain show, again expected, an overwhelming bias towards the South East of England where nearly 75% of all French companies in the UK operate.

Government Intervention

10. The availability of Government aid for investment in the United Kingdom has decreased under the present government, which is generally reducing support to industry. In France, DATAR (Delegation a l'Amenagement du Territoire) plays an active role in attracting investment to the French Regions; strict control on new investment in the Paris area (excluding the development of International Companies' Headquarters) and a harmonisation of growth between the various regions are the main aims. Additionally, in particularly bad employment areas, such as the traditional coal mining and steel areas, a 'Commissioner for Industrialisation' is appointed and funds from the Fonds Speciales pour l'Adaptation Industrielle are made available. Regional grants are available at three levels - maximum, intermediate and standard - as well as exemption from local business taxes for up to five years, accelerated depreciation on building costs and training subsidies. Altogether a wide range of aids to industry is available in France, both directly through grants and loans allocated by Ministries, and through favourable credits provided by parastate institutions such as Credit Internationale.

11. The recent removal of exchange controls in the United Kingdom has made it even easier for companies now wishing to make a direct investment abroad. The relaxation of inward investment controls announced by the French Authorities on 4th August should also make it easier for British companies to invest in France. Investment or takeover

proposals for companies based, or 80% controlled, in the EEC are no longer obliged to seek the approval of the Ministry of the Economy provided they are not seeking to put at risk public health or public order or invest in defence or security related industries.

12. In the United Kingdom, two sectors - air transport and films - are subject to special restrictions by the government. The UK government also has the power to prohibit the transfer of control of an important UK manufacturing company and under certain conditions property in such a transfer can be compulsorily acquired by the State, subject to Parliamentary approval. These provisions have, however, not yet been exercised.

13. It appears therefore that, although hitherto foreign companies may have had considerably easier access to the UK than to France, the situation is now more equal. Furthermore, despite previous controls, the French Ministry of Industry have recently confirmed that 123 out of 126 applications made for British takeover of French interests in 1979 were approved. The fact that France has about double the level of penetration (20-30%) by foreign companies as the UK (10-15%) seems to indicate that the controls exercised in the past were not necessarily very prohibitive.

Industrial Collaboration

14. A number of areas of collaboration are immediately apparent. Concorde and the European Airbus are probably those with the highest public impact. The regular discussions about the proposal for a Channel Tunnel represents an area of continuing interest. In this latter case, it is often held (particularly by the British Chamber of Commerce, France) that the tunnel would be of considerable benefit to UK/French trade. There is a proposal currently under consideration for a single bore tunnel. There is collaboration in the defence field, including the Jaguar Aircraft. Recently a major cross-channel grid link-up between the UK Central Electricity Generating Board and Electricite de France was formally approved by the two governments; work is scheduled to begin in the spring of 1981, if planning difficulties concerning the siting of the converter station can be resolved.

15. The projects discussed above represent collaboration between the

Governments of the respective countries or requiring Government approval.

16. Whilst the absence of major examples of large private enterprise collaboration between the two countries may reflect that there is a considerable amount of direct investment each way there are, unquestionably, areas where collaboration might have been or could be beneficial. Industry in both the UK and France should recognise, at an early stage the advantages of co-operation in order to avoid unnecessary and wasteful expenditure on competitive development. This is particularly true in the case of high technology where development costs are very high and where competitive development will mean excessive competition for limited markets.

17. Current examples of where closer collaboration could be of mutual benefit are satellite communications and the technology of fast breeder reactors. Successful collaboration between the private sectors in each country has occurred in areas such as the North Sea, where there has been collaborative work offshore between oil companies.

Conclusion

18. This review of business collaboration has shown that the flow of investment between the UK and France is generally running about level. In theory it appears that France has been more restrictive than the UK in allowing foreign companies to take a stake in existing businesses. In practice, however, this does not appear to be necessarily true and is less likely to be true in the future given the recent relaxation of controls referred to in paragraph 11. Several successful British companies have been long established in France and report no difficulty with their operations.

19. The cross-fertilisation of business in Britain and France is of benefit to both economies. A major effort needs to be undertaken to extend direct collaboration between the two economies. It may be necessary for companies to pursue areas where there is a complementarity of interest in third markets - this is already being done to some degree in the case of coal through collaboration between the National Coal Board (UK) and Charbonnages de France and Association Technique de l'Importation Charbonniere (France). Such collaboration may have parallels for other organisations.

20. Given the concern felt in both the UK and France about the prospects for employment and the economy over the next few years, it would seem desirable for businesses in both countries to note the success of past investment in each country by the other and to look for examples where collaboration either in the domestic market or in third markets can serve to preserve and create employment and growth opportunities.

28.8.80.

Franco British Council

**The Challenge of Industrial Change
in Britain and France**

Report on Autumn Seminar held at
Avisford Park Hotel, Arundel, Sussex
19 – 21 October 1979

Franco British Council

**The Challenge of Industrial Change
in Britain and France**

Franco British Council

Report on Autumn Seminar 1979

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Second Impression - February 1980

Franco British Seminar on Industrial Change

1. Preface

The Franco-British Council, which organised this seminar on Industrial Change in Britain and France, and of which this is the report, was created following the visit of H.M. the Queen to Paris in 1972 at the request of the then President of France, Monsieur Georges Pompidou, and the then Prime Minister of the United Kingdom, Mr. Edward Heath.

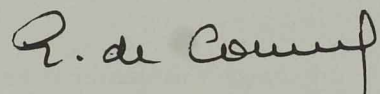
The Council, financed by the two governments, has two Sections, British and French, and includes, amongst its activities, the organisation of specialist seminars on subjects of topical interest. What could be more topical than this exchange of views concerning the challenge of industrial change in our two countries? We are entering the last two decades of the 20th Century and our two countries have to face a number of similar problems, albeit not necessarily from an equal standpoint.

The terms of reference for the seminar resulted from a close and fruitful discussion between the two Sections, and, in this connection, we are indebted to Sir Derek Ezra, Chairman of the National Coal Board, and Monsieur Alain Vernay, Deputy Editor in Chief of 'Le Figaro'.

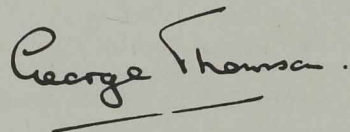
The seminar, which was held at the Avisford Park Hotel, near Arundel in Sussex, from Friday, 21st until Sunday, 23rd October 1979, could only touch upon some of the major issues confronting our two countries. The report shows areas of broad agreement, but the discussions could only skim over the surface of most of the problems. Nonetheless, two important things emerge. Firstly, that there are many more facets of this subject, which could themselves

form the subject matter for future seminars, and, secondly, that there is a need for more bi-lateral studies to be undertaken.

It is hoped that, by publishing this report, we can interest and possibly enthuse many people on both sides of the Channel into taking active steps to get together and work to meet the very serious challenge that lies ahead.



Geoffroy de Courcel
Chairman, French Section



Lord Thomson of Monifieth
Chairman, British Section

2. Conclusions and Recommendations

by Sir Derek Ezra, Conference Chairman

Procedure

The terms of reference for the discussion at the Autumn Seminar of the Franco-British Council were defined as follows:

How to face up to the Challenge of Change in Businesses and Employment.

1. What changes will there be for businesses, large and small, as a result of the threefold impact of the energy crisis, advanced technology and competition from newly industrialised countries? How will businesses adapt themselves to these changes?
2. What will be the likely effects of this adaptation on employment, in both global and sectoral terms, until the end of the century?
3. What should be the respective roles of the State, businesses in the public and private sectors, and the European Community, as well as other international organisations, in seeking the most acceptable solutions?

The broad implications of these terms of reference were considered at an opening plenary session with the help of position papers presented by Mr. Christopher Benjamin and M. Christian Stoffaës respectively. Two Groups were then set up to conduct detailed discussions. Group A, under the chairmanship of Mr. Christopher Benjamin, concerned itself primarily with the impact of change on enterprises and employment. Group B, under the chairmanship of M. André de Lattre, considered mainly the role of the state and international bodies in dealing with the problems of change.

At a final plenary session the reports of the two Groups were presented and discussed; and conclusions were reached.

The reports of the Groups and lists of those who attended the seminar are included in this report.

Conclusions

It was agreed that the basic problem was the impact of a rapidly changing situation (due to technological and other factors) in a period of low economic activity. Had growth been maintained at a high level the effect of change could largely have been absorbed. As it was, awkward issues of both an economic and social nature had to be tackled. It was agreed that positive solutions should be found wherever possible.

So far as *enterprises* were concerned, the big risk was they could become less adventurous and take up defensive postures. What they ought to be doing — which some were indeed doing — was to regard the advent of new technologies as an opportunity for growth. This required adaptability in planning, and mobility in labour and resources. It also required a greater effort in communications to obtain the involvement and support of all employees.

In the case of *employment* the general view was that the advent of new technology should not be regarded as a job loser but as a job changer and, in the longer term, a job creator. Much effort in retraining, and in providing incentives for mobility and transferability would be required. Detailed study of the approach to these vital issues in the two countries was considered desirable.

The role of the *state* during the period of change was closely examined. There was a greater tendency for centralised decision-making in France than in Britain. Governments in both countries had to face up to the dilemma of dealing with sectors and large-scale enterprises in difficulty. There had been successes and failures on both sides. No firm rules could be laid down and much flexibility was required.

There was not enough time to consider the role of the *European Community* in helping to resolve the problems of change. It had an essential part to play and should be considered at a subsequent conference.

Finally, in the matter of *Franco-British industrial collaboration*, there was scope for further development. There were signs that a more flexible approach was being adopted in France towards foreign participation, and there were no practical obstacles in Britain.

Recommendations

The Seminar agreed on the following two major recommendations:

- (1) there should be a joint inquiry into the prospects for further Franco-British industrial collaboration based on a systematic analysis of the existing situation;
- (2) there should be continuing joint studies of the economic and social implications of industrial changes.

Both recommendations are being pursued.

3. Report of Group A

by the Chairman, Mr. Christopher Benjamin

Group A, examined the effects of new technology on companies and employment. Whilst primarily reviewing manufacturing and process industries, the general conclusions of the Group were accepted as being applicable also to retail and service industries.

In viewing the broad subject, the Group considered that the common element of the challenge posed by exploitation of new technology lay in the pace of change being dictated by the competition, whether in product innovation or production processes. Consequently, there was a continuing demand from management to reviewed the relative advantage of different options, and it was impractical to postulate any predetermined period since the need to respond to change was constant and critical.

Whereas the nature of the industries review varied widely - for example, manufacturing industry is dependent upon a relatively high labour content and a continuing adjustment to market shifts through modifications being introduced into existing facilities, whilst the process industries are characterised by high fixed capital investment, relatively small and expert labour requirements, but where innovations involve major new plant investment. Despite these differences in structure, it was striking that representatives from these industries shared the perception that of crucial importance to the future were high standards of quality and reliability, and improving productivity as prerequisites for maintaining competitiveness.

Other general themes identified were:

- (a) The pressure of competition meant that greater tolerance would be needed to accept more rapid change: in Government and social institutions, the tendency to adopt time-consuming procedures to give greater voice to public opinion may need to be restrained, for example, in

environmental issues the costs of time and extra investment costs would need to be carefully weighed against the reality and extent of improvements at stake.

- (b) Within enterprises, adjustment to new technologies would demand continuing effort being put into explanation and communication in order to obtain the vital involvement and support of the work force.
- (c) Whilst the energy crisis was having a serious impact upon the general level of demand and confidence, it was itself the spur for pursuing many of the potential applications of new technology: examples quoted were the use of computers to improve motor vehicle engine efficiencies, and the application of electronics to control of petrochemical processing.
- (d) There was thus a continuing pressure to maintain substantial programmes of research into improved technologies and their applications, while the commercial environment was depressed with relatively low profit margins, tight liquidity and lack of commercial confidence. In such circumstances, the research and allied investment commitment needed would demand a greater tolerance to risk by the providers of finance.

Viewing the employment implications of the new technologies, there was a general recognition of the necessity to establish confidence and a readiness to accept change. The different structures for participation in Japan and Germany were noted, but whilst these structures worked well in their national contexts they were not necessarily transposable to other countries, and there could be no ideal methods for enhancing the involvement of workers: rather, individual enterprises would of necessity have to find ways of making adjustment tolerable, recognising the differences between sectors and the varying impacts on traditional patterns of working relationships. It was generally recognised that establishing co-operation in adjustment, which would often perforce have to be rapid, was among the highest priorities for company managements. There was acceptance by representatives of both sides of industry that new technology should not be viewed as a job-loser, but rather

as a job-changer, which could in the long term be a job-preserver or creator. It was noted, however, that in the service sector, the trend following the introduction of new technology was to place greater emphasis upon individual treatment of customers, which compensated for job losses in clerical and accountancy areas. To achieve the prospective benefits in employment posed a need for major changes in the skill requirements of the work force, which in turn required adjustment at all levels of the educational system: ranging from training and familiarisation in production; adult retraining; and in the syllabi of the general educational system. There would also be a sharply rising need to cater for greater mobility of labour, with implications for housing and the provision of social and amenity services.

From their review of the implications of new technologies on particular sectors, the Group considered the lessons for policy at company, employee and Government levels in facing up to the fundamental dilemma of a massive growth in technology at a time of depressed markets and high unemployment. The rate and magnitude of change could not be resolved by monetarism or neo-Keynesian approaches by themselves. Recognising, however, the fundamental challenge of the new situation, the Group concluded that the essential requirements were:

- (a) flexibility to meet the various applications of new technology was a prerequisite at all levels, given that other countries were in many respects better adapted to respond rapidly and capitalise on the advantages first;
- (b) the paradoxical nature of the energy crisis as, on the one hand, a major factor of uncertainty and financial pressure on companies, while on the other a spur to the adoption of new technologies, was likely to persist.

Looking at the task of companies, it was recognised that their first duty, as much to their workforce, shareholders and the nation, was to sustain viability by continuing profitable operation. In aggregate, the industrial sector would have to fulfil the crucial role of generating wealth. At the same time, in view of the investment demands of the new technology, the rate of change and innovation,

and the increasing risks in a highly volatile and competitive market, the requirement for risk finance would increase greatly. In such circumstances, irrespective of the differences in industrial and financial institutions, or in the degree of Government involvement, there must be a tolerance to risk that at least matched the competition.

In management/employee relations, there is already a recognition by good management of the human dimension of adjusting to the new technology. This attitude must be extended through industry. Equally, on the employee side, it was noted that some trade union structures and procedures were antique for dealing with the rapidity of change necessary to assimilate new technologies and remain competitive.

In the wider social dimension, the new technologies will demand radical changes in assumptions about the use of personal time, and there was a strong feeling that one of the clearest advantages could be greater individual freedom to choose how a person's time should be spent. Equally, the strength of dissent to this view underlined the sensitivity in putting such a concept into practical effect. This, in the view of the Group, illustrated the extent to which attitudes and modes of thought will have to change, and the very special need to create a social awareness and consensus on the new approaches necessary.

There could be no denying the imperatives for change, and the choices involved could be as far ranging as to require a reduction in social programmes and welfare in the interests of sustaining competitiveness as a prerequisite to maintaining a viable social structure.

Looking to the direct role of government, in the face of such potentially momentous changes, attitudes must be flexible and pragmatic, and not dominated by dogma. Moreover, the fullest use should be made of the Government's powers to stimulate innovation and the necessary rate of change, for example, among possible policies for a positive stimulation to technology is the use of public procurement: if possibly inconsistent with the trend in the EEC and GATT towards liberalisation, there was a general view that a degree

of inconsistency was almost inevitable irrespective of what Treaties may say. Similarly, defence programmes were means of evolving new products and applications, which could then be made available more widely to industry for civil exploitation.

In terms of greater Anglo-French action in response to the technological challenge, the Group considered that substantial scope for joint ventures existed: ranging from ventures where scale of investment and degree of risk made them doubtful for one enterprise to undertake, to smaller joint-ventures where there was product compatibility and improved marketing as the prime motives. Substantial steps have already taken place with many UK and French companies investing in each others' country across the Channel, and joint projects in aviation and defence demonstrated that extremely challenging technical projects could be successfully pursued in collaboration. Whilst it may be essential for initial moves to take place between Governments, the available evidence suggested that any lasting arrangements must be based upon mutual advantage between specific enterprises. Government involvement inevitably brought with it a range of non-commercial considerations, often pressed to the point of disrupting the commercial relationships. With many companies still uncertain about committing themselves to collaboration across the Channel, even the odd instance of such pressure, together with publicity that attended it, could be very damaging to confidence, and would require a sequence of success stories to restore confidence.

In summary, the prime role of Government was viewed as contributing to create a stable and benign environment for mutually advantageous industrial collaboration to be pursued. Within this context, the onus was on companies to seek imaginatively for fields where they could work together, and at the level of management/labour relations, there was an obligation on both sides to achieve confidence and understanding to facilitate change in order to keep pace with rapidly evolving competition.

None of these measures, however, adequately fulfil the need for a fundamental questioning and analysis of the impact of the new

technologies on social structures, and for creating a readiness within the public to accept the changes in attitude, expectations and institutions on which the benefits of new technology would depend. The Group proposed that a contribution to the process of social education might be the establishment of a body charged to undertake wide-ranging and analytic work on the social implications of technological change: whilst there may be advantages in such a body having the support of Governments, it would be preferable if its financing could be secured from non-Government sources.

4. Report of Group B

by the Chairman, M. André de Lattre

A. General

The Group first briefly discussed its terms of reference, namely, the respective roles of the state, businesses in the public and private sectors, and the European Community, as well as other international organisations in seeking the most acceptable solutions in a period of change. It agreed with the Chairman that the role of the State was the most important single element; though it was also pointed out that the relations of the State with the Private Sector could turn out to be a major factor. Other points likely to require particular attention were communications between management, workers, unions, and the public; decision-taking investment, management training; and the differing requirements of change which was in order to regain lost positions, and change imposed by an evolving technical and social environment.

On the basis of this discussion the Group agreed the detailed items of its agenda, which were subsequently presented in its oral report to Plenary in the following order:

(a) Role of the State

- (i) Decision-taking process
- (ii) Prices
- (iii) Restructuring Aids/Regional Policy
- (iv) Bankruptcies
- (v) Research
- (vi) Areas of specialisation/attitudes to foreign investment
- (vii) Constraints, particularly: Environmental, Legal, Social.

(b) Role of the Private Sector

- (i) Social factors, particularly:
 - Communications: Management/Work Force Unions
 - Mobility of Labour
 - Quality of Management
- (ii) Financing, particularly:
 - Role of Bankers
 - Stock Exchange/Bourse.

(c) Role of the European Community

The main points made in discussion of each of these items are recorded below.

B. Detailed Discussion

The challenge of technological change will accentuate regional problems and require a coherent State regional policy. In France the concept of regional policy dates back to the early 1950s but only recently has it been translated in major financial schemes, such as the official fund for Industrial Adaptation (FSAI). In the Federal Republic of Germany, regional policy is subordinate to sectoral policy. In any case the State must be able to conduct a dialogue with a genuinely independent industry. There was considerable difficulty in identifying the true inter-face of the State and the Private Sector. Into which category should Renault, the Compagnie Francaise de Petroles, or the semi-nationalised steel industries be fitted? Or for that matter the Department of Industry, as the largest single developer of industrial sites in the UK? Should one distinguish two totally different interests: with Governments not interested in profit but primarily in balance of payments, strategic and broad social questions, which the private sector could afford to ignore? Or is this an unreal distinction, seeing that both Government and the Private Sector are primarily concerned with the creation of wealth; and the only important questions are about ways to do this more efficiently

and effectively? Governments are less effective instruments than they sometimes think for some purposes - eg: price regulations - and essential for some others - eg: taxation. But what is needed is a dialogue about means between public and private sectors, not recrimination or an adversary relationship. Overall, the Group agreed that more decisions should be taken as far as possible away from the centre.

A challenging view was expressed that even in the private sector the primary motive was not just profit, but the acquisition of power. It was suggested that often bankers obtained too much influence without being sufficiently integrated or responsible. An immediate retort was made that in the United Kingdom, at least, the influence of the stock market was no less important than that of bankers. But the shock waves of this intervention rippled on into the later discussion of private sector financing.

In further discussion of the importance of partnership between government, business and unions it was pointed out that many ventures were still at the experimental stage. British Airways, for instance, which had always been more independent of its government than Air France, was now seeking to place its shares with the public. There were major possibilities for development in worker/management relations on the model of the German two-tier boards. But in France the trades unionists were opposed to, or at least not interested by, the idea.

In discussion of prices, the Group compared the very different historical approaches of France and Britain to government intervention. It noted that:

- (a) over industrial prices, the British Government no longer exercised control and the French Government was moving in the same direction.
- (b) over distribution and services the British competition rules, as administered by the Office of Fair Trading, were extremely liberal whereas the French had made little progress;
- (c) in the freeing of rents, France seemed to be further ahead.

The role of the State in providing aid to particular sectors or regions was discussed from many angles. It was suggested that three main functions could be distinguished: to encourage the right structures (by merger or demerger); to provide money; and (most important of all) to correct management. On this analysis the British Leyland operation had failed on the first and last counts, whereas GEC had succeeded on all three. The examples of Peugeot and Citroen were also examined and the points made that greater efficiency may result from State intervention, but not a miracle; and that the importance of luck should not be overlooked. Examples were considered from the steel industry of major aid from the State, stopping short of control; and of the French procedure of the inter-ministerial Committee for Rehabilitation of Industrial Structures (CIASI) in which a committee of civil servants was able to consider long-term solutions before the failure of a particular company actually took place. On this occasion, details were given on the methods in use in France, since the reforms introduced by a decree of 1967, to supply timely alarm signals, and to avoid premature bankruptcies in the enterprises in difficulty. This gave rise to a detailed comparison of French and British bankruptcy procedures in which it was noted in particular that the British system relied for advance warning more on Stock Exchange indicators (since more British companies were quoted there than French ones on the Bourse); but that the historic cost accounting tradition, by taking insufficient account of inflation, weakened the value of the alarm signals. It was suggested that in future nationalisation might be seen as a new and reversible form of State Receivership, in and out.

Summing up this part of the discussion, the Chairman distinguished between aid for industries whose difficulties were so great as to make them non-viable; and industries with financial or structural problems which were nevertheless basically viable. In the first case solutions were required that were not artificial but radical, and action must be as rapid as was socially possible. In the second case, assistance should be put together in good time drawing on as wide as possible a range of instruments, including merchant banks and para-statal agencies. Similarly, the State could play a role in

industrial development by facilitating research and encouraging the entrepreneurial spirit. In all these points there seemed to be general agreement between the French and British participants on the principles to be followed.

A further point, however, on which there seemed to be a difference of approach between the French and British Administration was the treatment of foreign investment.

Both President Giscard and Mrs. Thatcher had said that there was scope for much closer Franco-British industrial collaboration. Any government was likely to regard certain sectors of its economy as being too important to pass under foreign control; but the French participants did not deny that there might have been a reaction of the French Administration to "look for a French solution" in case of a proposal for a foreign takeover. This tendency had been carried to excess in some cases (eg, the Lucas bid for Ducellier) even if more recent cases (eg, Pilkington/BSN) might suggest a different trend. The group agreed that it would be useful for a systematic analysis to be made of the prospects for Anglo-French industrial collaboration, identifying clearly which sectors were subject to special requirements as regards national control and taking account of third-party competition.

After a break, the Group resumed its discussions in the evening with a review of the constraints imposed on industry from outside. The Chairman quoted from a recent British/American study which showed that the cost of investment in ten basic industries in Europe and the United States had increased since 1970 three times as fast as the rate of inflation; and that this must be due to costs imposed to satisfy environmental or other pressures. There was some difference of view among the British participants as to whether environmental and pollution controls were sensibly applied in the United Kingdom, by contrast with the legalistic approach in the United States; or whether the effect on important industries, such as the nuclear one, of holding up projects for environmental reasons was not greater in the United Kingdom than in France and other countries. Other forms of constraint were identified under various disguises such as energy conservation, consumer protection or worker protection. It was, however, generally agreed that the most important point was to

ensure that international handicaps imposed for environmental reasons were kept level in their incidence on individual countries; and that this was not to be achieved by an excessively legalistic approach such as the European Commission sometimes took.

Two other forms of restraint on industry were identified. The tendency of the Courts in France to hand down judgments biased against industry did not appear to be felt to the same extent by the United Kingdom participants. On the other hand, measures such as reduction of the working week, whose real intention was to remedy unemployment, could undoubtedly be uneconomic in their impact in both countries.

The group discussion of the private sector was more diffuse, but revolved generally around two main subjects: the social factors, and financing.

The French participants asked whether the policy of keeping managerial salaries low had restricted mobility and adaptability to change in the United Kingdom. United Kingdom participants agreed that managers should be paid more and hoped that the recent tax reductions would result in better managers; but pointed out that resistance to change was also a result of trade union pressures which reduced the incentive to acquire new skills. In France some large businesses had recognised the need to facilitate the conversion or closing of their inadequate or obsolete factories by providing alternative employment opportunities in the form of temporary equity investment in new enterprises of other industrial sectors (cf. ELF Aquitaine and Rhone/Poulenc. Uneconomic diversification should nevertheless be avoided.

In further discussion of industrial relations, it was agreed that clear indications both within firms and with the public were essential to successful management. The German solution of formal consultation might or might not be applicable to other countries, and France in particular was still debating whether it could be done by legislation - eg, the Sundreau proposals - or must wait for public opinion to catch up. Otherwise, the main difference noted between the two countries was the role of the shop steward whose position in the United Kingdom had overtaken that of the foreman, with

consequent weakening of the managerial chain of command.

From a lengthy discussion of the financing of the private sector, it emerged clearly that the French and British systems were too different to offer many valid lessons to one another. The most evident difference was to contrast between the number of companies quoted on the Stock Exchange compared with the Bourse. It was pointed out that a powerful incentive for private companies in the United Kingdom to go public was to meet inheritance taxes; whereas in France the desire to keep even quite large firms in family hands had the opposite effect. Another major difference was the large pension funds available for investment in the United Kingdom (the Post Office fund alone has about 1 million pounds a day) though this tended to make British markets over-interested in short-term yields. Loan money for small enterprises was not a major problem in France, where a considerable number of means existed such as the Industrial Development Institute (IDI) and regional lending institutions. In the United Kingdom also, it seems that the main current problem was lack of projects to support, rather than of funds.

Referring back to its previous discussions of bankruptcy, the Group discussed the nature of warning systems available through the banking system and of the means that could then be taken to put things right. In France there was an advantage for firms to be rescued by banks, since it gave them a steady lasting backer in spite of the anti-bank bias of French jurisprudence. In the United Kingdom, the presence on the Board of a good non-executive director, who would resign if his advice were not accepted, was one of the best correctives and warning signals of danger ahead, though it did not always function properly, cf, Rolls Royce. However, bankers could influence companies even without a seat on the board, especially when their money was technically on short recall. In France there were not so many warning lights: up to 125 days delay in payments was allowed and bankers were often too ready to connive in a false security, rather than admit dangers openly.

Finally, the Group considered briefly the record of the two governments in respect of industrial change. One French

participant wondered how the British could claim a continuity of policy between two such different philosophical approaches as were contained respectively in the Governments of Mr. Callaghan and Mrs. Thatcher? One British participant counter-queried how the French Government could claim such radical changes of policy when the same people were responsible as Ministers or Civil Servants for each policy? The Chairman summed up that in France the government must make its own changes of policy, because the Opposition had not had, for quite a long time, the responsibility of power, and indeed did not seem interested in constructing an alternative on the same basis as a free enterprise economy; whereas in the United Kingdom, in spite of the system of alternating governments, continuity did appear if only because of the lasting character of the problems. The British political system appeared to work and the French had no alternative in sight; so there were probably not many lessons for either side at present.

Group B's discussions thus reached the end of the time available without time to consider the role of the European Community. The members of the Group expressed their hope that the incidental expressions of criticism of the Community for inflexibility would not obscure their belief in its essential importance and relevance to the problems of industrial change in France and the United Kingdom.

5. List of French Participants

- M. Geoffroy de Courcel** Ambassadeur de France; Président de la Section française.
- M. Philippe Daudy** Secrétaire de la Section française.
- M. Michel Albert** Commissaire au Plan.
- M. Jean Bosson** Conseiller Commercial, Chef des Services d'Expansion Economique en Grande Bretagne, Ambassade de France, Londres.
- M. Jacques Carcassonne** Président de Chambre au Tribunal de Commerce de Paris.
- M. Francois Didier** Directeur Prospective, Société Nationale Elf-Aquitaine.
- M. Jacques de Fouchier** Président d'Honneur de la Banque de Paris et des Pays-Bas. Membre de la Section française.
- M. Jean-Paul Jacamon** Responsable des activités industrielles à la DATAR. (La Delegation à l'Amenagement au Territoire et à l'Action Regionale.)
- M. André de Lattre** Président du Crédit National.
(Chairman - Group B)
- M. Dominique de la Martinière** Directeur Général de l'Institut de Développement Industriel; Inspecteur Général des Finances.
- M. Francois Morin** Directeur Général de la Compagnie Financière de Paris et des Pays-Bas.
- M. Francois Perrin-Pelletier** Président du Directoire de Chrysler-France. Président de Talbot-Europe.
- M. Christian Stoffaes** Chef du Centre d'Etudes et de Prévision. Ministère de l'Industrie.
- M. Antoine Veil** Directeur Général de l'Union des Transports Aériens. UTA.
- M. Alain Vernay** Editorialiste. Rédacteur en chef adjoint, Le Figaro.

6. List of British Participants

- The Rt. Hon. Lord Thomson of Monifieth** Chairman of the British Section of the Council. Chairman of the Advertising Standards Authority and First Crown Estates Commissioner.
- Mr. James Hadley** Hon. Secretary, British Section of the Council. Hon. Treasurer and Hon. Secretary, Franco-British Society.
- Mr. G.M.E. Paulson** Formerly H.M. Consul General in Nice. Member, Franco-British Council.
- Mr. K. Bartell** Company Director in France in computer and building industries. Retired banker. President, British Chamber of Commerce, W. Europe. Past President, British Chamber of Commerce, France.
- Mr. C.B. Benjamin** Head of International Industrial & Commercial Policy Division, Department of Industry. Member, Franco-British Committee.
(Chairman - Group - A)
- Mr. David Cockroft** International Federation of Commercial, Clerical & Technical Employees (Geneva).
- Mr. Geoffrey Drain** General Secretary, National & Local Government Officers Association since 1973 (NALGO). Member, Franco-British Council.
- Sir Derek Ezra** Chairman, National Coal Board.
(Conference Chairman)
- Mr. A.J. Lippitt** Member, Franco-British Council. Deputy Secretary, Department of Industry, responsible for industrial and commercial policy division; international industrial and commercial, and the industrial planning division.
- Dr. R.G.L. McCrone** Under Secretary & Chief Economic Adviser to Secretary of State for Scotland.
- Sir David Nicolson** British Member of the European Parliament. Chairman, Rothmans International Ltd.
- Mr. Peter Petrie** H.M. Minister (Economic), British Embassy, Paris.

Mr. Lewis Robertson

Deputy Chairman & Chief Executive,
Scottish Development Agency, Director,
Scottish & Newcastle Breweries Limited.
Member of Parliament (Lab & Co-op) for
Farnworth. Member, Franco-British
Council.

Mr. John Roper M.P.

The Hon. Michael Sieff
Mr. W.C. Thomson

Director, Marks & Spencer Ltd.
Chairman, Shell Chemicals U.K. Limited.
Director, Shell International Chemicals
Limited. Member, Anglo French Group
of the Chemical Industries Association.

Sir Philip de Zulueta

Former diplomat and Private Secretary to
Prime Minister. Chairman, Antony Gibbs
Holdings Ltd. Member, Franco-British
Council.

Mr. Michael Marshall M.P.

Parliamentary Under Secretary of State,
Department of Trade & Industry, and
Conservative Member of Parliament for
Arundel.



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Foreign and Commonwealth Office

London SW1A 2AH

28 August 1980

Sir Robert Armstrong KCB CVO
CABINET OFFICE

H. [Signature]

Dear Robert,

ANGLO-FRENCH SUMMIT: 19 SEPTEMBER

1. The Prime Minister will be going to Paris on the evening of 18 September for the next in the series of full-scale annual Summit meetings on 19 September. The French have told us that President Giscard will be supported at the Summit by his Prime Minister, M. Barre; the Foreign Minister, M. François-Poncet; the Minister of the Economy, M. Monory; the Minister of Industry, M. Giraud; the Minister of External Trade, M. Deniau, and the Minister of Transport, M. Le Theule. On the British side the Prime Minister will be accompanied by the Foreign and Commonwealth Secretary; the Chancellor of the Exchequer; and the Secretaries of State for Trade and for Industry.

2. The French, as hosts, will decide the shape of the discussions but we assume that the morning session will be taken up largely with tête-à-tête discussions between the Prime Minister and President Giscard (for part of which M. Barre may well also be present) while other Ministers hold discussions with their opposite numbers. There might be an informal working lunch or lunches. We would expect a Plenary Session in the afternoon, followed by a press conference which must end at 5.00 pm if the Prime Minister is to arrive in Bordeaux in time for the Franco-British Council dinner at which she is to speak.

/3.



3. I attach at Annex A the draft agenda proposed by the French. We have accepted the outline of this but have proposed some detailed amendments which the French are considering. Some of the European Community questions may already have been discussed or resolved at the Foreign Affairs Council meeting on 15/16 September and it will be difficult to prepare final briefing on these items until the last moment. We shall be pointing out to the French that the proximity of the Summit to the United Nations General Assembly may preclude worthwhile discussion of the preparations at that late stage.

4. I attach at Annexes B and C our draft assessment of British and probable French objectives and at Annex D a suggested list of briefs, the preparation of which might best, if you agree, be coordinated by the Cabinet Office.

Yours ever,

Michael Palliser

Michael Palliser

cc: Sir D Wass GCB
HM TREASURY

Sir Frank Cooper GCB CMG
MINISTRY OF DEFENCE

Sir Donald Maitland GCMG OBE
DEPARTMENT OF ENERGY

Sir Brian Hayes KCB
MINISTRY OF AGRICULTURE FISHERIES AND FOOD

Sir Peter Carey KCB
DEPARTMENT OF INDUSTRY

Sir Kenneth Clucas KCB
DEPARTMENT OF TRADE

Sir Peter Baldwin KCB
DEPARTMENT OF TRANSPORT

Clive A Whitmore Esq
NO 10 DOWNING STREET

DRAFT AGENDA

1. International Political Questions
 - A. The Afghanistan Problem
 - B. East-West Relations
 - C. Defence and Disarmament problems
 - D. Middle East
 - E. Southern Africa
 - F. Other topical questions:
 - (i) Preparation for the UN General Assembly
 - (ii) South-East Asia
 - (iii) Caribbean
 - (iv) Pacific

2. International Economic Questions
 - A. North/South
 - B. International monetary problems
 - C. International energy problems (follow up to the Venice Conference)
 - D. Relations with the Industrialised countries (Japan/United States)
 - E. Sectoral problems (textiles, steel)
 - F. Trilogue (i.e. Euro/Arab/African multilateral cooperation)

3. European Questions
 - A. Enlargement of the Community
 - B. Institutional problems (location, relations with the Assembly, Commission).
 - C. Miscellaneous (cocoa, recycling, insurance, consensus (presumably interest rates), Zimbabwe and the Lomé Agreement, relations with New Zealand and Australia)



(ANNEX A cont)

4. Bilateral Questions
 - A. France/UK Relations
 - B. Economic Cooperation
 - (i) Energy
 - (ii) Industrial Cooperation
 - (iii) Transport
 - C. Cultural Relations



UK OBJECTIVES

1. To make the most of this annual opportunity to register with President Giscard, a number of his senior Ministers and so far as possible the French public, the importance of Britain as a factor in European and world affairs and the importance Britain attaches to the European Community.
2. To exchange views on East-West relations, with particular regard to Western reactions to the Soviet invasion of Afghanistan, to the situation in Poland and to the forthcoming CSCE meeting in Madrid, including the French proposal for a Conference on Disarmament in Europe (CDE)
3. To urge upon the French that any future government-supported credits for the Soviet Union should attract interest not below the internationally agreed consensus rates.
4. To harmonise views on the international economic and monetary situation, including North/South issues, energy and the Brandt Report.
5. To encourage the French to stick with the Nine on the Middle East, including Iran.
6. To encourage the French to work closely with us on Africa and in particular on Southern African problems.
7. To underline the importance we attach to restructuring the Community budget within the 1% ceiling, and to reducing the growing cost of the CAP; and our wish to keep in close touch with French thinking.
8. To make it clear that, while we will fight our corner vigorously in the forthcoming restructuring negotiations, we want to find Community solutions to avoid the reemergence of unacceptable situations and to work closely with the French and Germans in the search for such solutions.
9. [If not agreed at Foreign Affairs Council] To emphasise the need for prompt agreement on the procedures to give effect to the 30 May Budget agreement.



ANNEX B Cont

10. To see whether common ground can be established with the French on other Community problems which they may raise, consistent with the maintenance of British interests.
11. To remind the French that our interests on nuclear and non-nuclear defence and arms control questions overlap and to impress on them the desirability of closer cooperation in these areas.
12. To reaffirm our commitment to the cross-Channel electricity link and to avoid commitments over North Sea oil.
13. To impress on the French our interest in the fast breeder reactor and in the scope for collaboration.
14. To review progress in the promotion of industrial collaboration between Britain and France and to urge that the new regulations on foreign investment in France be implemented flexibly.



PROBABLE FRENCH OBJECTIVES

1. To review current international political and economic issues; to assess the strength of United Kingdom views; and to explore the possibility of Anglo-French cooperation or understanding on questions, including the Middle East, Southern Africa, and relations with industrialised countries (especially Japan).
2. To identify areas of shared Franco-British practice, interest or experience, e.g. Community institutions and military nuclear capability.
3. To present the Anglo-French Summit to the media as a harmonious event, and for this reason to opt for a broad-brush discussion in preference to detailed argument about those issues on which French and British interests diverge (eg the budget/agricultural prices link-up).
4. To avoid anything which might have adverse internal political repercussions in France in the run up to the Presidential elections (May 1981).

LIST OF BRIEFS

1. Steering Brief
2. European Community Questions
 - (i) Community Steering Brief
 - (ii) Restructuring (including strategy, CAP, own resources, new policies and 1% ceiling).
 - (iii) Implementation of Budget Agreement of 30 May
 - (iv) Enlargement
 - (v) Community Institutions (including new Commission)
 - (vi) Insurance
 - (vii) Fisheries
 - (viii) New Zealand/Australia
 - (ix) Zimbabwe's accession to the Lomé Convention
 - (x) Cocoa
3. International economic and monetary questions (including trilogue, relations with industrialised countries and sectoral problems).
4. International energy questions
5. Southern Africa
6. East-West Relations (including Poland and China)
7. Afghanistan
8. South-East Asia
9. Middle East (including Iran)
10. Central America/Caribbean
11. Pacific (including Vanuatu)



ANNEX D cont

12. Preparations for UN General Assembly
13. Defence and Arms Control (including the French proposal for a Conference on Disarmament in Europe).
14. Bilateral matters (including energy, industrial cooperation, transport, Channel Tunnel and cultural relations).
15. France: Internal political and economic scene
16. France/UK Relations

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PP PARIS

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TO PRIORITY PARIS

TELEGRAM NUMBER 333 OF 15 AUGUST

YOUR TELNOS 677 AND 678: ANGLO-FRENCH SUMMIT: AGENDA

1. THE FRENCH DRAFT AGENDA HAS NOW BEEN CIRCULATED. DETAILED COMMENTS ARE GIVEN BELOW BUT THE OVERALL FRAMEWORK SEEMS LARGELY SATISFACTORY. COMMENTS FOLLOW THE SCHEMA OF YOUR TELNO 678.

I INTERNATIONAL POLITICAL QUESTIONS

B. EAST-WEST RELATIONS SHOULD PLAY A PROMINENT PART IN THE DISCUSSION OF POLITICAL QUESTIONS. A DISCUSSION ON COCOM MIGHT BE INCLUDED.

C. ON DEFENCE, WE AGREE THAT, AS THE TWO WESTERN EUROPEAN NUCLEAR POWERS, WE FACE COMMON PROBLEMS AND THINK THAT IT WOULD BE USEFUL TO DISCUSS THE SUBJECTS PROPOSED (TELNO 677). SINCE THE DEFENCE MINISTERS WILL NOT BE ATTENDING THE SUMMIT, IT WOULD BE HELPFUL TO KNOW WHAT ASPECTS OF THE SUBJECTS THE FRENCH INTEND TO RAISE. WE ASSUME THAT THE SUBJECTS WOULD BE DISCUSSED UNDER THIS ITEM OF THE AGENDA. WE WOULD ALSO LIKE TO KNOW WHAT SPECIFIC TOPICS THE FRENCH WANT TO COVER ON THE DISARMAMENT SIDE.

F. - WE SHOULD PREFER THE FOREIGN MINISTERS (RATHER THAN MRS THATCHER AND PRESIDENT GISCARD) TO DISCUSS SECURITY COUNCIL ENLARGEMENT. THE PROXIMITY OF THE UN GENERAL ASSEMBLY TO THE SUMMIT TALKS MIGHT PRECLUDE WORTHWHILE PREPARATIONS AT SUCH A LATE STAGE.

- WE SHOULD LIKE TO INCLUDE DISCUSSION ON CENTRAL AMERICA AS WELL AS THE CARIBBEAN.

- WE SINCERELY HOPE IT WILL NOT BE NECESSARY TO DISCUSS SUBSTANCE ON VANUATU.

II INTERNATIONAL ECONOMIC QUESTIONS

C. MR HOWELL HAS A LONG-STANDING ENGAGEMENT AND WILL NOT BE

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ATTENDING THE SUMMIT BUT WE WOULD BE HAPPY TO DISCUSS THE FOLLOW UP TO THE VENICE CONFERENCE.

III EUROPEAN QUESTIONS

- A. OUR MAIN CONCERN WILL BE NOT TO GIVE THE FRENCH ANY SCOPE FOR REPRESENTING US AS ATTEMPTING TO SLOW DOWN ENLARGEMENT. THIS SHOULD NOT PRESENT MAJOR PROBLEMS.
- B. WE SUGGEST WIDENING THE SCOPE OF THIS ITEM BY CALLING IT 'INTERNAL COMMUNITY QUESTIONS (INCLUDING THE INSTITUTIONAL PROBLEMS AND INSURANCE)'. WE ASSUME THAT THE FRENCH PURPOSE IN RAISING INSTITUTIONS IS TO EXPLORE WHAT COMMON GROUND EXISTS BETWEEN THE FRENCH AND BRITISH APPROACH. WE SEE NO OBJECTION TO DISCUSSING THIS BUT MAY ALSO WISH TO RAISE, IN GENERAL TERMS, IMPLEMENTATION OF THE 30 MAY BUDGET AGREEMENT AND RESTRUCTURING. THE FORMER DEPENDS ON THE OUTCOME OF THE 15 SEPTEMBER FOREIGN AFFAIRS COUNCIL. WE ARE SURPRISED THE FRENCH WISH TO DISCUSS INSURANCE AS THEY ARE USUALLY THE MOST OBSTRUCTIVE AND OVERPROTECTIONIST ON INSURANCE PROPOSALS. WE COULD USE THIS OCCASION TO AIR OUR OWN GRIEVANCES.
- C. WE SEE LITTLE MERIT IN DISCUSSING COCOA BUT IT MAY PROVE A VALUABLE LINK WITH SUGAR QUOTAS FOR ZIMBABWE (WHICH MAY HOWEVER BE SETTLED AT THE 15 SEPTEMBER COUNCIL). THIS COUNCIL WILL ALSO AFFECT OUR ATTITUDE TO RELATIONS WITH NEW ZEALAND. IN THE ABSENCE OF MR WALKER WE SHALL WISH TO AVOID GETTING INTO DETAILED DISCUSSION ON AGRICULTURAL MATTERS.

IV BILATERAL QUESTIONS

- B. - WE ASSUME THE FRENCH WILL INSIST ON DISCUSSING BILATERAL ENERGY MATTERS AND ARE RESIGNED TO THIS. IN THE ABSENCE OF MR HOWELL WE WOULD BE HAPPY TO DISCUSS OTHER AREAS OF ECONOMIC COOPERATION FIRST.
- WE WERE SURPRISED AT THE RAISING OF THE CHANNEL TUNNEL AS AN ISSUE. WE HAD EARLIER AGREED THAT THE PRIME MINISTER SHOULD NOT BE BRIEFED TO RAISE THIS AT THE SUMMIT ALTHOUGH DEFENSIVE BRIEFING WOULD BE PROVIDED. THE DEPARTMENT OF TRANSPORT DOUBT THAT MRS THATCHER AND PRESIDENT GISCARD

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COULD DO MORE THAN NOTE, IN PRIVATE DISCUSSION, THE RENEWED INTEREST IN THE PROJECT AND GIVE SOME SORT OF GENERAL BLESSING TO FURTHER ACTIVITY. IT IS CERTAINLY TOO EARLY TO KNOW WHETHER PRESENT PROJECTS ARE REALISTIC. WE SEE NO ADVANTAGE IN MR FOWLER ATTENDING THE SUMMIT AND BELIEVE THAT SOME OF M LE THEULE'S INTERESTS ARE COVERED BY THE DEPARTMENT OF TRADE, EG TRAFFIC SEPARATION IN THE CHANNEL, POLLUTION CONTROL AND OTHER MARITIME MATTERS.

2. THE FOLLOWING MINISTERS ARE EXPECTED TO ACCOMPANY MRS THATCHER:

LORD CARRINGTON
SIR GEOFFREY HOWE
SIR KEITH JOSEPH
MR NOTT.

CARRINGTON

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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

14 August 1980

P. Lever, Esq.,
Private Secretary,
Foreign & Commonwealth Office

Do Paul,

ANGLO-FRENCH SUMMIT

Thank you for sending me a copy of your letter of 12 August to Mike Pattison about the agenda for the forthcoming Anglo-French Summit meeting.

Notwithstanding the first paragraph of this letter the Treasury was not, so far as I can discover, consulted about the proposed draft telegram.

I have two specific points. The Treasury does not agree with the proposal made under II B that "Unless the French objected we should wish to discuss export credit here". The timing in relation to the next relevant Community meeting (15 September) and the next relevant OECD meeting (1 October) is not good. It is not in any case certain that this would be the moment to apply high level political pressure. And if the subject were to be taken up at all, it would be best done by the Chancellor with M. Monory rather than by the Prime Minister and President Giscard. We suggest that this reference to export credit should be deleted. ECGD who were also, I believe, not consulted, agree with the Treasury on this.

Second, the reference to recycling under heading III, European Questions, reflects French interest in recycling in a Community context. We think that there is perhaps rather less in the idea of a specifically Community role in the recycling process than the French do, but there would be no objection to discussing the matter briefly, and the Treasury would brief appropriately. This discussion, again, would presumably be one for Finance Ministers. We suggest that the reference to recycling under III Cof your telegram should be omitted.

I am sending copies of this letter to the recipients of yours.

Yours ever,

M.A.

M.A. HALL

cc PM Tomu Abroad
PM's visit to Bordeaux in
September 1980 for
Anglo-French summit.

PRIME MINISTER

I told you that the Foreign Office proposed the following Ministerial team for the Anglo/French Summit:

Prime Minister

- Foreign and Commonwealth Secretary
- Chancellor of the Exchequer
- Secretary of State for Trade
- Secretary of State for Industry.

Please now see the two attached telegrams from Paris about the agenda and participation, and the draft reply proposed by the Foreign Office.

Have you any comments on this?

Who said I wanted to
concentrate on

MAF

12 August 1980

community questions?

I am quite happy with the
proposed agenda.

mf

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Foreign and Commonwealth Office

London SW1A 2AH

12 August 1980

Dear Mike,

Anglo-French Summit: Agenda

You will have seen the telegrams number 677 and 678 / (copies enclosed) from HM Embassy Paris putting forward the French draft agenda for the summit and the Ministers who will accompany President Giscard. We have sought the views of / the other Whitehall departments concerned: I attach a draft telegram to Paris incorporating their comments with those of FCO officials (Lord Carrington has not yet seen the draft).

Although aware of our proposal to include the Secretary of State for Defence, President Giscard has decided not to field his Defence Minister. We cannot therefore reasonably insist on Mr Pym attending the summit. Agriculture Ministers are not included and Mr Walker had already planned a visit to South America. The Secretary of State for Energy will be in Mexico and his Department do not feel his attendance in Paris is vital. The Department of Transport see no advantage in Mr Fowler attending the summit despite the presence of M le Theule, whose concerns are wider than Mr Fowler's.

The Prime Minister had earlier decided that either the Secretary of State for Trade or the Secretary of State for Industry should accompany her: we now suggest that both should do so. Our ministerial team would therefore include Lord Carrington, the Chancellor of the Exchequer and these two, in addition to the Prime Minister herself.

I should welcome your agreement to the despatch of the / attached draft telegram to Paris.

I am sending copies of this letter to the Private Secretaries to Sir G Howe, Sir K Joseph, Mr Pym, Mr Walker, Mr Nott and Mr Howell and to David Wright in the Cabinet Office.

yours ever
Roderic Lyne

P.P. (P Lever)
Private Secretary

Mike Pattison Esq
10 Downing Street
London

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FM PARIS 061630Z AUG 80

TO IMMEDIATE FCO

TELEGRAM NUMBER 677 OF 6 AUGUST 1980

ANGLO-FRENCH SUMMIT

1. THE DIPLOMATIC COUNSELLOR AT THE ELYSEE GAVE MINISTER TODAY THE FRENCH PROPOSALS FOR THE AGENDA OF THE ANGLO-FRENCH SUMMIT ON 19 SEPTEMBER AND A LIST OF MINISTERS, ON THE FRENCH SIDE, WHO MIGHT ATTEND (MIFT). HE SAID THAT THE AGENDA WOULD NORMALLY HAVE BEEN TRANSMITTED THROUGH THE MINISTRY OF FOREIGN AFFAIRS, BUT SINCE HE WAS SEEING JAMES AT LUNCH HE WAS HANDING IT OVER PERSONALLY.
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3. JAMES REMARKED THAT THE AGENDA WAS VERY WIDE IN SCOPE. LECLERCQ SAID THAT IT WAS OF COURSE A DRAFT BUT IT HAD BEEN APPROVED BY THE PRESIDENT. IT WOULD OF COURSE BE FOR THE PARTICIPANTS TO DECIDE HOW MUCH TIME THEY WOULD SPEND ON PARTICULAR ITEMS. SPEAKING PERSONALLY, HE WONDERED WHETHER THERE WAS NOT A DANGER THAT CONCENTRATION ON COMMUNITY MATTERS MIGHT PRODUCE CONFRONTATION RATHER THAN AGREED POSITIONS. HE THOUGHT SOMETHING SHOULD EMERGE FROM THE SUMMIT AND THAT IT WOULD THEREFORE BE IMPORTANT TO DISCUSS AREAS WHERE BRITAIN HAD A SPECIAL, SHARED EXPERIENCE WITH THE FRENCH. HE SAID THAT THE MIDDLE EAST AND AFRICA WERE AREAS WHERE FRENCH AND BRITISH EXPERIENCE WAS GREATER THAN THAT OF ANY OTHER MEMBERS OF THE NINE. IT MIGHT ALSO BE POSSIBLE TO DISCUSS NUCLEAR MATTERS AND TO SAY SOMETHING ABOUT THE SPECIAL POSITION OF FRANCE AND BRITAIN IN THE MILITARY NUCLEAR SPHERE. HE REFERRED TO THE BRITISH DECISION ON TRIDENT AND TO FRENCH DECISIONS ON DEFENCE MATTERS. THIS WOULD UNDERLINE THE SPECIAL NATURE OF THE FRENCH AND BRITISH RELATIONSHIP AND WOULD MARK A DIFFERENCE FROM GERMANY.
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No - it is not correct

7. I SHOULD BE GRATEFUL FOR INSTRUCTIONS FOR A REPLY TO THE ELYSEE.

HIBBERT

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GRS 210
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FM PARIS 0611630Z AUG 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 678 OF 06 AUGUST 1980

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MIPT: ANGLO/FRENCH SUMMIT, 19 SEPTEMBER

1. FOLLOWING IS THE DRAFT AGENDA PROPOSED BY THE FRENCH:

I INTERNATIONAL POLITICAL QUESTIONS

- A. THE AFGHANISTAN PROBLEM.
- B. EAST/WEST RELATIONS.
- C. DEFENCE AND DISARMAMENT PROBLEMS.
- D. MIDDLE EAST.
- E. SOUTHERN AFRICA.
- F. OTHER TOPICAL QUESTIONS:
 - PREPARATION FOR THE UN GENERAL ASSEMBLY
 - SOUTH-EAST ASIA
 - CARRIBEAN
 - PACIFIC

II INTERNATIONAL ECONOMIC QUESTIONS

- A. NORTH/SOUTH.
- B. INTERNATIONAL MONETARY PROBLEMS.
- C. INTERNATIONAL ENERGY PROBLEMS (FOLLOW UP TO THE VENICE CONFERENCE).
- D. RELATIONS WITH THE INDUSTRIALISED COUNTRIES (JAPAN-UNITED STATES).
- E. SECTORAL PROBLEMS (TEXTILES, STEEL).
- F. TRILOGUE.

III EUROPEAN QUESTIONS

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/A. ENLARGEMENT

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-
- A. ENLARGEMENT OF THE COMMUNITY.
 - B. INSTITUTIONAL PROBLEMS (LOCATION, RELATIONS WITH THE ASSEMBLY, COMMISSION).
 - C. MISCELLANEOUS (COCOA, RECYCLING, INSURANCE, CONSENSUS (PRESUMABLY INTEREST RATES), ZIMBABWE AND THE LOME AGREEMENT, RELATIONS WITH NEW ZEALAND AND AUSTRALIA).

IV BILATERAL QUESTIONS

- A. FRANCE/UK RELATIONS.
- B. ECONOMIC COOPERATION
 - ENERGY
 - INDUSTRIAL COOPERATION
 - TRANSPORT
- C. CULTURAL RELATIONS.

3. FOLLOWING IS THE LIST OF MINISTERS PROPOSED ON THE FRENCH SIDE:

PRESIDENT GISCARD
M BARRE
M FRANCOIS- PONCET
M MONORY (MINISTER OF ECONOMY)
M GIRAUD (MINISTER OF INDUSTRY)
M DENIAU (MINISTER OF EXTERNAL TRADE)
M LE THEULE (MINISTER OF TRANSPORT).

HIBBERT.

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- A. THE AGREEMENT ON THE COMMUNITY...
- B. INSTITUTIONAL PROBLEMS (LOCATION, RELATIONS WITH THE BANKS, CAPITALIZATION)
- C. INVESTMENT (TODAY, REGIONAL INVESTMENT, CONSENSUS, INVESTMENT INTEREST RATES), INVESTMENT AND THE LOCAL AGREEMENT, RELATIONS WITH NEW ISLAND AND MISTAKE...

1 2 3 4 5 6 7 8 9 10 11 12
 13 14 15 16 17 18 19 20 21 22 23 24

12 AUG 1980

- D. BILATERAL QUESTIONS
- E. FINANCIAL RELATIONS
- F. ECONOMIC COOPERATION
- G. ENERGY
- H. INDUSTRIAL COOPERATION
- I. TRANSPORT

THE FOLLOWING IS THE LIST OF MEMBERS INVOLVED ON THE LOCAL LEVEL

PRESIDENT OF BOARD
 VICE PRESIDENT
 SECRETARY
 TREASURER
 MEMBER AT LARGE (ECONOMY)
 MEMBER AT LARGE (CULTURE)
 MEMBER AT LARGE (TRADE)
 MEMBER AT LARGE (TECHNOLOGY)

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File No.

Department WED

Drafted by
(Block Capitals) N H S ARMOUR

Tel. Extn.

OUTWARD

TELEGRAM

Security Classification
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[TEXT]

YOUR TELNOS 667 AND 678: ANGLO-FRENCH SUMMIT: AGENDA

1. The French draft agenda has now been circulated.

Detailed comments are given below but the overall framework seems largely satisfactory. Comments follow the schema of your telno 678.

I INTERNATIONAL POLITICAL QUESTIONS

B. East-West relations should play a prominent part in discussing ^{the} _L political questions. A discussion on COCOM might be included.

C. On defence, we ~~are~~ agreed that, as the two Western European nuclear powers, we face common problems and think that it would be useful to discuss the subjects proposed (telno 677). Since the Defence Minister will not be attending the summit,

it would be helpful to know what aspects of the subject the French intend to raise. We assume that the subject would be discussed under this item of the agenda. We would also like to know what specific topics the French want to cover on the disarmament side.

- F. - We should prefer the Foreign Ministers to discuss Security Council enlargement (rather than Mrs Thatcher and President Giscard).

The proximity of the UN General Assembly to the summit talks might preclude worthwhile preparations at such a late stage.

- We should like to include discussion on Central America as well as the Caribbean.
- We sincerely hope it will not be necessary to discuss substance on Vanuatu.

II INTERNATIONAL ECONOMIC QUESTIONS

- B. Unless the French objected we should wish to discuss export credit here.
- C. Mr Howell has a long-standing engagement and will not be attending the summit but we would be happy to discuss the follow up to the Venice Conference.

III EUROPEAN QUESTIONS

- A. Our main concern will be not to give the French any scope for representing us as attempting to slow down enlargement. This should not present major problems.
- B. We suggest widening the scope of this item by calling it 'Internal Community Questions (including the institutional problems and insurance)'. We assume that the French purpose

in raising institutions is to explore what common ground exists between the French and ^{British} / approach. We see no objection to discussing this but may also wish to raise, in general terms, implementation of the 30 May Budget Agreement and restructuring. The former depends on the outcome of the 15 September Foreign Affairs Council. We are surprised the French wish to discuss insurance as they are usually the most obstructive and overprotectionist on insurance proposals. We could use this occasion to air our own grievances.

- C. Recycling might fit better under II.B. We see little merit in discussing cocoa but it may prove a valuable link with sugar quotas for Zimbabwe (which may however be settled at the 15 September Council). This Council will also affect our attitude to relations with New Zealand. In the absence of Mr Walker, we shall wish to avoid getting into detailed discussion on agricultural matters.

IV BILATERAL QUESTIONS

- B. - We assume the French will insist on discussing bilateral energy matters and are resigned to this. In the absence of Mr Howell we would be happy to discuss other areas of economic cooperation first.
- We were surprised at the raising of the Channel Tunnel as an issue. We had earlier agreed that the Prime Minister should not be briefed to raise this at the summit although defensive briefing would be provided. The Department of Transport doubt that Mrs Thatcher and President Giscard could do more than note, in

discussion, the renewed interest in the project and give some sort of general blessing to further activity. It is certainly too early to know whether present projects are realistic. We see no advantage in Mr Fowler attending the summit and believe that some of M Le Theule's interests are covered by the Department of Trade, eg traffic separation in the Channel, pollution control and other maritime matters.

2. The following Ministers are expected to accompany

Mrs Thatcher:

Lord Carrington

Sir Geoffrey Howe

Sir Keith Joseph

Mr Nott.

PM Tours Abroad

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FM FCO 071700Z AUG 80
TO IMMEDIATE PARIS
TELEGRAM NUMBER 327 OF 7 AUGUST

YOUR TELNO 677: ANGLO-FRENCH SUMMIT
FROM WED

1. WE ARE GRATEFUL FOR THESE PROPOSALS. THEY WILL BE SUBMITTED TO MINISTERS TAKING ACCOUNT ALSO OF THE ADDITIONAL IDEAS FLOATED BY LECLERCQ. FURTHER INSTRUCTIONS WILL FOLLOW EARLY NEXT WEEK.
2. MEANWHILE YOU SHOULD TAKE AN EARLY OPPORTUNITY TO MAKE IT CLEAR TO THE ELYSEE (PACE PARAGRAPH 2 OF THE TUR) THAT THE PRIME MINISTER'S WISHES ON THE AGENDA FOR THE SUMMIT HAVE NOT YET BEEN ASCERTAINED. THE SUGGESTION PUT BY THE DEPARTMENT TO THE FRENCH CHARGE IN THE CONVERSATION REFERRED TO WAS MERELY TO THE EFFECT THAT COMMUNITY QUESTIONS WOULD INEVITABLY FIGURE PROMINENTLY ON THE AGENDA.
3. THINKING AT OFFICIAL LEVEL IS THAT THE 4 MAIN HEADINGS PROPOSED BY THE FRENCH ARE QUITE NORMAL AND ACCEPTABLE AND THAT THERE WILL BE NO NEED FOR US TO SUGGEST ANY CHANGE IN THEIR ORDER, GIVEN THAT WE ASSUME THIS FULL AGENDA IS TO BE TREATED AS A CHECK-LIST RATHER THAN A PROGRAMME. AND AS YOU SAY, WE MAY WELL WISH TO SUGGEST THAT A NUMBER OF ITEMS SHOULD BE LEFT TO OTHER MINISTERS.
4. IT WILL ALSO BE NECESSARY TO CONSULT THE PRIME MINISTER AGAIN ABOUT MINISTERIAL ATTENDANCE, NOW THAT WE KNOW WHAT THE FRENCH PROPOSE. WE SHALL BE REPLYING SEPARATELY ON THIS POINT.

CARRINGTON

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TO IMMEDIATE FCO
TELEGRAM NUMBER 677 OF 6 AUGUST 1980

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pa - advice coming
MP

ANGLO-FRENCH SUMMIT

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FM PARIS 0611630Z AUG 80
TO IMMEDIATE FCO
TELEGRAM NUMBER 678 OF 06 AUGUST 1980

MIPT: ANGLO/FRENCH SUMMIT, 19 SEPTEMBER

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- B. EAST/WEST RELATIONS.
- C. DEFENCE AND DISARMAMENT PROBLEMS.
- D. MIDDLE EAST.
- E. SOUTHERN AFRICA.
- F. OTHER TOPICAL QUESTIONS:
 - PREPARATION FOR THE UN GENERAL ASSEMBLY
 - SOUTH-EAST ASIA
 - CARIBBEAN
 - PACIFIC

II INTERNATIONAL ECONOMIC QUESTIONS

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- D. RELATIONS WITH THE INDUSTRIALISED COUNTRIES (JAPAN-UNITED STATES).
- E. SECTORAL PROBLEMS (TEXTILES, STEEL).
- F. TRILOGUE.

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- A. ENLARGEMENT OF THE COMMUNITY.
 - B. INSTITUTIONAL PROBLEMS (LOCATION, RELATIONS WITH THE ASSEMBLY, COMMISSION).
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- B. ECONOMIC COOPERATION
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PRESIDENT GISCARD
M BARRE
M FRANCOIS- PONCET
M MONORY (MINISTER OF ECONOMY)
M GIRAUD (MINISTER OF INDUSTRY)
M DENIAU (MINISTER OF EXTERNAL TRADE)
M LE THEULE (MINISTER OF TRANSPORT).

HIBBERT.

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France. *sh*

cc Germany Pt 2
Mtg's with Schmidt
in Germany.

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From the Private Secretary

8 July, 1980.

Anglo-French and Anglo-German Consultations

rd 7.7.80 The Prime Minister has seen the Foreign Secretary's undated minute (PM/80/50) to her on this subject. She agrees with the approach proposed by Lord Carrington. She also agrees with the list of Ministers suggested. The fifth Minister in her view should be either the Secretary of State for Industry or the Secretary of State for Trade: she would be inclined to favour the Secretary of State for Trade.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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9.



PM/80/50

PRIME MINISTER

Prime Minister

Do you agree the general approach? If
so we could decide on the precise composition of the
two parties a little nearer the time.

(1)
Yes not

Am - 7/7

Anglo-French and Anglo-German Consultations

1. The Anglo-French and Anglo-German Summit meetings are due in September and November respectively and, with the Summer Recess approaching, it is perhaps not too early to start thinking about the form they should take. They are both 'away' fixtures and the wishes of your hosts will in the end prevail. The French and Germans have an elaborate pattern for their own periodic meetings under the Franco-German Treaty. Significant advantages have been derived on both sides from having a format which obliges departments to try to produce results for their Ministers to report to the periodic meetings of Heads of Government. The Germans will not start thinking seriously about our Summit with them until after the Federal elections in October; the Ambassador in Paris has reported that now would be a psychological moment to put forward any suggestions which we have since French thinking is still at a formative stage. Sir R Hibbert and Sir O Wright have both recommended we should field a strong Ministerial team in each case.

2. I myself think this is right. You took four Ministers with you to Bonn and ^{to the meeting with Giscard here} ~~Paris~~ last autumn and I suggest we aim for the same number, or perhaps one more in each case, this time. The main issues for discussion are already broadly discernible and I think that in order to ensure the clearest possible discussion of them - and incidentally to show our partners that we intend to discuss them in depth - it would be right to include in the party, beside myself, the Chancellor of the Exchequer; the Secretary of State for Defence; the Minister of Agriculture, Fisheries and Food; and one out of the Secretaries of State for Industry, Trade and Energy.

Either industry or Trade, Tend to favour Trade.

3. If you agree, I shall see that the Ministers concerned are alerted in good time so as to keep their diaries free.

4. I am sending a copy of this minute to Sir Robert Armstrong.

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- 7 JUL 1980

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Foreign and Commonwealth Office

London SW1A 2AH

25 June 1980

RHF 21/7/80

Dear Michael,

Anglo-French Summit

Thank you for your letter of 17 June. As Paul Lever explained in his letter of 12 May, we had accepted Sir R Hibbert's advice that we should not press M. Wahl on the arrangements for the Anglo-French Summit while he had other preoccupations. Now that the Venice European Council and Economic Summit are over, we can fairly ask the Elysee to focus on Bordeaux, and we are writing to Sir R Hibbert accordingly.

We shall consult you further on a theme for the Prime Minister's speech when we have discussed this with the Ambassador, and ensure that you receive a draft by 1 September.

G G H Walden
8-20

(G G H Walden)
Private Secretary

Michael Alexander Esq
10 Downing Street
London

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25 JUN 1961



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Paris
France

10 DOWNING STREET

From the Private Secretary

17 June 1980

RF 19 80

Anglo/French Summit

I am writing to you separately today about the Prime Minister's travel plans for the week following the Anglo/French Summit in Bordeaux. I should be grateful, however, to know whether there have been any further developments in the discussions about the arrangements for the Summit itself. The correspondence rests with Paul Lever's letter to me of 12 May.

The Prime Minister will, no doubt, have to make a major speech at the opening of the Fontevraud Conference. I should be grateful if consideration could now be given, in consultation with HM Embassy, to the content of the speech. It would be helpful if the draft could reach us here by 1 September.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

SB

G.G.H. Walden, Esq.,
Foreign and Commonwealth Office.

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France

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Foreign and Commonwealth Office

London SW1A 2AH

12 May 1980

B/F 2 Time .

Dear Michael,

Anglo/French Summit

You wrote to me on 1 April about the arrangements for the Anglo/French Summit in Bordeaux. In particular you asked us for Sir R Hibbert's views on the possibility of arranging an interesting programme on Saturday 20 September. His initial comment was that there was plenty to be seen in that region and that a joint programme with President Giscard would provide an excellent opportunity to talk freely and informally. However, he did not feel able to gauge the President's intentions without approaching the Elysee. At our request he spoke informally to M. Wahl a few days ago and indicated that the Prime Minister might be able to stay on for a programme on the Saturday if this would give an opportunity of being for a time with President Giscard and deepening their acquaintance. M Wahl was preoccupied with Community problems and had not yet focussed on the arrangements for Bordeaux, but said that he would speak to the President.

Sir R Hibbert suggests that it would be best not to press this matter for the time being until the dust from Luxembourg settles. However, if M. Wahl does not respond, he will return to the charge when he judges the time is right.

We agree with Sir R Hibbert's assessment, although this would mean delaying a decision, and also a possible personal message from the Prime Minister to President Giscard. Subject to your views, we intend to ask Sir R Hibbert to do as he proposes. I shall write to you again in due course.

I am sending a copy of this letter to David Wright (Cabinet Office).

Yours own

Paul

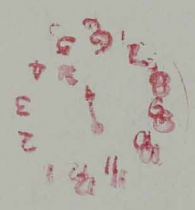
(P Lever)
Private Secretary

M O'D B Alexander Esq
10 Downing Street
London

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Faint, illegible text at the top of the page, possibly a header or title.



12 MAY 1954

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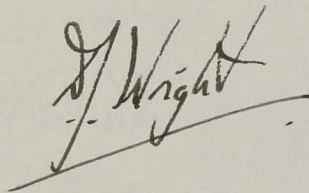
MR. ALEXANDER

*Fg
Runt*

Franco-British Summit

I attach a copy of the message which Sir Robert Armstrong has sent to M. Wahl following the discussion they had on this subject during Sir Robert's visit last week.

I am copying this minute and the message to Andrew Burns in Sir Michael Palliser's Office.



(D. J. Wright)

3rd April 1980

CONFIDENTIAL

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PARIS FROM LONDON
CONFIDENTIAL GOVERNMENTAL 0005

BT

TO MONSIEUR JACQUES WAHL
FROM SIR ROBERT ARMSTRONG

AT THE END OF OUR MEETING LAST WEEK YOU TOLD ME OF THE PRESIDENT'S PROPOSAL THAT HIS NEXT BILATERAL MEETING WITH THE PRIME MINISTER SHOULD TAKE PLACE IN BORDEAUX ON FRIDAY, 19TH SEPTEMBER, BEFORE THE OPENING OF THE FRANCO-BRITISH CONFERENCE. I HAVE DISCUSSED THIS WITH THE PRIME MINISTER, WHO HAS ASKED ME TO LET YOU KNOW THAT SHE IS HAPPY FOR THE MEETING TO TAKE PLACE IN BORDEAUX ON 19TH SEPTEMBER. THE PROVISIONAL ARRANGEMENTS YOU DESCRIBED SEEMED TO BE A SENSIBLE WAY TO USE THE TIME, BUT WILL NEED TO BE WORKED OVER IN DETAIL: NO DOUBT THE DETAILED ARRANGEMENTS CAN BE SORTED OUT THROUGH THE USUAL CHANNELS OVER THE COMING WEEKS.

WITH WARM PERSONAL REGARDS
ROBERT ARMSTRONG

BT

CONFIDENTIAL



File 116
France

10 DOWNING STREET

From the Private Secretary

1 April 1980

RF 15.4.80

ANGLO/FRENCH SUMMIT

The Foreign and Commonwealth Secretary and the Prime Minister had a word this afternoon about the Prime Minister's visit to France in September (Sir R. Armstrong's minute of 27 March to me refers).

The Prime Minister's present intention is to fly to Bordeaux on the evening of Thursday 18 September and to stay until Saturday 20 September. How long she stays on the Saturday depends in large part on what President Giscard has in mind in saying that "he would be happy to arrange a programme for her". The Prime Minister would be happy to spend all or part of the day looking at the region. However, she would only be prepared to do this if President Giscard himself were to be involved and there was, therefore, an opportunity for informal conversation with him. If the President did not plan to be involved, the Prime Minister would prefer to return to London in mid-morning.

Sir R. Armstrong will be telling M. Wahl that the Prime Minister will be happy for the bilateral talks to take place in Bordeaux, and that we will be pursuing the details through the normal channels. Before we carry the matter any further, it would be useful to have Sir R. Hibbert's comments on the proposal. In particular it would be useful to have his comments on the possibility of arranging an interesting programme on Saturday and of the likelihood of the President being involved. When we have these, we might suggest to the Prime Minister that she send a personal message to President Giscard saying that she is much looking forward to the visit and to spending some time with him.

I am sending a copy of this letter to David Wright (Cabinet Office).

M. O'D. B. ALEXANDER

G. G. H. Walden, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL



(1)

10 DOWNING STREET

Prime Minister

Go over them.
Review
on Sat. 14
Pete

The programme for 19 Sept looks
straight forward enough *would be nice to
look round!*

Would you like to take up the
suggestion at A? *don't know what
area.* It is of course
a lovely time of the year in
Bordeaux & your diary is empty.

It might also offer a useful
opportunity for some further informal
talk with Giscard - tho' that
would depend on just what he meant
by 'a programme'. Agree in
principle subject to further exploration
of the idea?

And

31-3-80

CONFIDENTIAL

MR. ALEXANDER

Anglo-French Summit

At the end of my meeting on Tuesday, 25th March, M. Wahl suggested that the forthcoming Anglo-French Summit meeting should be held in Bordeaux on 19th September. The Franco-British Conference which both the President and the Prime Minister are due to open starts on the evening of that day, and the suggestion is that the Prime Minister should travel direct from London to Bordeaux, either on the evening of Thursday, 18th September or on the morning of Friday, 19th September; she and President Giscard could have a tete-a-tete at 10.00 or 10.30 am, to be widened later to include other Ministers; there could then be a restricted lunch (presumably for Ministers) or a working lunch (presumably for the two delegations); the plenary session might be held between 5.00 and 6.00 pm, or later; and there would then be a dinner for the participants in the Anglo-French Conference which the President and the Prime Minister would attend. This might end about 11.00 pm. The Prime Minister could either fly back to London or spend the night in Bordeaux. If she would like to stay on for the weekend (or part of it), the President would be happy to arrange a programme for her.

A. 2. I said I would report to you and let him know the Prime Minister's wishes as soon as possible.

3. A copy of this goes to Mr. Walden.

RIA

(Robert Armstrong)

27th March 1980

CONFIDENTIAL



GOVERNMENT OF INDIA

MINISTRY OF DEFENCE

MEMORANDUM

1. The subject of this memorandum is the proposal for the purchase of _____.

2. It is proposed that _____ should be purchased from _____.

3. The estimated cost of the purchase is _____.

4. It is suggested that _____ should be authorized to purchase the same.

5. The purchase should be completed by _____.

6. The purchase should be made on the basis of _____.

7. The purchase should be made in accordance with the provisions of _____.

8. The purchase should be made in accordance with the provisions of _____.

9. The purchase should be made in accordance with the provisions of _____.

10. The purchase should be made in accordance with the provisions of _____.

11. The purchase should be made in accordance with the provisions of _____.

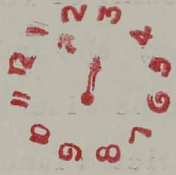
12. The purchase should be made in accordance with the provisions of _____.

13. The purchase should be made in accordance with the provisions of _____.

14. The purchase should be made in accordance with the provisions of _____.

15. The purchase should be made in accordance with the provisions of _____.

27 MAR 1960



(Signature)

Page No. _____

France

cc. PM speech at Franco
British Council Conference
in Bordeaux on 19.9.80

541



File

10 DOWNING STREET

THE PRIME MINISTER

19 March 1980

Thank you for your letter of 14 March about the Franco British Council Conference in Bordeaux in September.

This is just to confirm that I would be very happy to speak at the opening of the Conference in the late afternoon on Friday, 19 September. I am happy to do so at either 4 p.m. or 5 p.m.; whichever time suits you best.

(sgd) Margaret Thatcher

The Rt. Hon. Lord Thomson of Monifieth.

BK

cc. PM's speech
Franco-Brit conference
in Bordeaux 19.9.80

Franco British Council BRITISH SECTION

Anglo-French Conference, Bordeaux, 19-21 September 1980
2 Clarendon Close London W2 2NS Telephone 01-262 8959

The Prime Minister,
The Rt. Hon. Mrs. Margaret Thatcher, MP,
10, Downing Street,
London, SW1

218

14th March 1980

Dear Prime Minister.

I am writing about the arrangements for the Franco British Council conference, which is being held in Bordeaux from Friday, 19th September to Sunday, 21st September. We are all tremendously pleased and grateful that you and President Giscard d'Estaing have been able to agree these dates and to make the principal speeches at the conference.

I hope it may be possible for you and the President to speak at the opening of the conference in the late afternoon of Friday, 19th September, perhaps around 4 p.m. or 5 p.m. In this way you would assist the conference to get off to the best possible start. We have in mind that there should be a reception immediately afterwards for all those participating in the conference, which we hope it would be possible for you and the President to attend.

I hasten to mention these suggestions now so that you may have them in mind in connection with planning your main programme of discussions between the President and yourself. I might add that we are already having an excellent response to the invitations and there is undoubtedly going to be a high level of participation on both sides.

I am copying this letter to Peter Carrington.

*Yours sincerely,
Peter Thomson*

THE RT. HON. LORD THOMSON OF MONIFIETH, PC

TofM/rg



File

France JB

10 DOWNING STREET

From the Private Secretary

25 October 1979

Dear Paul,

FRANCO-BRITISH COUNCIL: THE FONTEVRAUD CONFERENCE

The Prime Minister has seen your letter to me of 18 October on this subject. She would be prepared to attend the opening session of the proposed Franco-British Conference next year. The date 9 May is unlikely to be possible for her but 19 September at present looks suitable.

The Prime Minister is not enthusiastic about putting Anglo-French Summits on a bi-annual footing but perhaps this could be discussed further in the context of briefing for President Giscard's visit next month. The question of the timing of the opening of the Fontevraud Conference should, I am sure, be pursued as a separate issue.

Yours ever

Michael Alexander

Paul Lever, Esq.,
Foreign and Commonwealth Office.

(1)



Prime Minister

Foreign and Commonwealth Office
 (Sixth Party Conference) but 19 September London S.W.1

would be O.K. After Lord Carrington's
 recommendation at A, subject to 18 October 1979
 suitable timing? Yes out

Dear Michael,

FRANCO-BRITISH COUNCIL: THE FONTEVRAUD CONFERENCE

--- I attach a copy of a letter which Lord Thomson, Chairman of the British Section of the Franco-British Council, has written to the Foreign and Commonwealth Secretary, concerning the proposed Franco-British Conference at Fontevraud.

At the 1977 summit the Franco-British Council (a non-official body supported by public funds) was charged with organising a high-level conference along the lines of the Anglo-German Königswinter Conference. Finance for this initial conference has already been committed by the two governments. The Chairmen of the French and British sections have subsequently made firm proposals for the conference to be held at Fontevraud in France (Versailles is being considered as a fall-back if the restoration of Fontevraud Abbey is not completed in time) with about seventy participants from each side. Their preferred dates for the conference are 9-11 May 1980. The proposals envisage that the President and Prime Minister would be present for the opening. They also envisage that at least one Cabinet Minister from each country would attend the conference throughout and participate in the discussions which are likely to cover economic and political cooperation as well as cooperation in the fields of information, culture and communications.

A The Foreign and Commonwealth Secretary considers that the success of the conference and the organisers' ability to attract a suitably high level of attendance will depend very much on the project being seen to have the personal endorsement of President Giscard and Mrs Thatcher. It appears from Lord Thomson's letter that President Giscard has already agreed to participate in the conference on either 9 May 1980 or at a date to be agreed in September 1980 (preferably Friday 19 September) and has said that he would be happy to welcome the Prime Minister to France on either date. Lord Carrington regards the conference as a potentially significant factor in Anglo-French relations and hopes that the Prime Minister will be able to agree to attend.

As regards timing, arrangements now exist, as you know, for summits to be held twice yearly with both the FRG and Italy and Lord Carrington considers that the Prime Minister may like to discuss with President Giscard, during his forthcoming visit, whether the Anglo-French Summits should be put on the same footing (the Franco-German Summits also take place twice a year).

Please no.

/However,

M O'D B Alexander Esq
 10 Downing Street



However, as Lord Thomson points out, there is no need for a specific link, should the Prime Minister and President Giscard not want one, since they could both make a special visit to Fontevraud. The decision could, therefore, be made purely in terms of the general convenience of a May or a September date. Lord Carrington is inclined to support the earlier timing, to keep the momentum going. It would be helpful if you could give me an indication of the Prime Minister's reaction which we could pass on to Lord Thomson.

I am sending a copy of this letter to Martin Vile (Cabinet Office).

Yours GLEN

Paul

(P Lever)

Draft. 1. Done
2. ~~W/S~~ for advice
SH draft reply from
15/10 s/s 5 17 October

DN 12/10
PS
S.S. file
Mr Bellard
Mr Ferguson

Franco British Council BRITISH SECTION

for action *pre*
2 Clarendon Close London W2 2NS Telephone 01-262 8959

The Rt. Hon. The Lord Carrington, K.C.M.G., M.C.,
Secretary of State for Foreign and
Commonwealth Affairs,
Foreign and Commonwealth Office,
Downing Street,
London, SW1A 2AL



9th October 1979

Dear Peter,

We have just completed a meeting in Paris of the Franco British Council, where we carried forward our plans for the proposed conference to be inaugurated by the President and the Prime Minister, as a starting point for a new impetus in our mutual relations comparable with the wide-ranging contacts both our countries have with Germany. I am writing as a matter of some urgency to let you know the situation that has developed about the timing of the conference.

Geoffroy de Courcel, the Chairman of the French side, reported the agreement of the Elysee to the President joining in inaugurating the conference on either Friday 9th May 1980, or alternatively on a date to be agreed in September, preferably Friday the 19th September. Since Franco British summits are taking place on an annual rhythm with the next one in London in November, this precludes a May conference being associated with such a summit meeting. The French indicated, however, that if Mrs. Thatcher were ready to make a special trip to France on May 9th for the conference, President Giscard would also be willing to agree to this arrangement.

Alternatively, if September were preferred and the British government wished to combine the Prime Minister's presence at the conference with the summit meeting, by bringing the date forward, the French President would also find that acceptable. The French side of the Council, who have the main responsibility for organising arrangements, are however concerned about delaying a decision about the date until the November summit. Although there are only a few weeks in it, they feel that if the May date is preferred, the extra time is of great importance in getting ahead with the various arrangements. I therefore wonder whether it might be possible through diplomatic channels to get agreement about the preferred date for the two heads of government attending this conference in advance of your meeting in London?

The Rt. Hon. The Lord Carrington

9th October 1979

There is an additional problem about the location of the conference. Geoffroy de Courcel and I, when we took over the joint chairmanship at the end of last year, inherited a long-standing commitment to hold the conference at Fontevraud Abbey on the Loire. It is of course an appropriate historic setting for such a Franco British conference, with its famous Plantagenet tombs. The French are engaged in the restoration of the Abbey as a major regional conference centre, and are obviously keen to see it established as a normal base for various kinds of Franco British consultations, rather on the lines of Konigswinter. The restoration of the Abbey is apparently a long-term and large-scale operation.

Some doubts have been expressed whether that part of the Abbey that would be used for the Franco British conference would be fully ready by next May, and I know that Reg Hibbert shares this concern. The French are heavily committed to Fontevraud, but have said they would be ready to consider an alternative site such as Versailles if it were to be judged that Fontevraud could not be ready in time. Once again, a clear decision about the date is required in order to bring this matter to the crunch.

I would be grateful for anything you can do to bring about the earliest possible decision about a date suitable to the Prime Minister for the conference.

For - leave

THE RT. HON. LORD THOMSON OF MONIFIETH, PC

TofM/rg



6/61 130 81
18 OCT 1979
R
11 12 1
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3
4
5
6
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8
9

PART

1

ends:-

MA to James

28.8.79

PART

begins:-

Geo to MA + em 18.10.79

