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PREM 19/1240/1

Part 1 of 2

~~TOP SECRET~~

Confidential Filing

Visits of President Mitterand.

FRANCE

Part 1: July 1979

Part 3: September 1981

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
<del>16.9.81</del>		<del>21.10.83</del>					
<del>22.9.81</del>		<del>25.10.83</del>					
<del>24.9.81</del>		History		PREM 19/1240 /1			
<del>26.10.81</del>		<del>25.1.84</del>					
<del>25.3.82</del>		6/2/84					
<del>26.3.82</del>		<del>14.2.84</del>					
<del>12.5.82</del>		16.2.84					
<del>12.5.82</del>		<del>17.2.84</del>					
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<del>27.6.83</del>		29/2/84					
<del>12.7.83</del>							
<del>21.7.83</del>							
<del>11.9.83</del>							
<del>7.9.83</del>		ENDS					
<del>6/11/83</del>							
<del>12.10.83</del>							
<del>17.10.83</del>							

PART 3 ends:-

AJC to PM

29/2/84

PART 4 begins:-

AJC to PCO

1/3/84



✓ cc SG  
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Foreign and Commonwealth Office

London SW1A 2AH

28 February 1984

for John,

Visit of President Mitterrand: 5 March

We have discussed with the French Embassy the arrangements for President Mitterrand's visit, which you referred to in your letter of 17 February.

The President will arrive at RAF Benson at 1100 for talks from 1130 until 1300 followed by a working lunch. We have told the Embassy that only notetakers will be present. This will be M. Jacques Attali on the French side.

However, the Embassy have told us that President Mitterrand wishes to bring with him also M. Pierre Morel, Adviser at the Elysee on European Community questions, and M. Michel Vauzelle, his spokesman (we believe he may wish to speak to the French press at RAF Benson before departing). It is not envisaged that these two should be present at the talks, but it would be convenient to the President if they could be present at Chequers in case they are required.

I should be grateful to know whether this is acceptable, and whether you will be providing anyone, or wish us to do so, to help field M. Morel and M. Vauzelle.

The President's party is now expected to consist of:

M. Jacques Attali, Special Adviser to the President  
M. Morel  
M. Vauzelle  
Aide de Camp  
Doctor  
M. Christopher Thierry, Interpreter  
(Possibly) Chef de Protocol of the Elysee

I confirm that there need be no guard of honour at the airport, though there will be a carpet-lining detachment of a small number of RAF personnel. Since

/this is

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this is a working visit, and no Minister will be present at Chequers, the Foreign and Commonwealth Secretary thinks it would be acceptable if the Prime Minister did not see the President off. In this case, unless the Prime Minister wishes a Minister to be tasked to do so, the President will be seen off by Sir Geoffrey Howe's Special Representative.

The French Ambassador is likely to be present at RAF Benson to greet the President, but would play no further part. Will the Prime Minister wish to travel from RAF Benson to Chequers with the President (in which case given the presence of a security officer and an interpreter, conditions would be cramped) or in her own car separately?

*Tom*

*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

France : Visits of Pres Mitterrand: 143

28 FFR 1984

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SECRET AND PERSONAL



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*S. U. 1 Rev. .*

Ref. A084/571

MR COLES

*MR 4/2*

When I saw Monsieur Attali last weekend, I asked whether I was to read any other significance than lack of time into President Mitterrand's failure to raise with the Prime Minister on 23 January the defence issues which Monsieur Attali had mentioned to me before that.

2. Monsieur Attali said that the only reason why the President did not raise the subject was that there had not been time. He hoped that there would be time on 5 March.

*REA*

ROBERT ARMSTRONG

20 February 1984

SECRET AND PERSONAL

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Ref. A084/570

MR COLES

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A.F.C.  $\frac{20}{2}$

f-a.

I took advantage of Monsieur Attali's visit to London at the weekend to have a "bilateral" with him.

2. He told me that the President had mentioned in passing at a public occasion, last Friday I think, that he would be visiting the Prime Minister on 5 March. If a formal announcement has not been made, it can thus be made at any time.

3. Monsieur Attali agreed that arrangements should be made between the French Embassy and the Foreign and Commonwealth Office (West European Department), on the understanding that there would be reference to him and me on any difficult or sensitive point.

4. He asked what sort of timing we envisaged. I said that I was not instructed in detail, but I thought that we were envisaging arrival at about 11.00 am, talks before lunch, followed by lunch.

5. Monsieur Attali also agreed that it would be useful if he and I could meet, with Mr Williamson and Monsieur Morel, during the week before the Prime Minister's meeting with the President. We agreed that it might be useful if that meeting were to be held after the Federal Chancellor had seen both the Prime Minister and President Mitterrand. We are at present thinking in terms of the afternoon of Wednesday 29 February.

6. I am sending a copy of this minute to Mr Bone.

REA

ROBERT ARMSTRONG

20 February 1984

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10 DOWNING STREET

*From the Private Secretary*

17 February 1984

Visit of President Mitterrand

I hope that Sir Robert Armstrong (with whom I have had a word today) will be able to obtain the agreement of Monsieur Attali this weekend that arrangements for President Mitterrand's visit to this country on 5 March should be made between the French Embassy and the FCO. I understand that the French Ambassador rang David Williamson yesterday about this visit - we shall clearly get in a muddle unless the lines of communication are simpler.

The Prime Minister has today confirmed that she hopes that the President will arrive at RAF Benson at 1100, that talks will take place from 1130 until 1300 and that the discussion will continue over a working lunch. We propose to follow the same pattern as last time i.e. there would only be note-takers present. I will take the note on our side.

BT / I think that the Prime Minister will wish to meet President Mitterrand at RAF Benson upon his arrival. I assume that, as this is a purely working visit, there need be no question of a guard of honour (but should be grateful for your confirmation). As the Prime Minister has to get back to London after the talks, I wonder whether you think it would be acceptable if she did not see the President off. In that case, would you suggest who might do so?

I am copying this letter to Richard Hatfield (Cabinet Office).

dc

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

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Sir Antony Acland KCMG KCVO  
Permanent Under-Secretary of State

Foreign and Commonwealth Office

London SW1A 2AH

16 February 1984

Sir Robert Armstrong GCB CVO  
CABINET OFFICE

*AO 17/2*

*p.a.*

*My dear Robert,*

VISIT OF PRESIDENT MITTERRAND

You copied to me your minute of 8 February to John Coles. You may have seen the subsequent exchange of telegrams with Paris on 14 February.

There are a number of points which it is important to clear up with Jacques Attali, not least how we tell Francis Gutmann that we wish to postpone the visit he was to have made on 5 March. I have, therefore, drawn together the following points which you may like to put to Attali when you see him at the weekend:

- (a) Attali should by now have told de Margerie of the President's visit. Can we speak to him yet about arrangements?
- (b) Can Sir John Fretwell now inform Gutmann of the postponement of his talks with me? The sooner that we can do this the better.
- (c) We would like to make the press announcement of the President's visit on Friday, 2 March at 1100 on the following lines:

"At the invitation of the Prime Minister, the Rt Hon Mrs Margaret Thatcher FRS MP, the President of the French Republic, Monsieur François Mitterrand, will be visiting the UK for talks and lunch at Chequers on Monday 5 March".

Notes for Editors would draw attention to their last meeting in Paris and describe the talks as being part of the preparation for the Brussels European Council.



PERSONAL AND CONFIDENTIAL

- (d) We are already being asked if President Mitterrand is coming to London as part of his tour of Community capitals. While we can say that the President and the Prime Minister have already had a bilateral discussion of Community matters at Marly le Roi, it would nonetheless be helpful if we could indicate to trusted European Community contacts that another meeting before the European Council is possible. Is there the same requirement for secrecy this time?
- (e) The talks should concentrate on European Community topics, but we would expect the Prime Minister to wish to touch also on developments following the death of Andropov and, perhaps not at such length as last time, developments in the Middle East.

I imagine that you and Attali will wish to make firm plans for your own preparatory meeting and decide who will be there.

You may like to know that the French have still not decided on dates for the next bilateral Summit. We have told the Elysée that the Prime Minister's preference is for 29-30 November. If there is a convenient moment it would be helpful if you could remind Attali of this, while making clear that the arrangements are being pursued through John Fretwell.

I am sending a copy of this letter to John Coles at No 10.

*Yours ever*  
*Antony*

Antony Acland

PERSONAL AND CONFIDENTIAL

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Qz.03593

SIR ROBERT ARMSTRONG

cc: Mr Coles, No 10 ✓ *AA 7/2*  
*f-a.*

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND, 5 MARCH

The French Ambassador spoke to me this morning on the telephone about the timing of an announcement of this meeting. I understand that Monsieur Attali had suggested to the French Ambassador that on this occasion somewhat longer notice might be given than before the last meeting. I have told Mr Coles of this request.

2. It seems to me that, in order to avoid any confusion in the channels of communication, it would be best if the French made contact on this point directly with Mr Coles or that you might have a word with Monsieur Attali when you see him at the weekend.

*DF Williamson*

D F WILLIAMSON

16 February 1984

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PRIME MINISTER

PRESIDENT MITTERRAND

As you know, President Mitterrand is coming on 5 March for a talk and a working lunch. You said that you wished this to take place at Chequers. This will certainly be a great deal more convenient for the President.

We have it in mind that he should arrive at RAF Benson at 11 o'clock, that there should be talks from 1130 until 1300 and that the discussion should continue over a working lunch. We would follow the pattern of his lunch for you - ie M. Attali and I would be the only other people attending.

Before we make final arrangements, I should just like to be sure that you are content to stay down at Chequers overnight on Sunday 4 March and go to meet President Mitterrand at RAF Benson at 1100 hours. Agree?

*Yes*

A.J.C.

16 February 1984



FILE

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10 DOWNING STREET

THE PRIME MINISTER

16 February, 1984

Monsieur Dumas.

I write to thank you for the most beautiful orchids which you sent to me after our meeting the other day.

I found our talks most valuable and send you my best wishes for the daunting task which you have undertaken.

Yours sincerely

Raymond Barber

Monsieur Roland Dumas

607



10 DOWNING STREET

MR COLES

M. Dumas sent the most beautiful orchids (almost tree-like rather than a plant). Would you like to do the thank you letter and mention something about the talks?

A handwritten signature in blue ink, appearing to be 'CJ' or similar initials.

14 February, 1984

37, Quay d'Orsay,  
75007 PARIS.

ROLAND DUMAS

*Ministère des Affaires Européennes*

Dear Prime Minister,  
May I thank you very warmly  
for the most interesting conversation

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*Answer Mr*

*COES*

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*D*

*14/2*

*A.S.C. 5/2*

*h-a.*

PP PARIS

GRS 231

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FM FCO 141200Z FEB 84

TO PRIORITY PARIS

TELEGRAM NUMBER 129 OF 14 FEBRUARY

VISIT OF PRESIDENT MITTERRAND: 5 MARCH

1. SIR R ARMSTRONG TOLD ATTALI ON 8 FEBRUARY THAT THE PRIME MINISTER WISHED TO INVITE PRESIDENT MITTERRAND TO CHEQUERS FOR TALKS AND LUNCH ON MONDAY 5 MARCH. THE PRESIDENT HAS ACCEPTED. DETAILS WILL BE DISCUSSED BETWEEN ARMSTRONG AND ATTALI AT NEXT WEEKEND'S SHERPAS' MEETING. ATTALI SUGGESTED THAT DETAILED ARRANGEMENTS SHOULD BE MADE THROUGH THE FRENCH EMBASSY HERE AND SAID HE WOULD SPEAK TO MARGERIE. IT WAS AGREED THAT ARMSTRONG AND ATTALI WOULD HAVE POINTS OF POLITICAL SIGNIFICANCE REFERRED TO THEM.

2. ARMSTRONG AND ATTALI ALSO AGREED THAT IT WOULD BE USEFUL FOR THEM TO MEET BEFORE THE PRESIDENT'S VISIT AS THEY DID BEFORE THE PRIME MINISTER WENT TO PARIS. ARMSTRONG SUGGESTED THAT THEY BE SUPPORTED BY WILLIAMSON AND MOREL.

3. NOTHING WAS SAID ABOUT THE TIMING OF AN ANNOUNCEMENT. THIS CAN BE DISCUSSED NEXT WEEKEND BUT WE WOULD AIM TO MAKE IT, AS BEFORE, ON THE PREVIOUS FRIDAY, IE 2 MARCH.

GUTMANN

4. THE PUS DOUBTS THE USEFULNESS NOW OF HOLDING HIS TALKS WITH GUTMANN ON 5 MARCH AND WISHES TO POSTPONE THEM. HOWEVER, IT IS NOT CLEAR WHETHER GUTMANN CAN YET BE TOLD OF THE REASON FOR POSTPONEMENT. SUBJECT TO THE VIEWS OF SIR R ARMSTRONG AND ATTALI WE ARE PLANNING TO SUGGEST POSTPONEMENT THROUGH THE FRENCH EMBASSY HERE.

5. AT THIS STAGE NO ACTION IS REQUIRED BY YOU.

HOWE

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COPIES TO:

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PS/NO.10

HD/ECD (I)

PS/SIR R ARMSTRONG

HD/ECD (E)

HD/NEWS D

HD/PROTOCOL

PS

PS/LADY YOUNG

PS/MR RIFKIND

PS/PUS

SIR J BULLARD

SIR C TICKELL

MR JENKINS

MR HANNAY

DEDIP CONFIDENTIAL

010



N. Douglas  
Can we discuss timing please.

Ref. A084/459

1200 Talk =  
1200 Lunch =

MR COLLES

A.S.C. -  $\frac{15}{2}$

A.S.C. -  $\frac{17}{2}$

f.c.

Visit of President Mitterrand

I spoke to Monsieur Attali this morning, to convey the Prime Minister's invitation to President Mitterrand to visit Chequers for talks and lunch on Monday 5 March. He rang back within three hours on the President's instructions to accept the invitation.

2. I said that we could discuss the details further when he was over here in 10 days' time. We could not, however, make all the detailed arrangements between us, and we should have to put those in the hands of others. For our part we should be ready to put them in the hands of the British Ambassador in Paris, subject to suitable instructions as to confidentiality. Monsieur Attali suggested that it would be convenient for the arrangements to be made through the French Embassy here, since the visit was to this country. I said that I thought that we should be prepared to go along with that. He said he would inform Monsieur de Margevie of what was proposed, and agreed that I should myself have a word with Monsieur de Margevie when I saw him tomorrow evening. The discussion of the detailed arrangements would be subject to reference to the Elysee and to the Cabinet Office/No 10 on any point of political significance.

3. Monsieur Attali suggested that it would be useful for him and me to meet before the President's visit, as we did before the Prime Minister's visit to Paris. I said that I should be very ready to do this: perhaps on this occasion supported by Mr Williamson and Monsieur Morel.

4. Nothing was said about when the President's visit might be announced. I presume that we should aim to make an announcement on the previous Friday, 2 March; but that can be discussed with Monsieur Attali when he comes to London.

5. I formed the impression that Sir John Fretwell was not the only Ambassador whose nose had been put out of joint by the way in which the arrangements for the Prime Minister's visit to Paris had been made.



6. I am sending copies of this minute to the Private Secretary to the Foreign and Commonwealth Secretary and to Sir Antony Acland.

*Re*

Approved by  
ROBERT ARMSTRONG  
*and signed in his absence.*

8 February 1984

CONQUEROR



COMMISSIONER

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29 FEB 1984

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*File*

10 DOWNING STREET

*From the Private Secretary*

8 February, 1984

*Dear Sir,*

European Community Issues

M. Dumas called on the Prime Minister at 4.30 today. I enclose the record of conversation.

I am copying this letter and enclosure to John Kerr (H.M. Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and Richard Hatfield (Cabinet Office).

*Yours ever*

*R. B. Bone*

R. B. Bone, Esq.,  
Foreign and Commonwealth Office

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*R. B.*

SUBJECT  
cc Master.

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RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND MONSIEUR DUMAS  
AT 4.30 p.m ON WEDNESDAY, 8 FEBRUARY, 10 DOWNING STREET

Present:

Prime Minister  
Mr. Rifkind  
Sir John Fretwell  
Mr. Williamson  
Mr. Coles

M. Dumas  
The French Ambassador  
M. Perrin de Birchamnant  
M. Legra  
Interpreter

\*\*\*\*\*

The Prime Minister said that the European Council at Stuttgart had established a broad approach to the fundamental problems facing the Community, namely the need for strict budgetary control, surplus agricultural products and a fair distribution of the budgetary burden. There had been no suggestion at that meeting that the Community should run away from the problems by raising more money to finance agricultural surpluses. By contrast the Athens Council had been most disappointing, despite a good deal of preparatory work. As soon as the Council had addressed the details of the problems, the participants had not been prepared to face up to the issues. Since they found it difficult to cut down surpluses, they had looked for a means of financing them. Such progress as had been made on the question of budgetary imbalances had been overturned. M. Delors' proposals for overall control of Community expenditure had got nowhere, despite the support we had given to them. We had, of course, insisted that his proposals would have to be incorporated in the budgetary procedures of the Community.

The need to change the Community's system of financing had arisen before. The present system was not part of the Treaty of Rome but was based on the 1970 decision on own resources. People now wished to change the 1970 decision because they sought a rise in the VAT contributions of member states. Britain also wanted a change but for the reason that the present system was totally inequitable. If there was to be any change in the level of VAT contributions, there must also be a change in the distribution of the burden. The one could not be had without the other.

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The Community could not continue with its present practices. It would shortly run out of money. The Treaty of Rome contemplated agricultural surpluses. It stipulated that there should be reasonable arrangements of procedures at fair prices for consumers. Nor had the Treaty contemplated that the Community would be used as a protectionist device - it had envisaged the breaking down of barriers to trade. It was very disappointing that people had refused to face the problems at Athens. But she would pursue the fundamental issues. The Community could not survive unless these were dealt with.

She knew that President Mitterrand wished to reach a solution in Brussels. When he had visited London last October he had said that if the Athens Council did not solve the problems there would be little hope of achieving this between January and June because member states would find it hard to make concessions in the run up to the European elections. But the President now seemed to believe that another failure at Brussels would be damaging to the Community as a whole.

There was not much time to reach solutions and she was not over optimistic. Her impression from her recent meetings with President Mitterrand and Signor Craxi was that they had not changed their positions. M. Dumas said that he had received an account of the Prime Minister's talk with President Mitterrand. He agreed that a solution must be found at the March Council. Britain and France were in agreement on a number of points as would be apparent from the speech made by President Mitterrand yesterday in the Hague.

The President believed that the time had come to limit the increases in the EC budget. One could not ask for sacrifices nationally while the EC budget increased without reasonable control. To achieve this aim, a technique had to be found which took account of the provisions of the Treaty and which respected the rights of the European Parliament. It was necessary to establish a majority pact which would keep the EC budget within reasonable limits.

/France

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France agreed that agricultural surpluses must be reduced. But the point of divergence between us was that in the French view the reduction of surpluses must be achieved progressively, in a short period, and take account of the agricultural structures of certain countries, especially France.

As regards the problem of budgetary imbalances, France agreed with the United Kingdom that this should not be linked with the general problem of budgetary control. If agreement could be reached on the latter, the Community must at the same time, but separately, establish a system of budgetary equity. Several proposals had been made. The French Government was examining the figures and the implications.

With regard to the problem of own resources, France could not accept that the budget should be increased unreasonably through decisions to increase expenditure. But it felt that if there was to be a system of budgetary control, there would have to be provision for an increase in own resources if only to meet the new expenses of the European Community such as would arise from enlargement (if enlargement was to take place).

More generally, he believed that the compromise reached at Stuttgart was useful. On the other hand, one should not completely reject everything which had emerged at Athens. As President Mitterrand had said, progress had been made there. It was the French hope that by the March Council as much progress as possible could be made on the main subjects to which he had referred - and that accordingly the European Council would not need to enter into details as at Athens but could take decisions on the main questions, namely:

- (a) How and to what extent should the overall budget be controlled?
- (b) What procedures could be used to ensure equitable budget contributions?

/(c) How

(c) How should milk consumption be reduced, by how much and over how many years?

(d) By how much should VAT contributions be raised?

Did the Prime Minister think that this was a reasonable approach?

The Prime Minister said that she failed to understand the reference to the progress made at Athens. There had been none. The Council could not agree on a target for milk production. Italy would not accept guaranteed thresholds. It had even taken the view that the Community should first decide what to spend in the future and by that route determine the required increase in own resources. There had been a discussion between France and Germany on MCAs. But we were not involved and we had an interest in the consequences of any agreement lest they were to be inflationary. The Council had fought shy of strict financial guidelines despite the proposals of M. Delors. Many suggestions had been made for increasing own resources. But even a 1.4 per cent VAT contribution represented a 40 per cent increase and she was by no means confident that some governments would not spend it all at once. With regard to milk, Ireland had refused to accept a super levy and she had been obliged to insist that there could be no discrimination. On the question of an oil and fats tax, we had refused to accept this proposition which was designed to finance the milk surplus and would fall heavily on consumers.

At the European Council in March, she would wish to look at every detail. She was not prepared to sign anything until she knew its full implications. M. Dumas suggested that this meant that there should be detailed negotiations before the Council and the Prime Minister agreed.

Continuing, the Prime Minister said that there was no question of her agreeing to any increase of own resources until she knew  
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the rest of the package. There was the basic difficulty that the countries which produced surpluses wanted these to continue and to be paid for by Germany and Britain. She had always regarded these negotiations as an opportunity to solve fundamental problems and make the Community more efficient. There was still no common market in services because it suited some countries who benefited from agricultural surpluses to oppose such a development.

M. Dumas said that until the current obstacles were removed we could do nothing for the future of the Community. President Mitterrand had launched the idea of "new policies". He had referred to "industrial Europe". Clearly, in this area the United Kingdom and France, either bilaterally or together with others, could establish policies for the future. But that also required money. France would wish to be sure that if new money became available it was devoted to new policies in the fields of research, technology and space rather than to the financing of surpluses.

The Prime Minister commented that if the surpluses were abolished, there would be sufficient money for all these policies without an increase in VAT. The latter increase was needed for enlargement. But in all areas of Community expenditure, including research, it was necessary to examine and justify the existing activities.

Athens had revealed the danger of patched up compromises, which were devoid of merit. All such compromises avoided the fact that the United Kingdom and Germany could not continue to finance the Community. She was concerned at the lack of evidence of will to tackle these problems. She did not underestimate the task concerning M. Dumas.

M. Dumas said that France was going to attack surpluses but wished Britain to understand that this must be done progressively. He felt that if Heads of Government could reflect on the basic questions which he had listed, this would be a starting point. He found European Community procedures cumbersome. The solemn multilateral discussion was not well designed to produce results. He would prefer to deal first by way of bilateral contacts. Each of the member states would have to yield a little and that

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could only be done in bilateral exploratory discussion. So he hoped for frequent discussion with the Prime Minister to establish how far she was prepared to go.

The Prime Minister commented that Signor Cossiga had, as President of the Council, conducted negotiations on the budget problem in a similar way. She repeated that the United Kingdom and Germany were the only net contributors to the European Community. M. Dumas commented that France would soon be in this position. The Prime Minister said that it was ridiculous to subsidise the Danes and the Dutch more generously than we subsidised India. She believed that everyone should pay a subscription to the club. She did not expect to avoid one herself. But the budgetary arrangement must be based on ability to pay. The next generation in Germany would resent an unduly large burden.

Towards the end of the Athens Council we had suggested a formula by which, in the first year, France and the United Kingdom would contribute about 500 million ecus net each to the budget. We had hoped that this would secure French agreement since in theory France should pay more. After the first year, our contribution would be determined by relative prosperity. We might be prepared to yield a little with regard to the corn gluten problem if that stood in the way of an agreement. But it would be necessary to discuss prospective limits on imports with the United States. Mr. Williamson commented that the French and British positions on this issue were closer than they had once been.

M. Dumas said that with regard to milk Britain wished to take action on prices. The French approach was slightly different. It started from the basic idea of the Treaty of Rome and the CAP that there should be a decent income for farmers. It was necessary to abide by that principle so that farmers could attain a reasonable living from their production, especially of milk. He agreed, however, that after a certain level of production had been reached, prices should not be such as to create surpluses.

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So France wanted a price policy which gave farmers a reasonable income together with a system of discouraging production above a certain level. The Prime Minister commented that it was not rational to put farmers in a position where, whatever their production, prices were geared to give them a reasonable income. M. Dumas said that that had been the system established in 1958 when agricultural production in Europe had been inadequate and the income of farmers low. The Prime Minister commented that only some 30 per cent of EC farmers obtained their main income from farming. M. Dumas said that 50 per cent of small farmers produced less than 60,000 kilos of milk per year. The Prime Minister observed that it was good to give encouragement to small farmers but this should be done by way of a social grant and not by price fixing that upset the whole agricultural economy.

Reverting to the problem of budgetary imbalances, M. Dumas said that France accepted that it was not sufficient to solve the problem for one year. A fair solution was required. Overall control of budgetary expenditure was one way of helping with the problem. The Prime Minister said that she thought there might be a fundamental misunderstanding. If there was to be any increase at all in own resources, this would have to be linked with a totally different system of financing. There was no question of divorcing the two. The solution must last as long as the problem. Overall control of Community expenditure was inadequate. M. Dumas said that he thought that the Prime Minister had misinterpreted President Mitterrand's remarks to her on this subject. He agreed that the problem of budgetary imbalances could not be solved by dealing with the problem of overall control of expenditure. What was the Prime Minister's position on budgetary imbalances? The Prime Minister said that we had put forward a complete proposal at Athens which established a limit to budgetary contributions which was related to the ability to pay, the adjustment being made by reducing VAT contributions in the following year. In order to finance repayments, the countries concerned would contribute in relation to a special key. In

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/particular,

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particular, she had suggested that in the first year France and Britain would contribute about 500 million ecus.

Mr. Williamson commented that France had also accepted the idea of a special key for financing relief and the idea of adjustments being made to VAT contributions.

The Prime Minister confirmed that we stood by the proposition we had made. She believed that it should now be put to other governments because a large measure of agreement had been established at Athens.

The discussion ended at 5.45.

A.J.C.

8 February, 1984

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Qz.03564

MR COLES

PRIME MINISTER'S MEETING WITH MONSIEUR DUMAS, 8 FEBRUARY

On 8 February the Prime Minister is meeting Monsieur Dumas, the French Minister with special responsibility for European Community affairs including the post-Stuttgart negotiations.

I attach -

- (i) a speaking note for the Prime Minister. This is on lines with which the Prime Minister will be familiar from her discussions with President Mitterrand;
- (ii) the latest version of the summary of the United Kingdom's position in the post-Stuttgart negotiations;
- (iii) a biographical note on Monsieur Dumas.

I think that these documents cover the main points which may arise at the meeting but the background notes prepared for the Foreign and Commonwealth Secretary's meeting with Monsieur Dumas will be made available to you separately.

2. I am sending copies to Roger Bone (FCO), John Kerr (Treasury), Ivor Llewelyn (MAFF) and to Sir Robert Armstrong.

*DF Williamson*

D F WILLIAMSON

6 February 1984

PRIME MINISTER'S MEETING WITH MONSIEUR DUMAS, 8 FEBRUARY

Speaking note for the Prime Minister on the post-Stuttgart negotiations

Introduction

1. Welcome Monsieur Dumas who has recently been appointed by President Mitterrand as Minister with responsibility for European Community affairs. He takes over a heavy task on the post-Stuttgart negotiations on which France has the additional burden of the Presidency of the Council

[Monsieur Cheysson is chairing the Council of Ministers (Foreign Affairs) and Monsieur Dumas is representing France].

We would all like to see decisive progress at the European Council on 19/20 March.

United Kingdom objectives and requirements

2. The United Kingdom very much welcomed the decision of the European Council in Stuttgart to set an ambitious programme for settling the current problems of the Community and establishing a better basis for the next stage of its development ("la relance de la Communauté"). It is not in the interest either of the United Kingdom or of France that the Community should stagnate and that its internal difficulties should prevent it playing its full role in the world. At the last general election the British public reaffirmed their support for the Community; we are fully committed to its democratic ideals and economic strength.

3. At Stuttgart the United Kingdom took an important step in stating that we were prepared to consider the Community's

/requirements for own resources

requirements for own resources, provided that the present budget inequity is corrected and that there is effective control of agricultural and other spending. An increase in own resources would be a fundamental change in the arrangements agreed by the Community of Six in 1970. It is reasonable enough that other necessary changes should be made at the same time. There is no prospect of our agreeing to an increase in the Community's own resources on any other basis. It requires the unanimous agreement of 10 member states and 10 parliaments. We are not completely inflexible on the methods and modalities but could not agree to a patched-up or time-limited compromise.

#### The budget inequity

4. In 1970 the original Six set up a new financial arrangement which suited their circumstances but which time has now demonstrated is clearly ill-adapted to a Community of 10 or 12. In particular it is not defensible that the United Kingdom, which is not one of the richer member states, should be the only member state apart from Germany to transfer large resources to the Community every year and that in most cases to more prosperous member states. The need to correct this problem is a Community and not only the United Kingdom's problem.

5. We believe that a corrective system must

- be lasting. This can be achieved easily by including it in the revised Own Resources Decision, which would in any event require amendment if own resources were increased. An ad hoc refund of a lump sum will not do;

/ establish a limit on

- establish a limit on the net amount which each member state should transfer to the Community, taking account of ability to pay (it is helpful that the Germans have agreed that they want a limit but not a cutback below their actual contribution). We are ready to remain a modest net contributor and to see that burden increase if our relative prosperity in the Community does so;

- be implemented on the revenue side of the budget, ie by correcting a member state's VAT contribution in the following year. This will avoid any disputes with the European Parliament;

- take account of the full budgetary burden which we bear;

- operate in respect of 1984 and later years.

#### Control of agricultural and other expenditure

6. We believe that there is a good deal of common ground between France and the United Kingdom about the need for greater budget discipline in the Community. We agree that both agricultural and other expenditure must be controlled in future as they are by national governments. It is not right that Community expenditure should be rising very fast when public expenditure has to be held down in all member states. The rate of growth of agricultural spending should be held markedly below the rate of growth of own resources, leaving funds available for other desirable policies. In order to be effective this increased budgetary discipline must become part of the budgetary procedures of the Community and must be observed by the Agriculture and Budget Councils in their decisions. We are not looking for a confrontation with the

European Parliament and are not saying a Treaty change must be made, although we do not think it wise to exclude that possibility. The budgetary arrangements between the Council of Ministers and the European Parliament have not worked at all well in recent years and need to be improved and clarified if there are not to be continuing quarrels in the future.

### Agriculture

7. We supported the intention of Monsieur Rocard to tackle the main agricultural issues in the Agriculture Council. The European Council necessarily will keep an over-view, because that is what we agreed in Stuttgart. It is quite evident that price restraint, a wider application of effective guarantee thresholds, measures to deal with the milk surplus and some dismantling of monetary compensatory amounts must be achieved. Otherwise the policy will break down under the weight of its weaknesses. We believe that all member states must equally carry the burden of adjustment and that in the present difficult circumstances discrimination must be avoided.

### New policies

8. The United Kingdom is particularly keen on the completion of the common market for goods and services, including such current issues as a genuinely liberal regime for non-life insurance; more liberalised transport arrangements (lorry quotas, air fares); further progress on energy (solid fuels policy) and on some areas of high technology. We have been very interested in the French ideas on greater industrial cooperation and will continue to examine those suggestions with interest. We see progress in these areas as an essential complement to the budgetary and CAP package on a lasting basis.

9. An agreement can only be reached if all 10 member states can accept it. It is particularly important, however, that in the coming weeks the bilateral contacts between France and the United Kingdom and between each of them and Germany should be close and discreet. Does Monsieur Dumas envisage this being handled by himself and the Foreign and Commonwealth Secretary personally or does he have any other ideas?

### Budget inequity

If Monsieur Dumas claims, as he has in other contacts, that there is a contradiction between the UK demand for a revised system and our suggestion of equitable figures (eg about 450-500 million ecu as British and French net contributions at the outset)

### Line to take


Throughout the negotiations launched by the Stuttgart European Council the United Kingdom has always argued for a new and fairer system of Community financing to be included in a revision of the 1970 Own Resources Decision. In all the negotiations in the Special Councils and elsewhere throughout the autumn this was the basis on which the debate took place among all member states. Certainly we made clear at Athens that a revised system which produced at the outset a net contribution of a similar size, ie 450-500 million ecu, for Britain and France would be acceptable to us, despite the larger gross domestic product of France. That was in our view a reasonable indication of the working of the new system which we want to see. The Community's financing Decision of 1970 established two principles -

(i) that customs duties, agricultural levies and some revenue from VAT should be transferred from member states to the Community as the Community's own resources

(ii) that there should be a fixed limit, namely the 1% VAT ceiling, on these transfers. Thus the Community's revenue would rise if because of economic prosperity 1% VAT yielded more money but the 1% VAT limit itself could never be exceeded without a unanimous decision of all member states and their parliaments equivalent to a Treaty amendment.

/The United Kingdom

The United Kingdom is prepared to consider an increase in the Community's own resources, despite the principle at stake, but only on condition that there is a correction of the budget inequity and effective control of agricultural and other spending.



UK POSITION IN THE NEGOTIATIONS ON THE STUTTGART DECLARATION

1. The overall objective is to re-launch the Community.

Budgetary Issues

2. On budgetary imbalances we seek a solution designed to 'avoid the constantly recurrent problems between the Member States over the financial consequences of the Community's budget and its financing'. This solution should consist of a corrective mechanism which would:

- be incorporated in the revised own resources decision and last as long as the problem it was designed to correct;

- be based on an objective measurement of the full budgetary burden borne by a Member State. The basis of calculation would be the current allocated budget (calculated on the basis used by the Commission in its note XIX/480/80 and its subsequent note of 16 June 1983);

- correct the measured burden by setting a threshold. This would vary in relation to each Member State's relative prosperity. It would be expressed as a percentage of a Member State's gross domestic product;

- provide net relief to that Member State for sums paid in excess of that threshold. The relief would take the form of a deduction on the revenue side of the budget in the year following that for which it was granted;

- operate in respect of 1984 and subsequent budget years.

3. We also seek greater budgetary discipline, to ensure effective control over the rate of growth of agricultural and other expenditure. To this effect we wish to see:



- the management of EC resources based on the same strict rules as those governing the management of public finance in the Member States ie expenditure must be determined by available finance.
  
- The establishment by the Council, at the beginning of the budgetary procedure, of a frame of reference ie the maximum overall resources available in the following financial year.
  
- Observance of this maximum throughout the budgetary procedure by all three institutions.
  
- Within this overall control, the setting of a financial guideline for FEOGA Guarantee Section expenditure which would hold its growth markedly below that of the own resources base defined on a three year moving average.

These provisions to be incorporated in the Community's budgetary procedures.

4. On the basis of decisions taken under paras 2 and 3 above, we are ready to decide on the future financial requirements of the Community.

#### CAP

5. We want to bring about changes in the operation of the CAP which will adapt it 'to the situation facing the Community in the foreseeable future, in order that it can fulfil its aims in a more coherent manner'. To this end we are seeking agreement on:

- commitment to a rigorous price policy, and to implementation of effective guarantee thresholds for all sectors which are, or are likely to be, in surplus; or where such measures prove necessary because of a significant increase in expenditure or where production is increasing more rapidly than consumption.

- Effective measures to control milk production. We would prefer to operate through price and, in any case, would like



these measures to include at least a freeze on common prices for the next three years. They could also include a super-levy, on the line of the Commission's papers of July and September 1983 (COM(83)(500) and COM(83)(508)), subject to there being no significant exemptions; no unfair discrimination and an appropriate base arrangement.

- A decision to narrow progressively the gap between the Community's cereals prices and those in other producer countries over the next five years.

6. If decisions are taken on milk and cereals on the basis set out in the preceding paragraph, we are ready to authorise the opening of negotiations under Article XXVIII of the GATT with the United States and other principal suppliers designed to achieve the stabilisation of the Community's imports of cereals substitutes (corn gluten feed and citrus pellets). The results of the negotiation would be reported to the Council which would then decide whether to unbind the tariff.

7. We are not prepared to agree to the Commission's proposal for an oils and fats tax.

#### New Policies

8. We attach great importance to early agreement on a substantial list of measures designed to bring about improvements in the internal market and the strengthening of the Community's industrial competitiveness. To this end we would like to see agreement reached on:

- adoption of the blocked Article 100 directives designed to lead to harmonisation of industrial standards.

- Adoption of a Single Administrative Document for customs clearance.

- Adoption of the proposed Common Commercial Policy Regulation



which would enable the Community to respond rapidly to unfair trading practices by third countries.

- Implementation of a genuinely liberal regime for Non-Life Insurance Services.
- A programme for the abolition of road haulage quotas.
- Progress towards liberalisation of air transport services in the Community.
- A date no later than 1990 for the introduction of unleaded petrol.
- A solid fuels policy.
- The ESPRIT programme.

9. We are ready to work constructively on proposals for increasing industrial cooperation, particularly in the areas of high technology.

#### Structural Funds

10. We are working for early agreement on revised FEOGA Structure and Regional Funds. More work is needed on the Commission's proposals for Integrated Mediterranean Programmes which must be examined in close relation to the Community's structural funds.

#### Enlargement

11. We want to see the accession negotiations with Spain and Portugal effectively concluded by the end of September 1984, so that these two countries can enter the Community, as they wish to do, on 1 January 1986.

DUMAS Roland

Minister for European Affairs (Ministre des Affaires Européennes)

Born 1922 at Limoges in the Haute Vienne. Fought in the Resistance. His father was shot by the Germans. Escaped from captivity. Graduated in law from the University of Paris. Studied at the ISE. Barrister at the Paris Court of Appeal since 1950. Political journalist. Centre-Left deputy for Haute Vienne 1956-8; for the Corrèze 1967-8. Socialist Deputy for Périgueux, Dordogne since 1981. Member of the Cultural, Family and Social Affairs Commission of the National Assembly 1981-3.

Dumas is one of Mitterrand's closest and longest standing political allies. Their friendship dates from the Fourth Republic when Dumas first entered Parliament as a member of Mitterrand's own small centre-left political party. They have remained close ever since: Dumas' professional address is in the Rue de Bièvre in the Latin Quarter where Mitterrand has his private flat.

Like Mitterrand, Dumas voted against the establishment of the Fifth Republic. This cost him his seat in Parliament. After a brief return 1967-8, he won Périgueux from a former Gaullist minister in the Socialist landslide of 1981. Dumas has however been unable to consolidate his hold on Périgueux. The Left's list was heavily defeated in the 1983 municipal elections. As Minister, Dumas will automatically cede his seat to his substitute (suppléant).

Dumas has combined politics and journalism with a successful career at the Paris Bar. He has acted as counsel in many politically controversial trials. His defence of Algerian nationalists during the Algerian War established his credentials with the Arab world. Mitterrand has on occasions used him as an emissary both in the Middle East and Africa (e.g. in August 1983 Dumas was sent by Mitterrand to discuss the future of Chad with Kadhafi).

Dumas owes his position in the Government to his loyalty to Mitterrand rather than to his standing in the Socialist Party. In party circles his reputation is more that of a gadabout than of a serious politician. But this judgement may well reflect the jealousy of those excluded from Mitterrand's inner circle.

No known experience of Community affairs, although he is alleged to have fought several cases before the European Court.

Author of books on China, barristers and the media.

Married (twice). Three children.

1) ~~Can~~ ~~lets~~ ~~me~~ ~~what~~  
program was achieved

2) How control - details.

3) How ~~to~~ ~~control~~ ~~budget~~  
- ~~what~~ ~~procedure~~

4) How to reduce ~~with~~ ~~production~~  
Time scale  
2

5) What V. A. T. rate.  $\frac{1.4}{2}$   $\frac{1.6}{2}$

VISIT OF M. ROLAND DUMAS, FRENCH MINISTER FOR EUROPEAN  
AFFAIRS, 8 AND 9 FEBRUARY, 1984

8 February

- 15.00 - Talks with Foreign and Commonwealth Secretary  
and Mr Rifkind at FCO
- 17.00 - Call on Prime Minister at No. 10 Downing  
Street
- 19.45 for  
20.00 - Dinner at 1 Carlton Gardens hosted by Foreign  
and Commonwealth Secretary

9 February

- 15.45 - Talks with Chancellor of the Exchequer at  
H M Treasury

Additional appointments are being arranged by the French  
Embassy.

1) Limit increase in budget  
i.e. Control.

Fixed technique  
No time to alter greatly.

Majority Facts?

2) Surpluses - must be reduced.  
- Increase to nothing must be done  
professionally  
- Aff. structures do have time to adjust

3) Balancing of Budget.

result of control of budget

Shouldn't be 2 issues.

System for equitable share  
- looking at figures

4) Own resources

Unreasonable increase // X prod

if only to meet new expenditures  
from expenditure.

Sol: in ~~the~~ Principle // Stuttgart.



FILE

(w)

ce PM Tour: Paris  
JAN 84.

10 DOWNING STREET

*From the Private Secretary*

MR HATFIELD

VISIT OF PRESIDENT MITTERRAND

I told you, on the telephone, in response to your question, that I was perfectly content with the procedure envisaged in Sir Robert Armstrong's letter of 27 January to Sir Antony Acland and the latter's reply of 30 January for arranging the possible visit by President Mitterrand to this country on 5 or 9 March.

Mr. Bone's letter of 3 February to you about one of the difficulties which arose during the Prime Minister's recent visit to Paris prompts me to say (though I am sure this will be in Sir Robert Armstrong's mind) that I see no point in going over with Mr. Attali the various problems which we faced on that occasion unless Sir Robert needs ammunition to justify the need to make better arrangements on subsequent occasions. I have not consulted the Prime Minister but I am sure that she would not wish us to make anything amounting to a complaint about the arrangements made for her visit to Paris.

I am copying this minute to Roger Bone (Foreign and Commonwealth Office).

A. J. COLES

6 February, 1984

NR

CONFIDENTIAL

pa  
DMS  
6/2

file

BTC



bc Caroline  
Lydes

10 DOWNING STREET

From the Private Secretary

6 February 1984

BT

Visit of M. Dumas

Thank you for your letter of 3 February.

I agree with the arrangements which you propose for attendance at the Prime Minister's meeting with M. Dumas at 1700 hours on 8 February.

A. J. COLES

Roger Bone, Esq.,  
Foreign and Commonwealth Office



Foreign and Commonwealth Office

London SW1A 2AH

3 February 1984

cc PM TOURS:  
PARIS: JAN 84

*John Richard,*

Prime Minister's visit to Paris

I thought you would like to know that the Embassy in Paris have made further enquiries about the decision of the French Air Traffic Controllers to divert the Prime Minister's aeroplane when it had already started its final approach. The enquiries have revealed that the decision was based on a last-minute instruction from a high political level that the aircraft was not to touch down before 1235, ie 5 minutes later than the time previously agreed. This instruction is said to have emanated from the Acting Chief of Protocol who was at Villacoublay. The Ambassador is certain that he would only have issued such an instruction on the direct orders of Attali, who was with him at the time. This reinforces the impression of disregard for the Prime Minister's comfort and convenience, and of excessive concern that Mitterrand should not be hurried or mildly embarrassed by his guest's arrival at Marly before 1300.

The Embassy have gathered this information from French Air Force officers whose heads would be on the block if it were known that they had told us what happened. We cannot therefore use the information directly but it is something that Sir Robert Armstrong may like to bear in mind when talking to Attali.

I am copying this letter to John Coles at No 10.

*[Handwritten signature]*  
(R B Bone)  
Private Secretary

R Hatfield Esq  
Cabinet Office

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

3 February 1984

*John*

Visit of M. Dumas, French Minister for External Affairs

Thank you for your letter of 24 January. We have now confirmed with M. Dumas that he will call on the Prime Minister at 1700 hours on 8 February. I enclose a copy of M. Dumas's programme.

In spite of several requests we still do not have details of M. Dumas's party. We do, however, know that M. Dumas will be accompanied by M. Noel, the Secretary-General of the Commission. He will take part in the talks with the Foreign and Commonwealth Secretary, but will not accompany M. Dumas to No 10. Subject to your agreement we suggest that M. Dumas should be accompanied for that call by the Foreign and Commonwealth Secretary, one French official and M. Dumas's interpreter.

*John*  
*R B Bone*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

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15408 - 1

00 PARIS

GRS 146

CONFIDENTIAL

FM FCO 261153Z JAN 84

TO IMMEDIATE PARIS

TELEGRAM NUMBER 79 OF 26 JANUARY

SAVING TO UKREP BRUSSELS

MUM 020/1		
RECEIVED IN REGISTRY		
27 JAN 1984		
DESK OFFICER		REGISTRY
INDEX	PA	Action Taken
	PA	J.F.

YOUR TELNO 64: VISIT BY M DUMAS

1. PRIME MINISTER HAS AGREED TO SEE M DUMAS.
2. PLEASE THEREFORE PUT FOLLOWING REVISED OUTLINE PROGRAMME TO M DUMAS:

8 FEBRUARY

15.00 HOURS

- TALKS WITH ME AND MR RIFKIND

17.00 HOURS

- CALL ON PRIME MINISTER

19.45 FOR 20.00

I SHALL BE HOST

- DINNER AT 1 CARLTON GARDENS, AT WHICH

9 FEBRUARY

15.45

- TALKS WITH CHANCELLOR

3. CHANCELLOR REGRETS THAT PROPOSED TIMING IS EARLIEST HE CAN DO.

4. WE ARE TRYING TO ARRANGE A MEETING WITH LORD GOWRIE (PROBABLY ON 9 FEBRUARY).

5. WE UNDERSTAND FROM THE EMBASSY WITH WHOM WE ARE IN TOUCH ON PROGRAMME, THAT THE FRENCH AMBASSADOR WILL BE GIVING A DINNER IN HONOUR OF M DUMAS ON 9 FEBRUARY.

6. GRATEFUL TO KNOW WHETHER M DUMAS WILL BE HAPPY TO CONDUCT TALKS IN ENGLISH.

HOWE

NNNN

DIST:

LIMITED

ECD(I)

ECD(E)

WED

PROTOCOL D

PS

PS/MR RIFKIND

COPIES TO:

MR UNWIN TSY

MR FITCHEW TSY

MR WILLIAMSON CAB OFF

MR ANDREWS MAFF

MISS LACKEY DTI

PS/LORD GOWRIE (MINISTER FOR THE ARTS)

*Rip. J 27/1*

CONFIDENTIAL

France : Visits of Pres. Mitterrand pt. 3.



25 FEB 1984



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Foreign and Commonwealth Office

London SW1A 2AH

*Mr. Coles*

*Probably not - but*

*will decide in*

*Mr. Ryder: to re-arrange  
diary accordingly  
please.*

2 February 1984

*Mr Coles*

*Repl. 4/6/2*

*It is this to*

*Dear John,*

*Dms*

*be a working  
Dinner? CR.*

*3/2*

*3/2*

Opening of the Joint European Torus (JET)

Thank you for your letter of 26 January. We have now heard from the French Embassy that President Mitterrand is able to attend the opening of JET on 9 April, and is glad to accept the Prime Minister's invitation to dinner, perhaps preceded by talks, that evening.

We are informing the Palace of President Mitterrand's visit for the opening of JET, and we expect an announcement shortly from the Palace about the Royal Opening. They do not plan to mention the planned presence of President Mitterrand, but it will probably soon become known.

I am copying this letter to Michael Reidy at the Department of Energy.

*Yours ever,*

*Peter Ricketts*

(P F Ricketts)  
Private Secretary

A J Coles Esq  
10 Downing Street

CONFIDENTIAL

Euro Post. Jan 84

J/E/T





Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO  
Permanent Under-Secretary of State

30 January 1984

CC PM TOUR  
PARIS: JAN 84

Sir Robert Armstrong GCB CVO  
CABINET OFFICE

*My dear Robert,*

VISIT OF PRESIDENT MITTERRAND

①

*with thanks  
on handling*

1. Thank you for your letter of 27 January, which we discussed at lunch today. I agree that you should talk to M. Attali as proposed in paragraph 3 of your letter. Perhaps you could tell us when you have done so, so that we can then send the appropriate instructions to John Fretwell. Although, given the French desire for secrecy, we cannot be the first to tell the French Embassy in London about the visit, I think we shall, nearer the time, have to bring them in, if only so that they can help with administrative arrangements, for example those covering security.

3. I am copying this letter to John Coles.

*Yours ever*

*Antony*

Antony Acland

103  
Personal + Confidential

Mr Christopher

Mr Armour

MSW  
T. M. 30/1



WES

cc, Private Secretary

Sir J Bonhard

Sir C Tidwell

Mr Hannay

Mr Jenkins

ESD(1)

CCPM  
Tous:  
Paris:  
Jan 84

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service to Sir J Bonhard.

Sir Robert Armstrong GCB CVO

Ref. A084/319

27 January 1984

WES = 02713  
RECEIVED IN REGISTRY  
30 JAN 1984

My dear Antony,

Visit of President Mitterrand

I had a word both with you and John Coles yesterday about his letter of 25 January to Brian Fall.

It is very tiresome that we are not able to deal with these matters straightforwardly. But I think that it is in our interest to preserve and foster bilateral relationships between No 10 Downing Street and the Elysee, and that that means that we have to take account of the Elysée's obsession with secrecy and its distrust of the French bureaucracy.

On the other hand we must do our best to get the arrangements for visits of this kind into sensible channels. As we saw from the Prime Minister's recent visit to Paris, if we do not do so things are likely to go wrong.

I should like to propose that we handle matters as follows. In the first instance I should speak to Attali, and say that the Prime Minister has been thinking further about the possibility of a second talk between her and the President before the Brussels European Council. She thinks that such a talk is likely to be useful, and she would like to invite the President to a private and informal visit to Chequers early in March, much on the lines of her own visit to Paris the other day. She would therefore like to invite the President for talks at Chequers on the morning of Monday 5 March, followed by lunch. If that were not possible for the President, she would propose a similar arrangement for Friday 9 March. I would go on to say that, if the President is able to accept this invitation in principle, there will be detailed arrangements to make in which neither he nor I need to get involved. I will say that for our part we should like to put our end of the arrangements

/under the

Sir Antony Acland KCMG KCVO

Personal + Confidential

Personal + confidential

under the charge of John Fretwell, who will be under strict instructions to observe absolute discretion on the subject of the visit. I will then invite Attali to name the contact on his side.

One advantage of proceeding in this way would be that Attali is coming to London for the meeting of Personal Representatives in the middle of February, and that would give me an opportunity to discuss the matter further with him, if there were any problems.

I am sending you a copy of his letter to John Coles.  
Yours ever

Robert

Personal + confidential

bc CR  
u D/W

CONFIDENTIAL



*Thatcher*  
CAROLINE

RYDER

10 DOWNING STREET

From the Private Secretary

26 January 1984

Opening of the Joint European Torus

*PR*  
Thank you for your letter of 25 January.

The Prime Minister would be glad to offer President Mitterrand dinner, perhaps preceded by talks, on 9 April. In order to do this, she will have to cancel another dinner. I should therefore be grateful if you could establish soon whether the President accepts the Prime Minister's invitation.

I am copying this letter to Michael Reidy (Department of Energy).

A. J. COLES

Peter Ricketts, Esq.,  
Foreign and Commonwealth Office.

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Note: I telephoned PR to say that if President Mitterrand could manage lunch instead that would be better for the PM.

D  
26/1

CONFIDENTIAL



Prime Minister.

Foreign and Commonwealth Office

You were going to a state  
family dinner on 9 April.  
Do you want to offer President  
Mitterand a dinner instead?

London SW1A 2AH

25 January 1984

A.J.C. 25/1

I shall have to  
ms

Dear John,

Opening of the Joint European Torus (JET)

In your letter of 20 January you said that the Prime Minister had noted that it might be necessary to offer President Mitterrand talks and possibly hospitality if he attends the opening of the JET at Culham on 9 April. You suggested that we revert to the subject later.

The French Embassy have now told us that the Elysee need to know, for the purposes of the President's diary, how long he can expect to stay in the UK if he attends the JET ceremony. They wondered whether it was the Prime Minister's intention to offer the President some hospitality while he is here. I should be grateful in these circumstances if it would be possible to let me have an indication of the Prime Minister's intentions.

I am copying this letter to Mike Reidy at the Department of Energy.

Yours ever,

Peter Ricketts

(P F Ricketts)  
Private Secretary

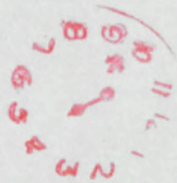
A J Coles Esq  
10 Downing Street

CONFIDENTIAL

Wks PR: JST

POSTAGE AND TELEGRAPH OFFICE  
LONDON E.C. 1

Jan 14



2

S E C R E T



FILE 6 R27  
BF

10 DOWNING STREET

*From the Private Secretary*

25 January, 1984

VISIT OF PRESIDENT MITTERRAND

I undertook in my letter to you of 23 January about the Prime Minister's visit to Paris that day to be in touch with you again about the proposed visit by President Mitterrand to this country before the European Council in March.

The Prime Minister has now considered this matter. Taking into account her many other commitments, our preference would be to offer President Mitterrand talks at Chequers on the morning of Monday, 5 March, followed by lunch. An alternative would be a similar arrangement on 9 March.

The Prime Minister envisages an informal visit much on the lines of her own to Paris the other day - though we might allow rather longer for the talks on this occasion. If the President could arrive at RAF Benson at, say, 1100 hrs talks could take place at Chequers from 1130 until 1300 hrs and be followed by a working lunch.

I should be grateful for your views on how we can best handle the arrangements with the French on this occasion. I have no doubt that they will wish to hold the visit very close and not announce it until shortly before it takes place. We can respect that wish but, as with the Prime Minister's visit to Paris, we do not favour surrounding the visit with unnecessary mystery. Subject to your views, and those of Sir Robert Armstrong to whom I am copying this letter, I am inclined to think that we should make the arrangements through H.M. Ambassador in Paris.

A. J. COLES

B. Fall, Esq.,  
Foreign and Commonwealth Office

S E C R E T



*File to*

10 DOWNING STREET

*From the Private Secretary*

24 January, 1984.

Visit of Monsieur Dumas

The Prime Minister told President Mitterrand yesterday that she would receive M. Dumas when he came to London.

The most convenient time for Mrs. Thatcher to receive him would be 1700 on 8 February. Provided you see no objection, I should be grateful if this could be put to M. Dumas.

I am sending copies of this letter to John Kerr (HM Treasury) and Richard Hatfield (Cabinet Office).

① *[Handwritten initials]*

A. J. COLES

R.B. Bone, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

PRIME MINISTER

? You agreed to receive President Mitterrand before the end of February. In fact, it would be more convenient from a diary point of view to offer him talks on the morning of Monday, 5 March, followed by lunch - or a similar arrangement on Friday, 9 March. 5 March would be the best from the point of view of the run-up to the European Council. May we invite him to Chequers on 5 March (with 9 March as an alternative)?

Yes  
MT.

A & C.

24 January, 1984.

CONFIDENTIAL



c. FRANCE : Visits of  
M. Mitterrand

b

10 DOWNING STREET

From the Private Secretary

23 January 1984

Dear Brian,

See FRANCE;  
PM VISITS  
Part 3.

VISIT OF THE PRIME MINISTER TO PARIS

The Prime Minister visited Paris today for talks and lunch with President Mitterrand. I enclose a copy of the record.

BE

We shall be taking action separately about the plan for President Mitterrand to visit London before the end of February - and shall also be arranging a time for M. Dumas to call on the Prime Minister.

I am copying this letter and enclosure to John Kerr (HM Treasury), Richard Mottram (Ministry of Defence), Robert Lawson (MAFF) and Richard Hatfield.

The record should be closely protected and not further distributed except where this is operationally essential. Since the Elysee attach great importance to the confidentiality of talks at this level, no reference to the contents of the talks should be made in conversation with French representatives.

Yours ever

John Major

Brian Fall, Esq.,  
Foreign and Commonwealth Office.



bc Caroline Ryder

10 DOWNING STREET

*From the Private Secretary*

20 January 1984

Opening of the Joint European Torus (JET), Culham

Thank you for your letter of 19 January.

The Prime Minister has noted that we are likely to propose to the French that President Mitterrand should attend the ceremony of the opening of the Joint European Torus which Her Majesty The Queen will perform on 9 April.

The Prime Minister has noted that it may be necessary to offer the President talks and possibly hospitality while he is here. I suggest that we revert to this matter later.

I am copying this letter to Michael Reidy (Department of Energy).

A. J. COLES

Peter Ricketts Esq  
Foreign and Commonwealth Office.

055

PRIME MINISTER

Opening of the Joint European Torus (JET), Culham

The attached letter shows that The Queen has agreed to open this European Community project, probably on 9 April. Apparently President Mitterrand is keen to come - presumably in his capacity as President of the European Community.

It is not suggested that you should attend the opening ceremony but it would be odd if you did not see President Mitterrand while he was here. I do not think a decision is needed now but you will wish to bear this event in mind in case he refers to it in Paris on Monday - if he does you may want to say that you hope you can entertain him at No.10. *on Cheques.*

May I confirm that you see no objection to the ceremony taking place on 9 April?

Confirmed.

A.J.C.

*not*

19 January 1984

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

19 January 1984

Dear John,

Opening of the Joint European Torus (JET), Culham

HM The Queen has agreed to open this European Community collaborative nuclear fusion research project. Buckingham Palace have provisionally proposed that the ceremony should take place on 9 April and we expect this to be confirmed very shortly. The French have told us that President Mitterrand is very keen to attend the opening, and 9 April is within the range of dates on which he has indicated he would be free to attend. We have not yet told the French of the proposed date, but hope to do so very soon.

We would not wish to suggest that the Prime Minister should attend the opening ceremony with The Queen and President Mitterrand. But, although the Prime Minister will have seen Mitterrand at the European Council shortly before, we think that it might be misinterpreted if she did not offer on the occasion provided by the visit to have talks with him, perhaps over a private dinner in the evening - or, conceivably, on the Sunday evening before. There will no doubt be a number of outstanding bilateral and European Community issues and it would be a good opportunity to speak to him.

I should be grateful if you would let me know what the Prime Minister would like to do.

I am copying this letter to Michael Reidy at the Department of Energy.

Yours ever,

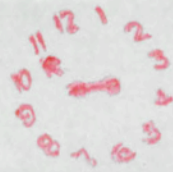
Peter Ricketts

( P F Ricketts )  
Private Secretary

A J Coles Esq  
10 Downing Street

CONFIDENTIAL

20 JAN 1984



1



POSTAL TELEGRAPH AND TELEPHONE  
CORPORATION



A.S.C. <sup>11</sup>/<sub>12</sub>

# CABINET OFFICE

With the compliments of  
Sir Robert Armstrong GCB CVO  
*Secretary of the Cabinet*  
*and Head of the*  
*Home Civil Service*

70 Whitehall, London SW1A 2AS

Telephone 01-233 8319

Ref.A083/3222

MR WILLIAMSON

---

c Mr Coles (No 10)

I just (9.45 am) received a call from Monsieur Bianco in the Elysee to confirm that the President has nominated Monsieur Pierre Morel to be your vis-a-vis in the private and confidential talks to which the President and the Prime Minister agreed in the course of the Anglo-French Summit last Monday.

2. Monsieur Bianco was extremely cordial. He said that he felt that the Summit had been a great success, and that your talks with Monsieur Morel had a good hope of reaching a high degree of bilateral agreement on the issue to be discussed.

ROBERT ARMSTRONG

ROBERT ARMSTRONG

11 November 1983



10 DOWNING STREET

*From the Private Secretary*

25 October 1983

ANGLO-FRENCH SUMMIT

I enclose a copy of the record of the plenary session which took place on Friday 21 October at 1045.

I am sending copies of this letter and the enclosure to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Defence and Energy, the Minister of Agriculture, the Minister for Trade and Sir Robert Armstrong.

R.B. Bone, Esq.,  
Foreign and Commonwealth Office.

RECORD OF THE PLENARY SESSION OF THE ANGLO-FRENCH SUMMIT,  
HELD AT NO. 10 DOWNING STREET AT 1045 ON FRIDAY 21 OCTOBER 1983

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Present

The Prime Minister	President Mitterrand
Secretary of State for Foreign and Commonwealth Affairs	M. Cheysson (Minister for External Affairs)
Chancellor of the Exchequer	M. Delors (Minister for the Economy, Finance and the Budget)
Secretary of State for Defence	M. Hernu (Minister of Defence)
Secretary of State for Energy	M. Rocard (Minister of Agriculture)
Minister of Agriculture, Fisheries and Food	M. Mexandeau (Delegate Minister for Industry and Research)
Minister for Trade	Mme. Cresson (Minister for External Trade and Tourism)
Mr. Rifkind	M. Chandernagor (Delegate Minister for European Affairs)
Sir Robert Armstrong	Officials
Officials	

\* \* \* \* \*

The Prime Minister began by saying that she and President Mitterrand had had extensive discussions the previous evening on East/West relations and nuclear disarmament. They had agreed on the need to keep the UK and French nuclear deterrents out of the INF and START negotiations. They had enunciated similar positions publicly (President Mitterrand at the UNGA). At their second tete-a-tete they had discussed European issues. They had agreed that they must work as hard as possible for the maximum degree of agreement at the Athens European Council. She was not too pessimistic about the prospects. Agreement on as many issues as possible at Athens would avoid a crisis within the Community.

President Mitterrand said that the Soviet Union could not be allowed to be the only country with intermediate range

/ missiles.

missiles. The UK and French nuclear deterrents could not be included in the Geneva negotiations. Britain and France could not substitute themselves for the Alliance in the protection of Europe. He was intransigent on the missiles issue and would remain so. There would however be the problem of restarting the Geneva INF talks if they broke down. He described his proposal (put forward at the UN) for a meeting with the five nuclear powers as necessary for presentational reasons. There was a problem in refusing to consider the inclusion of UK and French forces in both the strategic and intermediate range negotiations. One had to concentrate on the argument of the massive imbalance between the nuclear forces of the Soviet Union and the United States on the one hand, and those of UK and France on the other. On European questions, President Mitterrand said that the agreement on fruit and vegetables at Athens earlier this week had opened the door a little to progress. But the problems of the British Budget contribution, own resources and MCAs remained. A solution might be possible in due course if each country were prepared to make sacrifices, but he did not think that we were yet at that stage. He could not predict whether the difficulties would be resolved before, at or after Athens, but he drew attention to the timing of the forthcoming European Assembly elections. It would, however, be bad for Europe if there were a serious failure at the Athens European Council. He referred to the existence of Franco-British differences within the wider Community disagreement.

President Mitterrand went on to say that France did not wish to be isolated on the Falklands issue at the United Nations. The United States and Italy would probably vote for the Argentine Resolution. France would not vote for the present Resolution which was disagreeable for the United Kingdom. But France's position would be more difficult if the Resolution were changed. Discussion should be pursued by Ministers. In conclusion, he drew attention to the prospects for industrial collaboration and to the increase in bilateral contacts.

/ Sir Geoffrey Howe

Sir Geoffrey Howe described his talks with M. Cheysson. They had agreed that UK and French officials should meet to discuss two particular Community issues: the scope for co-operation on New/Other policies, and for narrowing differences on the elements of disagreement on the post-Stuttgart negotiation. The Foreign Ministers had approved the Joint Report on bilateral relations. Since the Closer Contacts exercise had been established at the last Summit there had been an explosion of contacts which were very valuable. The Foreign Ministers wished to endorse the report and encourage further co-operation.

On the Middle East, Sir Geoffrey Howe said that they were not optimistic on progress towards reconciliation in Lebanon. They had noted the continuing problem of the Iran/Iraq war and were in agreement on work on a resolution at the United Nations. He and M. Cheysson had agreed on the need to find out more about South African intentions on Namibia. There would be increased French, UK and German contacts with the South Africans. M. Cheysson had described the French view on Chad.

President Mitterrand expressed his anxiety at the situation in Lebanon. How and when could our forces be removed? The Prime Minister said that she, too, was concerned that UK forces should not remain in Lebanon indefinitely. Sir Geoffrey Howe added that the Lebanese were not facing up to their responsibilities. Perhaps an indication of MNF countries' intention of working towards a reduction of their forces would have a positive effect. The Prime Minister repeated that it was necessary to consider when a valid opportunity to withdraw would arise, to which M. Cheysson added that it should not, however, look as though we were giving up our support for the institutional structure of Lebanon.

Mr. Lawson summarised his discussions with M. Delors. On the follow-up to the Williamsburg discussions, they had agreed that the right way to proceed was under the aegis of the G5.

A meeting in Geneva would be useful. As far as the Community was concerned, it would be sensible to handle follow-up in ECOFIN, rather than within the current post-Stuttgart negotiations. On debt, he and M. Delors had agreed that it would be dangerous for governments to set a precedent by providing additional funds to fill gaps. For Brazil and others it was necessary to have a strong Fund programme and to pursue rescheduling by the commercial banks. They had also discussed the respective French and British economic situations. On the Community they had agreed that the UK and France should keep in close contact, and shared the view that there should be equitable financing and that total expenditure should be controlled. M. Delors had agreed on the importance of a package at Athens and on finding a lasting solution to the Budget problem (hence his interest in ecretement des soldes). M. Delors had also emphasised the importance for France of New Policies in helping the less developed regions, reviving industry and in promoting co-operation between European firms. French amendments had improved the Danish Convergence Fund proposal, but it was still inadequate. He and M. Delors had agreed on continuing bilateral contacts on the post-Stuttgart negotiations, perhaps widening to trilateral with the Germans in due course.

M. Delors agreed. There was a great deal still to do in the Community negotiations. The French were looking for savings not simply in the CAP but also in structural funds. He repeated French priorities for New Policies. Asked by the Prime Minister how quickly the Ministers of Finance thought the UK and France would move out of recession, Mr. Lawson said that while they recognised that their economies were moving out of recession, they had not reached a view on how fast. There was, however, sustained progress. M. Delors identified two obstacles to economic growth in Europe. First, since US capital played such an important role, high US interest rates were putting a psychological and financial brake on investment in Europe. Only more investment would keep European industry afloat. Secondly, when the US was in deficit on its trade balance, the

level of the dollar dropped and other countries benefited. At present the US deficit was benefiting Japan in particular.

Mr. Heseltine said that he had had a series of meetings with M. Hernu this year. Much of their effort was devoted to the harmonisation of the operational requirements of the French and British armed forces, and thus of their equipment needs, particularly over the next generation of fighter aircraft. As for widening the discussion to other European countries, Mr. Heseltine said that they had agreed that it was difficult enough to co-ordinate the activities of three (UK, France and FRG). We might suggest to Allies that the WEU could provide a framework for discussion of arms procurement among a wider group of countries. Explaining the UK position on the launcher for Skynet 4, Mr. Heseltine said that M. Hernu had stressed the significance of using a European launcher. HMG understood the likely impact of the decision on Skynet and the importance the French attached to it. The French had made a further offer to try to bridge part of the cost difference. The French offer would be considered most carefully and a decision taken soon. He and M. Hernu had also agreed on limited joint co-operation in training and visits for the armed forces, which would be pursued at Chiefs-of-Staff level. M. Hernu emphasised French hopes that the UK would give careful consideration to Ariane as the launcher for Skynet 4. The Prime Minister drew attention to the problem of possible design changes. We were, however, conscious of the need for Europe to retain a capacity in a number of strategic fields. The issue would be weighed carefully.

Mr. Jopling said that his talks with M. Rocard had been confined to the CAP. Both agreed that CAP costs must be contained. The UK still considered a financial guideline essential, but France opposed this. France accepted that the growth in CAP costs should parallel those of own resources, but had not accepted a slower growth rate for the CAP. On milk, the French argued that this was the last area possible

/ for concessions

for concessions and that concerted action was needed on milk, cereals and cereal substitutes and MCAs. The UK believed that price discipline and guaranteed thresholds were the best mechanisms for restraining milk production costs. France might accept a system of quotas through supplementary levies, but not a simultaneous pricing system because of the consequences for employment. Price restraint was also needed in the cereals sector but France believed that any policy should be gradual if it was not to push people from grain producing into sectors such as livestock and milk which were already in difficulty. France wanted action to limit imports of cereal substitutes, while the UK attached less importance to this. There was agreement that MCAs were an impediment to greater efficiency. It remained a high French priority to abolish MCAs, especially positive MCAs. This was not a crucial issue for the UK in the post-Stuttgart negotiations, since abolition would bring no great budgetary gains. Any arrangements would have to take into account the special position of sterling as a floating currency. M. Rocard added that as a means of reducing production in excess sectors, pricing policy could be useful for some products but not all. There was a need to maintain farm incomes in some sectors and France would be studying other methods particularly regarding milk. M. Rocard underlined the French concern at the relationship between milk and cereal substitutes. We must take account of economic realities. Each country would have to make sacrifices in the negotiations in agricultural areas which it held dear. Milk must not be hit twice both by limits on quantity and through MCAs. In general, the present negotiations were not conducive to bringing all the potential elements on to the table. Some countries would have to make sacrifices on products, other "horizontal" sacrifices, for example on own resources, or MCAs.

The Prime Minister commented that British and French objectives seemed to be the same, but discussion on methods was temporarily blocked. Could this be unblocked by December? There would have to be trade-offs.

/ Mr. Channon

Mr. Channon said that in his meeting with M. Mexandeau they had agreed to move forward on three projects which were going well. They would keep in touch on the financial terms for the Guangdong nuclear project. A joint venture was shaping up between Rolls Royce and Creusot Loire for a gas turbine power plant for generating electricity. On the Lucas/Ducellier/Valeo case, Lucas were now arranging to make a formal approach to Valeo. M. Fabius, the French Minister for Industry, had said earlier that he would be willing to look at proposals. The UK and France were close on the steel issue and were worried about the Germans reopening it at the next Steel Council. Officials would meet. A joint working party was proposed, with a first meeting around 15 December, to make a detailed study of the telecommunications sector. M. Mexandeau commented that it was particularly important to establish co-operation during this period of technological transition in the telecommunications field.

With Mme. Cresson, Mr. Channon said that they had agreed on proper compensation on speciality steels. The US offer was frankly ridiculous. The UK and French Governments should bilaterally and through the Community continue their efforts to get the Japanese market opened up. There was a need to continue to talk to the Americans about extra-territoriality. The internal market of the Community should be completed for the sake of economic growth and co-operation between European industries. The UK was looking at the economics of the Airbus A320. It had been agreed that Airbus Industrie should make a high level presentation to British Airways in the near future. It was up to the latter, not HMG, to decide on purchase. The French had also raised problems over tendering for the new transit railway in the London Docklands. This was for the Docklands Corporation to decide but Mr. Channon would be writing to the Chairman. He had assured the French that we had not known about the Dunlop decision before they had.

Mme. Cresson emphasised that improvements to the Community internal market should be linked to a better definition of the

common commercial policy. On Airbus A320, it was essential not to leave a monopoly to Boeing. Attempts to sell the A320 would be helped if all the governments concerned committed themselves to building it. A BA decision to buy, after British Caledonian, would add to the project's credibility.

Reporting on his talks with M. Chandernagor, Mr. Rifkind said they had talked about the implications of enlargement, particularly for the Community institutions. There was a danger of their becoming top-heavy. In the context of the internal market, it had been agreed that it would be desirable to simplify frontier controls. Like Mme. Cresson, M. Chandernagor underlined the link in French eyes between the internal market and the common commercial policy. The Community were always on the defensive on the latter. He noted convergent views with the UK on New Policies for the Community. We should try to work together, particularly on new technologies. There would be an early meeting of officials in an attempt to draw up, for joint presentation at Athens, some concrete ideas in the New Policies field. As for curbing expenditure, it was essential this should cover all areas, including growth in the structural funds. Spanish and Portuguese accession negotiations should go each at its own pace. He asked what would happen to the Budget between agreement at Athens on an increase in own resources and its implementation, say, two years later.

Summing up, the Prime Minister said that it had been a workmanlike Summit. The atmosphere had been positive and friendly. At the press conference, she and President Mitterrand should take the line that on the Community we were coming to a moment of decision. There was a continuing series of meetings among Ministers who were looking at all the issues in an attempt to find appropriate solutions.

The plenary session ended at 1210.

A.S.C.

610 COVERING CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

21 October 1983

Dear Sir,

Type please.  
JH 24/10.

Anglo-French Summit: Plenary Session,  
21 October

I attach a draft record of the plenary session of the Anglo-French Summit, held at No 10 this morning.

Yours ever

(J E Holmes)  
Private Secretary

John Holmes

A J Coles Esq  
10 Downing Street

COVERING CONFIDENTIAL

DRAFT RECORD OF THE PLENARY SESSION OF THE ANGLO-FRENCH SUMMIT, HELD AT NO 10 DOWNING STREET AT 1045 ON FRIDAY 21 OCTOBER 1983

Present

The Prime Minister	President Mitterrand
Secretary of State for Foreign and Commonwealth Affairs	M. Cheysson (Minister for External Affairs)
Chancellor of the Exchequer	M. Delors (Minister for the Economy, Finance and the Budget)
Secretary of State for Defence	M. Hernu (Minister of Defence)
<i>Secretary of State for Energy</i> Minister of Agriculture, Fisheries and Food	M. Rocard (Minister of Agriculture)
Minister for Trade	M. Mexandeau (Delegate Minister for Industry and Research)
Mr Rifkind	Mme Cresson (Minister for External Trade and Tourism)
Sir Robert Armstrong	M. Chandernagor (Delegate Minister for European Affairs)
Officials	Officials

1. The Prime Minister began by saying that she and President Mitterrand had had extensive discussions the previous evening on East/West relations and nuclear disarmament. They had agreed on the need to keep the UK and French nuclear deterrents out of the INF and START negotiations. They had enunciated similar positions publicly (President Mitterrand at the UNGA). At their second tete-a-tete they had discussed European issues. They had agreed that they must work as hard as possible for the maximum degree of agreement at the Athens European /Council.

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Council. She was not too pessimistic about the prospects. Agreement on as many issues as possible at Athens would avoid a crisis within the Community.

2. President Mitterrand said that the Soviet Union could not be allowed to be the only country with intermediate range missiles. The UK and French nuclear deterrents could not be included in the Geneva negotiations. Britain and France could not substitute themselves for the Alliance in the protection of Europe. He was intransigent on the missiles issue and would remain so. There would however be the problem of restarting the Geneva INF talks if they broke down. He described his proposal (put forward at the UN) for a meeting with the 5 nuclear powers as necessary for presentational reasons. There was a problem in refusing to consider the inclusion of UK and French forces in both the strategic and intermediate range negotiations. One had to concentrate on the argument of the massive imbalance between the nuclear forces of the Soviet Union and the United States on the one hand, and those of UK and France on the other. On European questions, President Mitterrand said that the agreement on fruit and vegetables at Athens earlier this week had opened the door a little to progress. But the problems of the British Budget contribution, own resources and MCAs remained. A solution might be possible in due course if each country were prepared to make sacrifices, but he did not think that

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we were yet at that stage. He could not predict whether the difficulties would be resolved before <sup>at</sup> or after Athens, but he drew attention to the <sup>timing of the</sup> forthcoming European Assembly elections. It would however be bad for Europe if there were a serious failure at the Athens European Council. He referred to the existence of Franco-British differences within the wider Community disagreement.

3. President Mitterrand went on to say that France did not wish to be isolated on the Falklands issue at the United Nations. The United States and Italy would probably vote for the Argentine Resolution. France would not vote for the present Resolution which was disagreeable for the United Kingdom. But France's position would be more difficult if the Resolution were changed. Discussion should be pursued by Ministers. In conclusion, he drew attention to the prospects for industrial collaboration and to the increase in bilateral contacts.

4. Sir Geoffrey Howe described his talks with M. Cheysson. They had agreed that UK and French officials should meet to discuss two /particular Community issues: the scope for cooperation on **New/Other** policies, and for narrowing differences on the elements of disagreement on the post-Stuttgart negotiation. The Foreign Ministers had approved the Joint Report on bilateral relations. Since the Closer Contacts exercise had been established at the last Summit there had been an explosion of contacts which were very valuable. The Foreign Ministers wished to endorse the report and encourage further cooperation.

/5. On

5. On the Middle East, Sir Geoffrey Howe said that they were not optimistic on progress towards reconciliation in Lebanon. They had noted the continuing problem of the Iran/Iraq war and were in agreement on work on a resolution at the United Nations. He and M. Cheysson had agreed on the need to find out <sup>more about</sup> South African intentions on Namibia. There would be increased French, UK and German contacts with the South Africans. M. Cheysson had described the French view on Chad.

6. President Mitterrand expressed his anxiety at the situation in Lebanon. How and when could our forces be removed? The Prime Minister said that she too was concerned <sup>that</sup> ~~for~~ UK forces <sup>should</sup> ~~to~~ remain in Lebanon indefinitely.

Sir Geoffrey Howe added that the Lebanese were not facing up to their responsibilities. Perhaps an indication of MNF countries' intention of working towards a reduction of their forces would have a positive effect. The Prime Minister repeated that <sup>it was necessary to consider when</sup> ~~we were looking for~~ a valid opportunity to withdraw, to which <sup>of</sup> M. Cheysson added that it should not <sup>, however,</sup> look as though we were giving up our support for the institutional structure of Lebanon.

7. Mr Lawson summarised his discussions with M. Delors. On the follow-up to the Williamsburg discussions, they had agreed that the right way to proceed was under the aegis of the G5. A meeting in Geneva would be useful. As far as the Community was concerned, it would be sensible to handle follow-up in ECOFIN, rather than within the current post-Stuttgart negotiations. On debt, he and M. Delors had

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agreed that it would be dangerous for governments to set a precedent by providing additional funds to fill gaps. For Brazil and others it was necessary to have a strong Fund programme and to pursue rescheduling by the commercial banks. They had also discussed the respective French and British economic situations. On the Community they had agreed that the UK and France should keep in close contact, and shared the view that there should be equitable financing and that total expenditure should be controlled. M. Delors had agreed on the importance of a package at Athens and on finding a lasting solution to the Budget problem (hence his interest in ecretement des soldes). M. Delors had also emphasised the importance for France of New Policies in helping the less developed regions, reviving industry and in promoting cooperation between European firms. French amendments had improved the Danish Convergence Fund proposal, but it was still inadequate. He and M. Delors had agreed on continuing bilateral contacts on the post-Stuttgart negotiations, <sup>perhaps</sup> widening to trilateral with the Germans in due course.

8. M. Delors agreed. There was a great deal still to do in the Community negotiations. The French were looking for savings not simply in the CAP but also in structural funds. He repeated French priorities for New Policies. Asked by the Prime Minister how quickly the Ministers of Finance thought the UK and France would move out of recession, Mr Lawson said that while they recognised that <sup>their</sup> economies

/were

were moving out of recession, they had not reached a view on how fast. There was, however, sustained progress.

M. Delors identified two obstacles to economic growth in Europe. First, since US capital played such an important role, high <sup>US</sup> interest rates were putting a psychological and financial brake on investment <sup>in Europe</sup>. Only more investment would keep European industry afloat. Secondly, when the US was in deficit on its trade balance, the level of the dollar dropped and other countries benefitted. At present the US deficit was benefitting Japan in particular.

9. Mr Heseltine said that he had had a series of meetings with M. Hernu this year. Much of their effort was devoted to the harmonisation of the operational requirements of the French and British armed forces, and thus of their equipment needs, particularly over the next generation of fighter aircraft.

As for widening the discussion to other European countries, Mr Heseltine said that they had agreed that it was difficult enough to coordinate the activities of three (UK, France and FRG). We might suggest to Allies that the WEU could provide a framework for ~~further~~ discussion of arms procurement <sup>among a wider group of countries.</sup> Explaining the UK position on the launcher for Skynet 4, Mr Heseltine said that M. Hernu had stressed the significance of using a European launcher.

HMG understood the likely impact of the decision on Skynet and the importance the French attached to it. The French had <sup>made a further</sup> offer to try to bridge part of the cost difference.

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The French offer would be considered most carefully and a decision taken soon. He and M. Hernu had also agreed on limited joint cooperation in training and visits for the armed forces, which would be pursued at Chiefs-of-Staff level. M. Hernu emphasised French hopes that the UK would give careful consideration to Ariane as the launcher for Skynet 4. The Prime Minister drew attention to the problem of ~~consequent~~<sup>possible</sup> design changes. We were however conscious of the need for Europe to retain ~~the~~<sup>a</sup> capacity in a number of strategic fields. The issue would be weighed carefully.

10. Mr Jopling said that his talks with M. Rocard had been confined to the CAP. Both agreed that CAP costs must be contained. The UK still considered a financial guideline essential, but France opposed this. France accepted that the growth in CAP costs should parallel those of own resources, but had not accepted a slower growth rate for the CAP. On milk, the French argued that this was the last area possible for concessions and that concerted action was needed on milk, <sup>cereals and</sup> cereal substitutes and MCAs. The UK believed that price discipline and <sup>guaranteed</sup> thresholds were the best mechanisms for restraining milk production costs. France might accept a system of quotas through supplementary levies, but not a simultaneous pricing system because of the consequences for employment. Price restraint was also needed in the cereals sector but France believed that any policy should be gradual if it was not to push people from grain producing <sup>into</sup> ~~to~~ sectors such as livestock and milk which were already in difficulty. France wanted action

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to limit imports of cereal substitutes, while the UK attached less importance to this. There was agreement that MCAs were an impediment to greater efficiency. It remained a high French priority to abolish MCAs, especially positive MCAs. This was not a crucial issue for the UK in the post-Stuttgart negotiations, since abolition would bring no great budgetary gains. Any arrangements would have to take into account the special position of sterling as a floating currency. M. Rocard added that as a means of reducing production in excess sectors, pricing <sup>policy could</sup> ~~should~~ be useful for some products but not all. There was a need to maintain farm incomes in some sectors and France would be studying other methods particularly regarding milk.

M. Rocard underlined the French concern [redacted] at the relationship between milk and cereal substitutes. We must take account of economic realities. Each country would have to make sacrifices in the negotiations in agricultural areas which it held dear. Milk must not be hit twice both by limits on quantity and through MCAs.)

[redacted] In general, the present negotiations were not conducive to bringing all the potential elements on to the table. Some countries would have to make sacrifices on products, others 'horizontal' sacrifices, for example on own resources, or [redacted] MCAs.

/11. The Prime

11. The Prime Minister commented that British and French objectives seemed to be the same, but <sup>discussion on</sup> methods ~~were~~ <sup>was</sup> temporarily blocked. Could ~~this~~ be unblocked by December? There would have to be trade-offs.
12. Mr Channon said that in his meeting with M. Mexandeau they had agreed to move forward on three projects which were going well. They would keep in touch on the financial terms for the Guangdong nuclear project. A joint venture was shaping up between Rolls Royce and Creusot Loire for a gas turbine power plant for generating electricity. On the Lucas/Ducellier/Valeo case, Lucas were now arranging to make a formal approach to Valeo. M. Fabius, the French Minister for Industry, had said earlier that he would be willing to look at proposals. The UK and France were close on the steel issue and were worried about the Germans reopening it at the next Steel Council. Officials would meet. A joint working party was proposed, with a first meeting around 15 December, to make a detailed study of the telecommunications sector. M. Mexandeau commented that it was particularly important to establish cooperation during this period of technological transition in the telecommunications field.
13. With Mme Cresson, Mr Channon said that they had agreed on proper compensation on ~~the~~ speciality steels. The US offer was frankly ridiculous. The UK and French Governments should bilaterally and through the Community continue their efforts to get the Japanese market ~~to~~ opened up.

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There was a need to continue to talk to the Americans about extra-territoriality. The internal market of the Community should be completed for the sake of economic growth and cooperation between European industries. The UK was looking at the economics of the Airbus <sup>A</sup>320. It had been agreed that Airbus Industrie should make a high level presentation to British Airways in the near future. It was up to the latter, not HMG, to decide on ~~purchase.~~ ~~projects.~~ The French had also raised problems over tendering for the new transit railway in the London Docklands. This was for the Docklands Corporation to decide but Mr Channon would be writing to the Chairman. He had assured the French that we had not known about the Dunlop decision before they had.

14. Mme Cresson emphasised that improvements to the Community internal market should be linked to a better definition of the common commercial policy. On Airbus A320, it was essential not to leave a monopoly to Boeing. Attempts to sell the A320 would be helped if all the governments concerned committed themselves to building it. A BA decision to buy, after British Caledonian, would add to the project's credibility.

15. Reporting on his talks with M. Chandernagor, Mr Rifkind said they had talked about the implications of enlargement, particularly for the Community institutions. There was a danger of their becoming top-heavy. In the context of the internal market, it had been agreed that it would be desirable to simplify frontier controls.

/Like

Like Mme Cresson, M. Chandernagor underlined the link in French eyes between the internal market and the common commercial policy. The Community were always on the defensive on the latter. He noted convergent views with the UK on New Policies for the Community. We should try to work together, particularly on new technologies. There would be an early meeting of officials in an attempt to draw up, for joint presentation at Athens, some concrete ideas in the New Policies field. As for curbing expenditure, it was essential this should cover all areas, including growth in the structural funds.

Spanish and Portuguese accession negotiations should go each at its own pace. He asked what would happen to the Budget between agreement at Athens on an increase in own resources and its implementation, say, two years later.

16. Summing up, the Prime Minister said that it had been a workmanlike Summit. The atmosphere had been positive and friendly. At the press conference, she and President Mitterrand should take the line that on the Community we were coming up to a moment of decision. There was a continuing series of meetings among Ministers who were looking at all the issues in an attempt to find appropriate solutions.

17. The plenary session ended at 1210.

WJ 24  
a

TRANSCRIPT OF A PRESS CONFERENCE GIVEN BY

THE PRIME MINISTER, THE RT HON MARGARET THATCHER FRS MP,

AND PRESIDENT MITTERRAND

AT THE

INSTITUTION OF CIVIL ENGINEERS

AT

12.30PM ON FRIDAY, OCTOBER 21, 1983.

Press Office,  
10, Downing Street,  
London, SW1.

01-930 4433

MRS. THATCHER :

THIS HAS BEEN THE THIRD SUMMIT MEETING THAT PRESIDENT MITTERRAND AND I HAVE HAD AND IT'S BEEN A MOST USEFUL ONE, A VERY WORKMANLIKE SUMMIT CONDUCTED AGAINST THE BACKGROUND THAT WE'RE BOTH VERY CONSCIOUS THAT IT'S COMING TO A TIME FOR DECISION IN EUROPEAN AFFAIRS. THAT DOES NOT MAKE THE DECISIONS EASY BUT IT DOES MAKE THEM VERY URGENT. THE PRESIDENT WAS ACCOMPANIED BY THE FOREIGN SECRETARY, MONSIEUR CHEYSSON AND THE FINANCE MINISTER, MONSIEUR DELORS AND ALSO FIVE OTHER MINISTERS AND THERE HAVE BEEN DETAILED BILATERAL DISCUSSIONS BETWEEN THOSE MINISTERS AND THEIR OPPOSITE NUMBERS IN THE UNITED KINGDOM. THE PRESIDENT AND I HAVE DISCUSSED MATTERS WHICH YOU WOULD EXPECT: FIRST, WE HAVE DISCUSSED EAST/WEST RELATIONS, UPON WHICH WE HAVE AN ENORMOUS MEASURE OF AGREEMENT. WE DISCUSSED THEM IN THE CONTEXT OF THE ARMS CONTROL TALKS WHICH ARE TAKING PLACE IN GENEVA NOW AND ARE BOGH RESOLVED THAT SHOULD TBOSE ARMS TALKS NOT RESULT IN ZERO OPTION, AT THE END OF THIS YEAR, THE CRUISE AND PERSHING MISSILES MUST BE DEPLOYED. WE HAVE FURTHER DISCUSSED THE POSITION OF THE BRITISH AND FRENCH INDEPENDENT NUCLEAR DETERRENT. WE TAKE THE SAME VIEW ABOUT THESE MATTERS THAT IT IS NOT SUIATABLE TO HAVE THEM DISCUSSED EITHER IN THE INF TALKS AT PRESENT OR IN THE START TALKS BEARING IN MIND THE IMBALANCE BETWEEN THE SOVIET STRATEGIC MISSILES AND THE BRITISH AND FRENCH NUCLEAR DETERRENT. THE PRESIDENT SET OUT HIS POSITION FULLY IN HIS SPEECH TO THE UNITED NATIONS AND I SET OUT OUR POSITION IN MY SPEECH LAST WEEK, AS YOU KNOW THE SOVIETS HAVE ABOUT FORTY STRATEGIC MISSILES FOR EACH ONE OF THE BRITISH STRATEGIC MISSILES AND REALLY IT SEEMS SENSIBLE TO CONCENTRATE ON GETTING DOWN THAT ENORMOUS NUMBER OF STRATEGIC MISSILES BETWEEN THE SOVIET UNION AND THE UNITED STATES, BEFORE TURNING ATTENTION IN ANY WAY TO THE BRITISH INDEPENDENT NUCLEAR DETERRENT. YOU WILL OBSERVE THAT THE MEASURE OF AGREEMENT ON THOSE THINGS IS VIRTUALLY COMPLETE. WE THEN TURNED TO DISCUSS A NUMBER OF OTHER THINGS. OF COURSE WE ARE CONCERNED ABOUT THE LEBANON, BUT BELIEVE THAT THE TROOPS IN THE MULTI-NATIONAL FORCE ARE RIGHTLY THERE AND SHOULD STAY THERE FOR THE TIME BEING BUT WE DO NOT WISH TO HAVE THEM STAYING THERE WHEN THERE HAS BEEN A GOVERNMENT OF RECONCILIATION, WHEN THEY HAVE COMPLETED THEIR RECONCILIATION TALKS AND HAVE A VERY VERY EFFECTIVE ARMY-

WE HAVE CONSIDERED TOO TODAY IN PARTICULAR THE WHOLE QUESTION OF HOW TO GO FORWARD AND SECURE THE NECESSARY AGREEMENT AT THE ATHENS SUMMIT AND POSSIBLY AFTER THAT. THERE ARE VERY BIG ISSUES AT STAKE NAMELY HOW TO CONTROL SURPLUSES, IN THE COMMON AGRICULTURAL POLICY, A NUMBER OF BUDGETRY DECISIONS, THEY ARE EASIER TO ANALYSE AND TO EXPRESS, THAN THEY ARE TO SOLVE. WE'VE DISCUSSED THEM AT LENGTH AND WE SHALL CONTINUE TO GIVE THEM VERY CAREFUL STUDY, AT OUR LAST SUMMIT IN PARIS WE HAD AGREED THAT THERE SHOULD BE FAR INCREASED NUMBERS OF BILATERAL CONTACTS BETWEEN BOTH MINISTERS AND OFFICIALS, THOSE HAVE BEEN TAKING PLACE REGULARLY SO THERE'S NOTHING UNUSUAL ABOUT EITHER MINISTERS OR OFFICIALS MEETING ONE ANOTHER TO DISCUSS THE IMPORTANT ISSUES OF THE DAY. WE SHALL TURN OUR ATTENTION VERY MUCH TO THE PARTICULAR MATTERS WHICH HAVE TO BE SOLVED AT THE ATHENS SUMMIT AND HOPE TOGETHER WITH OUR OTHER PARTNERS TO BE ABLE TO TAKE THOSE MATTERS FURTHER FORWARD BEFORE WE ARRIVE AT THE ATHENS SUMMIT. OUR MINISTERS AND WE HAVE ALSO DISCUSSED A NUMBER OF MATTERS OF INDUSTRIAL COLLABORATION, THERE ARE, AS YOU'RE AWARE QUITE A NUMBER THAT ARE PROCEEDING WELL AT THE MOMENT. THE GRANDON+ POWER STATION, COLLABORATION WITH A GAS TURBINE BETWEEN ROLLS ROYCE AND CROZIER LE NOIRE+ AND WE'RE ALSO VERY KEEN TO SET UP CLOSER COLLABORATION ON ALL TELECOMMUNICATIONS ISSUES AND WE'LL TAKE THAT FORWARD AS FAST AS WE CAN.

I THINK THAT PERHAPS IS ENOUGH TO GIVE YOU THE GENERAL FLAVOUR OF THIS SUMMIT AND I'LL THEREFORE ASK PRESIDENT MITTERRAND NOW TO MAKE HIS STATEMENT.

PRESIDENT MITTERRAND : WELL, I CAN BUT CONFIRM WHAT HAS JUST BEEN SAID CONCERNING THE CONTENT OF OUR CONVERSATIONS WHICH HAVE DEALT WITH THE QUESTIONS OF SECURITY AND DEFENCE, IN PARTICULAR IN EUROPE. IN OUR DISCUSSIONS WE IN FACT COVERED THE SORT OF WHOLE RANGE OF PROBLEMS INVLLVING THE EUROPEAN COMMUNITY - IN CONJUNCTION WITH THE FORTHCOMING ATHENS MEETING, ITS PREPARATION AND ITS ... THE AFTERMATH AS WELL AND THEIR WAY OF COURSE WITH ALL THE PROBLEMS THAT YOU'RE ACCUSTOMED TO, OF FINANCIAL, ECONOMIC AND AGGRICULTURAL NATURE: THE ENLARGEMENT AS WELL AND DOUBTLESS OTHERS AND THEN WE DISCUSSED OUR FINANCIAL ISSUES, BEARING IN MIND NATURALLY THAT THE EUROPEAN NEGOTIATION ITSELF COVERS A NUMBER OF THE BILATERAL ISSUES BECAUSE THE EUROPEAN DEBATE OF COURSE IS NOT MERELY AN ANGLO/FRENCH DEBATE, IT IS TO SOME EXTENT BUT EACH OF THE PARTNERS HAS A NUMBER OF ISSUES ..... A NUMBER OF ISSUES TO SETTLE WITH ONE OR THE OTHER, OR THE WHOLE LOT OF THE OTHERS AND THEN THERE ARE A NUMBER OF INTERNATIONAL PROBLEMS THAT WE LOOKED AT AS WELL, THE MIDDLE EAST FOR EXAMPLE AND A CERTAIN NUMBER OF OTHERS.

ON SECURITY AND DEFENCE I RECALLED THE PRIME MINISTER WELL I REMINDED OF WHAT SHE ALREADY KNEW AND WHICH I WILL REPEAT ONCE AGAIN AND THAT IS THAT IF IT'S A QUESTION OF TAKING A STAND ON THE PRINCIPLE INVOLVED, WITH ALL THE IMPLICATIONS OF THE INF, THE INTERMEDIATE RANGE MISSILES - WELL, THERE OF COURSE WE, THE FRENCH, SAY THAT WE'RE AGAINST SUCH MISSILES, WE ARE NOT IN FAVOUR OF THE MISSILES NATURALLY. AND WHAT WE WOULD WISH THEREFORE IS THAT THERE BE AN EQUILIBRIUM BECAUSE AS THERE ARE SOME MISSILES THERE ALREADY WHICH ARE NOT OF OUR DOING, AS THEY'RE THERE, WHAT WE WANT NOW IS THERE SHOULD BE BALANCE BUT A BALANCE THAT WOULD BE STRUCK AT THE LOWEST POSSIBLE LEVEL, WHICH WOULD MEAN .....

3

PRESIDENT MITTERRAND: THE INTERMEDIATE NUCLEAR FORCES WHICH INCLUDES WHAT ... ALL THE EURO MISSILES NOW, THE NEGOTIATION, THE PURPOSE OF THAT NEGOTIATION, WAS TO RESTORE AN EQUILIBRIUM, RESTORE THE BALANCE. WELL, THEY'RE TAKING PLACE, WE ARE (NOW) A PARTY TO THEM, BUT IT LOOKS AS IF THEY'RE NOT OF A PROCESS OF SUCCEEDING, AT LEAST WE'VD HEARD PEOPLE SAY THAT THEY WERE NOT COMING TO A SUCCESSFUL CONCLUSION RIGHT NOW, SO WE MUST STILL GO ON GIVING PRIORITY TO THE IDEA OF HAVING AN EQUILIBRIUM, A BALANCE, ALWAYS AT THE LOWEST POSSIBLE LEVEL AND WE THE FRENCH HAD IN THAT ... WE SEE ENTIRELY EYE TO EYE WITH THE BRITISH, WE DO NOT CONSIDER THAT THE BRITISH ... IT'S NOT REALLY FOR THE BRITISH AND THE FRENCH NUCLEAR ARMAMENTS TO COMPENSATE FOR WHAT IS LACKING IN THAT EQUILIBRIUM AND TO ESTABLISH THE EQUILIBRIUM THEMSELVES. FIRST OF ALL, BECAUSE WHAT IS BEING TALKED ABOUT, TYPES OF ARMAMENTS WHICH ARE PRECISELY NOT BEING TALKED ABOUT AT THE GENEVA NEGOTIATIONS ON THE INTERMEDIATE NUCLEAR FORCES, SO THERE WE WOULD BE IN A VERY CURIOUS SITUATION IN WHICH TWO POWERS WHICH ARE NOT NEGOTIATING THEIR OWN ARMAMENTS THAT WOULD BE RATHER ODD IF TWO OTHER NATIONS THEN GOT TO NEGOTIATION ... TO A NEGOTIATING TABLE TO SETTLE THE ISSUES CONCERNING THE ARMAMENTS FOR THE PEOPLE WHO WEREN'T THERE, WHICH OBVIOUSLY ISN'T A PROPER SITUATION. NOW OF COURSE THERE HAS TO BE A SITUATION OF EQUILIBRIUM BETWEEN THE UNITED STATES AND THE SOVIET UNION BUT THAT IS FOR THEM NOW TO ESTABLISH. A COUNTRY LIKE MINE HAS A STRATEGIC ARMAMENT WHICH CORRESPONDS TO A VERY SIMPLE CONCEPTION OF ITS SECURITY, IT'S A DETERRENT AND IT'S BROUGHT TO BEAR ON A VERY .....

..... BROUGHT TO BEAR ON THE VERY BEST OF WHICH ARE NOT NEGOTIATING THERE, WHICH OBVIOUSLY ISN'T, AND IT'S BROUGHT TO BEAR ON A VERY SPECIFIC GEOGRAPHICAL AREA - IT'S FOR THE DEFENCE OR THE SURVIVAL OF OUR TERRITORY AND THE INDEPENDENCE OF OUR NATION AND THE MISSIONS OF SUCH A FORCE CANNOT BE EXTENDED INDEFINITELY AND WE CAN'T TAKE THE PLACE OF THE ALLIANCE AND ACT, INSTEAD OF THE ALLIANCE, THEREFORE WE'RE NOT TRYING TO COMPLICATE .... WE DON'T WANT TO COMPLICATE MATTERS IN THE LEAST BUT WE SIMPLY THINK THAT WHEN PEOPLE TEND TO SUDDENLY TAKE A VERY KEEN INTEREST IN FRENCH ARMAMENTS, I'M SORRY, IT'S A BIT OF AN ALIBI AND THEY FIND A WAY OF PRESENTING THE SITUATION IN ORDER TO FACILITATE THEIR OWN PROBLEMS PERHAPS. WELL, GREAT BRITAIN AND FRANCE IN THIS HAVE ALMOST EXACTLY THE SAME POSITION, A ... VERY VERY SIMILAR POSITIONS AND IF THERE ARE FURTHER QUESTIONS LATER ON ON THIS PARTICULAR ISSUE I'LL BE VERY HAPPY TO ANSWER THEM. BUT I WANT THIS TO BE CYEEE CRYSTAL CLEAR, FRANCE ... WHAT FRANCE WOULD WISH WOULD BE THAT THERE SHOULD BE NO EUROPEAN MISSILES, WE NOTE HOWEVER THAT THERE ARE SOME, THAT ARE THERE ALREADY, WE THEREFORE CALL FOR AN EQUILIBRIUM AT THE LOWEST POSSIBLE LEVEL, IN OTHER WORDS STRIKING A BALANCE BY REDUCING WHAT IS ALREADY THERE. IF THAT IS NOT POSSIBLE THEN IN VIEW OF THAT TRAGIC REALITY, WELL, THEN WE, ON OUR PART, WILL CONTINUE DEVELOPING OUR OWN STRATEGIC ARMAMENTS, SO AS TO PROTECT OUR OWN SECURITY BUT JUST AS GREAT BRITAIN HAS THE SAME TYPE OF ARMAMENT, AT THE SAME ORDER, THE SAME REASONING VERY NATURALLY LEADS TO THE SAME RESULT AND THIS BRINGS US YET EVEN CLOSER TOGETHER. SO THAT, AT ANY RATE, IS A PROBLEM ON WHICH NATURALLY WE HAD NO DIFFICULTY IN REACHING AN AGREEMENT, THE RESULT IS THERE WITHOUT SORT OF PHILOSOPHISING ON OTHER PROBLEMS, THAT IS ... TOTEEE THOSE ARE THE FACTS OF THE SITUATION. ON THE COMMUNITY DEBATE, THERE I THINK WE HAVE TO TALK IN PRACTICAL CONCRETE TERMS, IT GOES WITHOUT SAYING THAT OUR INTERESTS ARE DIFFERENT, IF OUR INTERESTS WERE NOT DIFFERENT, THE ISSUES WOULD HAVE BEEN SOLVED AGES AGO, THEY ARE DIFFERENT, VERY OFTEN THEY'RE CONTRARY INTERESTS AND IN PHILOSOPHICAL TERMS LET US HOPE THAT THEY'RE NOT BECAUSE OF THAT, CONTRADICTORY, BECAUSE IF THEY WERE THEN PHILOSOPHICALLY THE PROBLEM WOULD NOT BE SOLUBLE BUT LET US HOPE THAT IS NOT THE CASE. WE CONSIDER THAT THE ISSUES SHOULD BE DEALT WITH IN A COMPREHENSIVE FASHION BECAUSE THAT IS THE BEST WAY OF STRIKING JUST THE RIGHT AND FAIR COMPROMISEX.

SO THE PROBLEMS ARE RELATED. NOW ATHENS, WELL, IT WOULD BE VERY DESIRABLE FOR ATHENS TO LEAD TO A SUCCESSFUL OUTCOME, VERY DESIRABLE BUT VERY DIFFICULT, AS MRS. THATCHER JUST SAID, DIFFICULT BECAUSE FOR A LONG TIME THERE HAS BEEN TALK ABOUT THIS, EVEN IF, WELL, NOTHING YET HAS REALLY BEEN ... THE PROBLEM HASN'T YET BEEN SOLVED, ALTHOUGH WE SEE THAT CERTAIN THINGS ARE HAPPENING THAT CAN MAKE US SOMEWHAT MORE OPTIMISTIC. NONE OF US ... NO-ONE WANTS EUROPE TO BE PLUNGED INTO A STATE OF MAJOR CRISIS, RIGHT THEN, WHAT SHALL WE DO, WE WILL INCREASE, MULTIPLY THE CONTACTS, THE ... INCREASE THE WORK THAT'S BEING DONE ON THIS, WE HAVE OUR CONTACTS TODAY, WE STARTED YESTERDAY, WE INCREASED THEM, THE FRENCH ... WELL, I WILL BE MEETING WITH SEVERAL MEMBERS OF THE GOVERNMENT, THE ITALIANS VERY SOON AND THE GERMANS, I WAS RECENTLY IN BELGIUM, I THINK THAT I'LL BE HAVING THE OPPORTUNITY OF MEETING

MR. PAPANDREAU, THE PRESIDENT, WHO WILL BE COMING TO PARIS I THINK ETC., ETC., I THINK THAT, WELL .. THIS ISN'T THE WHOLE OF MY OWN SCHEDULE BUT I THINK THAT THE PRIME MINISTER'S SCHEDULE IS JUST AS HEAVY AS MINE, THIS MEANS THAT WE'LL BE CONTINUING OUR WORK ON THE SUBJECT. OUR FOREIGN MINISTERS AND OUR TECHNICAL MINISTERS WILL BE MULTIPLYING THEIR CONTACTS AND THEIR RELATIONSHIP AND, WELL, WE HAVE LITTLE MORE THAN A MONTH TO MOVE FORWARD AND CONVERSATIONS THAT WE'VE HAD IN LONDON TODAY, I THINK WE CAN, BECAUSE OF THIS - I THINK WE CAN THINK THAT WE CAN MOVE FORWARD IN CERTAIN AREAS. BUT THAT DOESN'T MEAN THAT THE OVERALL PROBLEM IS NOT A DIFFICULT ONE BUT I THINK IT'S CLEAR THAT WHEN ONE SEES THE PROBLEM CLEARLY, WHEN THE PROBLEM'S SET OUT CLEARLY BY RESPONSIBLE PEOPLE WHO WANT TO ACHIEVE A RESULT AND WITH A LARGE NUMBER OF CONTACTS, THEN I THINK THAT THAT'S A GOOD METHOD OF WORKING AND THAT IS THE WAY WE WANT TO APPROACH THE WHOLE THING AND THIS MEANS THEREFORE THAT WE REALLY WANT TO SUCCEED. ON THE OTHER BILATERAL ISSUES AS I SAID BEFORE, REALLY THE ... WELL, FOR SOME YEARS NOW THE RELATIONS BETWEEN OUR TWO COUNTRIES HAVE BEEN IMPROVING STEADILY AND THE EXCHANGES HAVE BECOME MORE AND MORE NUMEROUS AND WE BOTH WANT ... AND TWO MEMORANDA HAVE BEEN SUBMITTED ON THIS, WE WANT TO GIVE EUROPE REALLY THE PROPER DIMENSIONS IN THE INDUSTRIAL AND TECHNOLOGICAL FIELD, I'M SURE THAT YOU'RE FAMILIAR WITH THESE DOCUMENTS THAT HAVE BEEN SUBMITTED BY OUR TWO GOVERNMENTS AND WE ... OUR HOPE IS THAT NEXT YEAR WE'LL BE ABLE TO BEGIN MOVING IN THAT DIRECTION BECAUSE IF EUROPE GOES ON MARKING TIME IT WILL END UP BY MOVING BACKWARDS, SO EUROPE MUST MOVE FORWARD WHEREVER THIS IS POSSIBLE AND NOT ONLY BECAUSE IT'S GOOD FOR THE HEALTH BUT ALSO BECAUSE IT'S VERY NECESSARY TO MOVE FORWARD. MODERN TECHNOLOGY IS IN COMPUTER SCIENCES, BIO-TECHNOLOGY, TELECOMMUNICATIONS WHICH OF COURSE IS RELATED TO COMPUTERS ETC., ON ALL THESE ISSUES ARE ... ALL THESE MATTERS I THINK OUR MINISTERS HAVE HAD SOME VERY USEFUL DISCUSSIONS, AT ANY RATE THE REPORTS THEY ... THEY GAVE US OF THEIR MEETINGS SAYS THAT SUBSTANTIAL PROGRESS IS BEING MADE. NOW ... LIKE THE PRIME MINISTER I'M READY FOR QUESTIONS. (QUESTION IN FRENCH)

PRES. MITTERRAND: WELL, I REALLY SAID THAT MAINLY BEFORE THE STUTTGART MEETING AND I'VE MADE MY POSITION CLEAR ON SEVERAL OCCASIONS AND I WILL GIVE A DEFINITIVE ANSWER TO YOUR QUESTION, I HOPE, AFTER THE ATHENS MEETING, BUT I WILL SAY NOTHING AT THIS JUNCTURE, THAT COULD REALLY ADD ANYTHING TO THESE DIFFICULTIES THAT I HAVE ALREADY EMPHASIZED IN THE RECENT PAST AND WE'RE HARD AT WORK ON ALL THIS AND WE HAVE ASKED A NUMBER OF PEOPLE ... OFFICIALS TO MOVE THE THING FORWARD AND I DON'T WANT TO PREJUDGE WHAT THE RESULTS OF THEIR WORK WILL BE.

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QUESTION: MY QUESTION IS FOR THE PRIME MINISTER: THE 'TIMES' THIS MORNING ANNOUNCES, A BIG HEADLINE, THAT YOUR GOVERNMENT WOULD HAVE PREPARED LEGISLATION IN ORDER TO BLOCK THE COMMUNITY BUDGET IF THE ATHENS NEGOTIATIONS WERE TO FAIL. CAN YOU CONFIRM THAT INFORMATION, PERHAPS COMMENT ON IT?

REPLY IN FRENCH

QUESTION IN FRENCH.

MRS. THATCHER: THE PRESIDENT AND I DID NOT DISCUSS SPECIFICALLY THE GULF, IT MAY HAVE BEEN DISCUSSED IN THE GENERAL MIDDLE EASTERN TALKS BETWEEN FOREIGN MINISTERS BUT WE DID NOT SPECIFICALLY DISCUSS THE GULF.

QUESTION IN FRENCH

MRS. THATCHER: I'M SORRY WHAT WAS THE QUESTION.

REPORTER: I WOULD LIKE TO KNOW IF THE QUESTION OF THE BRITISH PEOPLE FROM THE (COLONIAL) MINORITY WHICH DURING THE LAST FEW MONTHS HAVE ENCOUNTERED SOME DIFFICULTIES IN FRANCE HAS BEEN DISCUSSED?

MRS. THATCHER: WE DID NOT DISCUSS THOSE MATTER, NO, WE WERE ON THE BIG BROAD ISSUES, WE DID NOT DISCUSS THAT MATTER.

QUESTION IN FRENCH.

MRS.THATCHER: NEXT QUESTION?

QUESTION IN FRENCH

.....

QUESTION: MR.PRESIDENT, DID YOU FIX A DATE FOR THE DEPLOYMENT OF YOUR CONTINGENT IN LEBANON, OR HAVE YOU LEFT THE PERIOD OF THE DEPLOYMENT OPEN AND DO YOU EXPECT SINCE FRANCE IS GOING TO ASSUME PRESIDENCY IN THE FIRST HALF OF NEXT YEAR, DO YOU EXPECT A JOINT NOT COMPLEMENTARY, A JOINT, DIPLOMATIC EFFORT, EUROPEAN AND AMERICAN, TO SOLVE THE PROBLEM IN LEBANON AND THE MIDDLE EAST?  
REPLY IN FRENCH

NICHOLAS WYTCHHELL: WYTCHHELL BBC TELEVISION NEWS: PRIME MINISTER COULD I ASK YOU BOTH, WHAT CONCLUSION WOULD YOU HOPE OR WISH THAT PRESIDENT ANDROPOV WOULD DRAW FROM THIS SUMMIT?

MRS.THATCHER: I HOPE HE WILL DRAW FROM THIS SUMMIT THE CONCLUSION THAT WE ARE RESOLVED TO DEFEND OUR WAY OF LIFE AND WE'RE NOT GOING TO BE DEFLECTED FROM DOING THAT BUT AT ALL TIMES WE SEEK TO TALK AND WE SEEK TO BE ABLE TO DEFEND OUR WAY OF LIFE AT A LOWER LEVEL OF WEAPONRY AND A LOWER LEVEL OF EXPENSE, SO IT IS DETERMINATION TO DEFEND, ALWAYS WILLING TO TALK BUT THE RESULTS OF THOSE TALKS MUST KEEP A BALANCE IN ARMAMENT AND THEY MUST BE VERIFIABLE.

QUESTIONS AND ANSWERS IN FRENCH.

QUESTION: MAY I FOLLOW THIS UP, I HAD PLANNED TO PUT THE QUESTION BEFORE, IN VIEW OF THIS, HAVE THE PRESIDENT AND PRIME MINISTER DISCUSSED A JOINT OR SEPARATE PERSONAL APPROACH TO MR.ANDROPOV TO ENLIGHTEN HIM.

MRZ,THATCHER: NO, SIR.

MR.MITTERRAND: REPLIES IN FRENCH.

7



10 DOWNING STREET

From the Private Secretary

21 October 1983

Anglo/French Summit

I enclose three records of conversations:

- (a) the tete-a-tete between the Prime Minister and President Mitterrand on the evening of 20 October.
- (b) The tete-a-tete between them on the morning of Friday 21 October.
- (c) The meeting between the two principals, attended also by the two Foreign Ministers, later on the morning of 21 October.

The first of these records is being copied, together with a copy of this letter, to Richard Mottram (MOD) and Richard Hatfield (Cabinet Office).

The second record is being copied to John Kerr (HM Treasury), Richard Mottram, Callum McCarthy (Department of Trade and Industry), Robert Lowson (MAFF) and Richard Hatfield.

The third is being copied to John Kerr, Robert Lowson and Richard Hatfield.

The usual rules apply, ie no further copies of these records should be made except where this is operationally essential.

It is of particular importance that the decision that there should be discreet bilateral meetings between Britain and France (to be extended also to Germany) should be very carefully protected. The Prime Minister will wish to decide how this matter should be carried forward. I shall be in touch separately about it in due course.

Brian Fall, Esq.,  
Foreign and Commonwealth Office.

Amor Mors

The French, of course, agree that  
the world is climbing out of  
recession - but they are a  
little sensitive because they,  
at present, are not.

N.L.

# PRESS CONFERENCE

## MINISTERIAL ATTENDANCE

I think the French  
normally like all  
Ministers in attendance  
to go to press conference,  
and sit like courtiers!

Given half a chance,  
you Ministers will all try  
to scamper away!

Better check, at end,  
that Mitterrand would like  
us all there - and say so.

● Loss of people from  
rural areas into  
County side

Good sector, but when  
Overfunding.

Lewislock / Grain

Growing grain → market of  
Lewislock sector.

Loss in share of total  
community, and old markets

Action on Prices / Statistics  
imports

• Disruption of Price

M.C.P. - Elimination  
of M.C.P.

M. Brand - Clear  
away.

Check.

Minimize incentives to  
reduce surplus.

Said reason needs  
reduce surplus

Share British, concern  
about liquidity  
Fr. - not possible to limit  
products.

What is production in this  
division.

Cereal substitutes 30% in  
inputs each year.

Wine etc.

meat etc

fish  
Products

Honey

Some  
milk  
sugar

Frank,

① Cuan day paper in  
China.

Satisfactory → ② Garth  
Boys

③ Lues Mueller -

④ Tele comm. net.  
Retail

Madame Casson // U.S. spend  
shut.  
Further pressure  
to lean.

Japanese  
~~Kishida~~  
Mitsui

Transit - in London  
doelands

Europe -

U. H. T. with.

Target - Wages

Expansion of enlargement.

Int. Market - Supply - Wages

Revenue - only - only - only  
of winding money  
for or budget to create

Fr. Dr. Nuclear Retirements

L/W. - ~~continue~~ continue to  
resumption of rejoinders.

5 power nuclear conference  
necessary when ready to  
present case.

40:1.

European Problems, - slightly detached.

Med. Agms. Frank & Dep.

Quin & Pat of our demands.

Tactical appreciation.

Others not to be a partner.

Fr/Dr. Behave & with our two countries.

Diplomatic Relations.

Falkland - France not to be a noble &

Industrial relations.

Community Issues.

Political questions } - Increased  
co-operation  
started.

Middle East Lebanon / Israel  
Co-operation in MNP

Financial ~~Problems~~ Problems.

Int. Debt. - Add<sup>l</sup> funds  
to JTT financial

Domestic use. Sit<sup>n</sup>  
590.

"Safety Net - Proposal.  
Control of spending for  
within."

Denmark . — not suitable  
proposals. Pm

Loop road to hoo  
— agreements — forward

Problems,

Hand hit rights —

American credit market - dominant  
Int rate as obstacle to  
resumption of investment .

● 5th time in 7 days.

Reduction in accm.

Finest functions  
essential

Guaranteed prices for within ch.  
commodities.

Finest functions.

Slower growth

Good substitutes - rest of  
cost of milk

Threshold or price.

Non-chronicly  
def

Int.

- Options,

Other European nations -

3 Countries.

---

Ariane Launcher.

Some contribution to  
that process.

Considered carefully whether  
limited joint work. in Europe.

Disarmament Talks. - <sup>Over the</sup> Ind Nuclear deter  
↳ W relations. 401.1.

European Problem ↳ European Treaty  
↳ Objective Control  
↳ Groups  
↳ Just  
↳ Red. exp?

Middle East - Lebanon  
~~Arabia~~

Ec. - World recession

Defense - African countries  
(Military comm<sup>ms</sup> satellites)  
↳ European significance  
↳ European heart

Industry - Collaborative Program  
↳ Aviation ↳ Aviation ↳ Aviation  
↳ Telecommunications  
↳ United Nations ↳ United Nations  
↳ Europe ↳ Internal Market

If resident wants a wall

now is the time.

wife died at 42 in hospital -

wrote songs - also to record.

became the day of

of 2 part - hospital - the  
day -

she wrote hospital -

CDC will not be there  
(he did believe in it).

## ANGLO/FRENCH SUMMIT

### First Tête-à-tête (Thursday)

#### General

Delighted you will pay State Visit in October next year - 80th anniversary of Entente Cordiale.

Leave till tomorrow EC matters and bilateral relations. Deal now with East/West relations, defence issues and international economy.

#### East/West Relations

Talk with Reagan.

Contacts with Soviet Union.

Korean airliner.

#### INF

Any chance of Soviet move?

Exclusion of our strategic deterrents.

Thinking behind French proposal for 5 power discussion?

Need for Western unity at Conference on Disarmament in Europe (Stockholm in January).

#### Nuclear Discussion

Exchanges between our senior officials valuable. Should continue.

/Defence Co-operation ...

Defence Co-operation

Pleased with closer contact between  
two defence Ministers.

Wish to explore co-operation in "out of  
area" capability.

International Economy

Prospects for recovery.

US economic policy.

ANGLO/FRENCH SUMMIT

Second Tête-a-Tête (Friday)

London Economic Summit

Hope you can agree to 8-10 June.

EC

Try to establish common ground for Athens.

Reach understanding which protects our interests and leaves us in not dissimilar position.

So agree to increase official contacts in next few weeks? Who will you designate?

Glad to meet for working meal if seems useful.

Future Financing

) Our safety net proposal need not be unacceptable to you. Officials to explore thoroughly.

CAP

Our proposal is not about cutting CAP but proper control of future expenditure.

Agriculture Ministers would take decisions within proper financial framework.

You cannot want cost of CAP to go on increasing.

Already running out of money.

"Other Policies"

Similarities between French and British papers.

Development of EC industrial policy important.

/ Glad to

"Other Policies"(contd)

Glad to examine further French ideas about industrial co-operation.

Falklands

Abstain on Argentine resolution.

Don't work for alternative text.

Continue not to sell sensitive weapons.

Bilateral Relations

- a. Good joint report by Foreign Ministers. Endorse in plenary? Closer contacts agreed at last Summit have proved useful - agree to continue?
- b. Good progress in energy cooperation, eg fast breeder reactors; Guangdong project; cross-Channel electricity and gas links.
- c. Ready to look at practical industrial collaboration in other areas where clear commercial interest - let us ask Ministers to identify areas.
- d. Interested in Rolls-Royce/Crenсот Loire project for gas turbines; Lucas/Ducellier motor components project; Anglo/French collaboration on Guangdong.
- e. Airbus (if raised)  
Need to be sure of commercial viability.
- f. Ariane for Skynet (if raised)  
Examining closely. No final decision.

SUBJECT  
cc Notes

SECRET

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE  
PRESIDENT OF FRANCE AT 1920 HOURS ON THURSDAY 20 OCTOBER 1983  
AT 10 DOWNING STREET

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Present: Prime Minister President Mitterrand  
Mr. Coles M. Vedrine

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The Prime Minister suggested that the talks should begin with a discussion of defence and disarmament issues. We were expecting a demonstration in London this weekend on the part of the Campaign for Nuclear Disarmament. The Leader of the Opposition was planning to speak at a CND meeting during the demonstrations. Public opinion seemed to give the French Government very little trouble on these matters.

President Mitterrand said that he had certain difficulties with public opinion but the situation in France was not at all like that of Germany. He himself was against nuclear weapons. If the Soviet Union and the United States were to get rid of theirs, he would be delighted. But the reality was different.

The Prime Minister said that we were rather concerned about the delay in the Bundestag debate. During her visit to the United States she had tried to reassure President Reagan that Chancellor Kohl would deploy on time. It was possible that the Russians would make another propaganda proposal in an attempt to delay deployment. We must not allow this to happen. We had made it clear that we wished the negotiations to continue after deployment. The meeting between Herr Genscher and Mr. Gromyko suggested that deployment was now inevitable.

President Mitterrand said that he believed that the Russians were resigned to deployment. They considered that President Reagan had never really wished to embark on negotiations before the new missiles were in place. There were now two possibilities open to the Soviet Union. First, they could try to delay the

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process. This would seem superficially reasonable to many sectors of public opinion, but in fact it would be a victory for the Soviet Union. Secondly, the Russians could try to create a climate of public opinion in Germany and perhaps other countries so that the position of the Governments concerned on this issue was weakened.

The Soviet Union would continue to advocate a few simple ideas which seemed reasonable to ordinary people but were in fact unreasonable, for example, that the French and British deterrents should be included in the INF negotiations. It appeared that the Russians were banking on a revival of German nationalism. We should not forget that there was a very powerful pacifist movement in Germany, composed of three elements. There were the true pacifists (not a very large group), those who for ideological or other reasons were easily influenced by Soviet propaganda and those who could not agree to nuclear weapons which were not under sovereign German control. The latter attitude was understandable but it was a new element in the European situation. This group wished Germany to emerge from a position of tutelage. The younger generation in Germany did not know what war was. We might see in them a revival of German nationalism. The Russians were playing on this.

The Prime Minister commented that the Russians might be trying to exploit this mood but they could not wish to promote the reunification of Germany. She had taken steps to criticise in public the facile statements which were being made about the need to include the British and French deterrents in arms control negotiations. Those who made such statements had not thought through the proposition. The Americans had to have parity with the Soviet Union, as the Jackson Amendment required. But if the British and French deterrents were included in the equation, American/Russian parity was not possible. President Mitterrand agreed. We would also find that if our deterrents were included in an arms control agreement we should not be able to modernise

/ them

them without obtaining permission from others. Our deterrents would no longer be independent. He was absolutely convinced of the soundness of the present French position and it would not change. But he was worried about Germany. All members of the SPD except Schmidt favoured delaying deployment. Even some of the Christian Democrats, for example in Belgium, favoured delay. These people would take any opportunity to avoid a decision to deploy. Genscher's meeting with Gromyko had been unnecessary.

The Prime Minister said that she believed that Genscher had arranged this meeting for presentational reasons. But there remained a worry that shortly before deployment the Russians would come up with a tempting negotiating ploy. We would stand firm. She believed that Chancellor Kohl would. Herr Schmidt had told her recently that he would speak out not only at his Party Congress but also in the Bundestag in favour of deployment and that he would vote in favour of it. President Mitterrand said that there was no problem of will as far as he was concerned. We must all remain solid. But we were in for a stormy time. The Prime Minister commented that in Britain the main argument had been won during the last Election. The British Government wished to negotiate arms reductions but there was no response from the Soviet Union.

Returning to the question of the British and French strategic deterrents, she had read the President's UNGA speech. President Mitterrand said that he had felt it necessary to make this speech because it was difficult to argue on the one hand that the French deterrent could not be included in the INF negotiations and on the other that it could not be included in START. So he had taken the course of stressing the strict conditions under which the deterrent could be included in strategic arms negotiations. Essentially the super-powers would first have to make enormous reductions in their stockpiles and that would not happen overnight. The Prime Minister agreed.

/ The

The Soviet Union had 40 strategic weapons for every one of ours. She had noted the President's suggestion that the five nuclear powers should come together in negotiations. She assumed that the President was thinking of the distant future. President Mitterrand confirmed that he was. The fact was that the conditions he had put on the table for such a meeting were not realisable. There was no chance of the Americans and Russians accepting them. It was possible that the Soviet Union would say in November that the START and INF negotiations should be combined, and thus again seek to include the British and French deterrents. If they did so, he would repeat the kind of arguments used by the Prime Minister against the inclusion of these weapons.

The Prime Minister said that she had been worried that the Soviet Union might try to get all the nuclear powers to the negotiating table. Then we would be trapped. Our Polaris fleet was at an irreducible minimum. The plans for Trident raised the possibility of us having a deterrent of more than irreducible minimum size. We would need to consider how many weapons to acquire.

President Mitterrand said that his position was similar. In the coming years France would develop its strategic force considerably and it would then be really impressive. The Soviet Union might try to involve us in negotiations before then. Our two countries should stick together, react in the same way and have quiet, discreet discussions about these matters.

The Prime Minister said that she very much hoped that the President's speech to the UNGA and the other efforts we had all been making had had the effect of killing the idea of including our strategic deterrents in the INF negotiations. President Mitterrand said that he believed that that idea had now lost much of its force. He had gone to New York precisely because international opinion had been coming to see British and French weapons as an obstacle.

/ The Prime Minister

The Prime Minister suggested that the discussion should turn to the future of relations with the Soviet Union. She wished to tell the President in confidence that she had had a number of meetings with academics and others about this question. We had reached the conclusion that although the Soviet economy was in very bad shape, the political system was so rigid as to be incapable of change. There was little faith in Communist philosophy in the Soviet Union but again the prospects for change were remote because the survival of those at the top depended on the status quo. The Russians were showing interest in Hungary's economic policy but its introduction into the Soviet Union would undermine the system. The upshot was that we in the West would have to live with the Soviet Union for a longer time. So what strategy and tactics should we adopt? We should not over-estimate our capacity to influence the Soviet leadership. But there had been some movement over the years, perhaps as a result of the Helsinki process. Possibly the system was not quite so cruel as it once was.

We had decided that when the Korean airliner incident had receded rather more we should try to have a closer dialogue with Moscow than in the past. But she did not envisage a stream of British visitors to Moscow. The aim would rather be to arrange for visits by the younger members of the Politburo to the West. It was desirable to expose the Soviet leadership to the free world. The prospect was therefore one of opening up more contacts at a number of levels. We must of course stay firm on defence issues. It was easier to talk from a firm base. Further, trade should be conducted to our mutual benefit but we should not pass on any technology of military significance. She had indicated in two public speeches that when the time was right we were prepared to begin a dialogue. But we did not wish the term "dialogue" to acquire a bad reputation as detente had done.

President Mitterrand said that he thought it would be a mistake to seek closer contact with the Soviet Union before the end of this year. The Prime Minister said that she entirely

/ agreed.

agreed. President Mitterrand explained that France had not ceased to have contact with the Soviet Union. His predecessors had had good relations with the Soviet leadership. This had been more difficult for him because he was not prepared to give the Russians what they wanted. So contacts had been kept to a minimum. When he had opposed American policy on the Siberian pipeline and on credit it was partly because he thought it wrong to attack the Russians on all fronts. Their fear of encirclement was as strong as ever. We should be firm on defence but not hostile on other matters. Early next year we should define areas where contacts could be established. In any case, this was what he proposed to do. For if we refused all concessions on INF deployment we should reach out a hand in other fields.

He had thought that Chancellor Kohl's visit to Moscow was premature. The Russians had used it to influence opinion in Germany. Kohl had not been able to make any concessions and had therefore used up his credit with the Russians. The situation after his visit was worse than before.

US policy towards the Soviet Union was suspect. It was not sufficiently systematic. One moment it was weak, the other strong. And the Americans did not understand Europe.

The Prime Minister said that the major European countries were used to regular discussion of these big issues. But on her recent visit to Canada she had been struck by the statement of Mr. Trudeau that the only time he had discussed nuclear issues with his Western colleagues was at Williamsburg. That degree of isolation was very serious. President Mitterrand said that Mr. Trudeau had just asked him for an urgent meeting, if possible next week. He had had to reply that he could not meet him until 8 November. He believed that the Canadian Government was worried because they thought that new missiles would be deployed to the North of the American continent. Canadian public opinion was not prepared for such a possibility. The Prime Minister commented that Mr. Trudeau had not taken steps to prepare public opinion to face defence issues. Defence took

only 2% of Canada's GNP. It was not right that a country should live under a defence umbrella provided by others and contribute inadequately to it. President Mitterrand said that he was still puzzled as to why Mr. Trudeau was in such a hurry to meet him. Was he possibly thinking of new proposals which would complicate the situation?

Returning to the question of relations with the Soviet Union, the Prime Minister reiterated that her aim was to persuade members of the Soviet leadership to visit the West, not that large numbers of British visitors should go to Moscow. She did not believe that a US/Soviet summit was advisable at present. There had not been sufficient preparation. But we must hope that by the Spring of next year no other event had occurred which would upset the prospects for dialogue. In addition, it was desirable to step up visits to some of the satellite countries which wished to express their separate identities.

President Mitterrand said that he frequently received invitations to do so. He recently visited Hungary - and Romania and Bulgaria were pressing him. By history Bulgaria was the closest to Russia of all the Eastern European countries. Its Prime Minister was a clever old peasant who probably had more influence in the Kremlin than Mr. Kadar. He (President Mitterrand) had met Mr. Kadar three times and had learnt much about his life and background. The Prime Minister said that she had also been pressed to visit Hungary and would probably do so one day. President Mitterrand said that he thought this would be a good idea. But all these new moves were for 1984 rather than now.

The Prime Minister asked whether the President thought that the Soviet Union would break off the INF talks when missiles were deployed? President Mitterrand replied that he anticipated a temporary break of several months. The Prime Minister said that that might again prevent the development of a dialogue with the Soviet Union. President Mitterrand said he was not sure that that was the right approach. He would not resume contact before missile deployment but he would

/ not make it

not make it a condition of contact that the Geneva negotiations were resumed - for the simple reason that it might take a long while to fulfil that condition.

The Prime Minister observed that next year, when the Americans were involved in their Election campaign, Europe might need to take a firmer lead on these matters. She did not know, for example, whether it would be possible to make progress in the Middle East. She was unhappy about the Lebanese situation. The Multi-National Force had no clear objective. President Mitterrand commented that he was worried by precisely the same point. Once the Palestinians and the Israelis had left Beirut, the Force had ceased to have a real purpose. The Prime Minister said that it was difficult to be sure what would happen if the Multi-National Force withdrew. But we needed to do some clear thinking or we might find that we were contributing to the division of Lebanon. President Mitterrand said that Syria did not wish to loosen its hold. If the Multi-National Force ended up by fighting the Syrians, that would mean that partition had occurred. If the MNF declined to become involved, they would be spectators of partition. It was an unpleasant situation. The most important thing was to help President Gemayel until he had an effective national army. At the moment he had 30,000 men. If we could help him raise this to 60,000, he would be able to defend his country. And that would provide an opportunity for the Multi-National Force to leave. The Prime Minister said that in her view the moment for the departure of the MNF would probably come when there was a Government of reconciliation in place and when there was a reasonably strong Lebanese army.

The discussion ended at 2015 hours.

A.J.C.

21 October 1983

SUBJECT  
cc Mavis

SECRET

RECORD OF A TÊTE-À-TÊTE MEETING BETWEEN THE PRIME MINISTER AND  
THE PRESIDENT OF THE FRENCH REPUBLIC AT 0900 ON FRIDAY 21 OCTOBER  
AT 10 DOWNING STREET

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Present: Prime Minister  
Mr. F.E.R. Butler  
Interpreter

President Mitterrand  
Monsieur Vedrine  
Interpreter

\* \* \* \* \*

UN Resolution on the Falkland Islands

The Prime Minister said that she understood that the Argentinian Resolution was likely to be similar to last year's. She hoped that the French would again abstain. The President said that the French Government would have to examine the text. If it was the same as last year's, it was unacceptable to France and France could not vote for it. But it caused difficulties for France for the United States and Italy were likely to support the Resolution since this tended to isolate France and damage her relations with South America. It would help France to maintain its abstention if there were a general movement to abstain among Britain's friends. The Prime Minister said that Britain could continue to work hard to persuade her friends not to vote for the Resolution.

European issues

The Prime Minister said that Monsieur Cheysson had expressed the view to her on the previous evening that it would be difficult for countries to make the necessary compromises to reach agreement over the European budget and Common Agricultural Policy close to the European elections; and that it was therefore necessary to make rapid progress towards a solution before the meeting in Athens in December. She herself had hoped that, if an agreement could not be reached at Athens, it would be possible to do so at the March Heads of Government meeting under the French Presidency. Her view was that the worst scenario for the European elections would be to hold them against the background of the Commission running out of money and being unable to maintain their agricultural payments.

/ President

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President Mitterrand said that Monsieur Cheysson was perhaps optimistic about the rate at which progress would be possible, and he did not himself see how a solution could be reached quickly. If an agreement could be reached by March, he thought that this would be sufficiently long enough before the European elections. But it would not be any easier to solve the problem in March than in December, and there was everything to be said for making as much progress as possible by the Athens meeting. The Prime Minister agreed and said that she hoped that it might be possible discreetly to arrange a series of bilateral meetings between Britain and France, Britain and Germany, and France and Germany. It would also be essential for Heads of Government to remain closely in touch with the development of detailed negotiations and to approve the parameters for them, so that any agreements reached by such a process should not be overturned.

The President agreed with this suggestion. It would be essential that such discussions took place discreetly and without the press being aware of them. He suggested that Britain, France and Germany should each name a representative at Ministerial or very senior official level, or a combination of the two, who could undertake intensive but discreet bilateral consultations in the period up to December. He wanted to see all the outstanding problems settled together. He had been pleased and surprised to learn that it had been possible to reach agreement on Mediterranean acquis, which he had expected to be difficult, particularly with the Italians. Perhaps it was a good thing that the Italians had a Socialist Prime Minister.

The Prime Minister commented that she had found Signor Craxi took a positive attitude towards European co-operation, but Signor Andreotti seemed more reserved. President Mitterrand agreed and said that he had been surprised to get the impression from Signor Andreotti that he seemed to favour immediate discussions with Moscow about nuclear matters. The Prime Minister asked whether this was merely a matter of presentation or whether there were signs that the Italians were weakening in their resolve about INF deployment. President Mitterrand said that he did not doubt that

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/ the Italians

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the Italians were resolved about deployment, but were less robust about the issue of bringing the British and French deterrents into the negotiations. His impression was that Signor Andreotti had been reflecting the wishes of the Italian President.

Returning to European Community issues, President Mitterrand said that the French Government had reservations about proceeding with enlargement until harmony had been re-established in the Community's arrangements. Otherwise enlargement would only cause new strains. Prime Minister Mauroy had had a meeting of Socialist Prime Ministers, at which some progress had been made, but enlargement would raise very difficult issues including fisheries and wine.

President Mitterrand continued that the difficulties of enlargement were practical, whereas those on the Budget and CAP were difficulties <sup>of</sup> principle. The French position was that an enshrinement of an annual reimbursement to the United Kingdom was not consistent with the Treaty of Rome. He understood Britain's practical difficulties, and would not deny that the French had gained much advantage from the Community; but Germany and Britain had also gained, particularly in industrial matters. The benefits to agriculture were highlighted because of the prominence of the agriculture budget, but even this was small in relation to the Community's GDP.

The Prime Minister commented that the British position was not based on a "juste retour" but on fair sharing of the burden of the Community's budget. The problems would become more acute after enlargement, and France shared an interest with Britain in ensuring that the burden was fairly shared. She agreed therefore that arrangements for enlargement had to be taken into account in the settlement of other issues. She also felt that there were fundamental problems of agricultural policy to be solved. The European Community could not go <sup>on accumulating</sup> /surpluses, and the problem would become more acute as the United States went into surplus.

President Mitterrand agreed that the problem of surpluses had to be dealt with: the most acute one was on milk. He was

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quite prepared to say that over-production was bad management, even if France was involved in it. But there were problems of imports from the United States of substitute products.

The Prime Minister commented that if cereal prices were lower, there would not be such an incentive to import substitutes. She pointed out that the Treaty of Rome included only very general words about CAP, and the system of own resources had been invented long after the Treaty. On the problem of enlargement, she was concerned that if Spain's accession was held up for too long it could increase difficulties which Spain would face if there were a referendum over membership of NATO. She asked whether the French Government envisaged solving the problems of enlargement by a long transitional arrangement or by seeking fundamental solutions immediately.

President Mitterrand said that his position on enlargement was capable of adjustment. He was indeed embarrassed not to be able to agree readily to Spanish and Portuguese accession. But the Prime Minister should know that there were strong considerations of French internal politics affecting this matter. Both the Communists and Monsieur Chirac were opposed to enlargement, as were all the agricultural organisations which were mainly Conservative. That amounted to a lot of people, who would be likely to be demonstrating next summer at the time of the European elections.

The Prime Minister asked what timing the President had in mind over enlargement, bearing in mind France's national elections in 1986. President Mitterrand replied that the 1986 elections were less of a problem than the European elections next year. But he had considerable problems in the short term with Monsieur Chirac. In parenthesis, he remarked that Monsieur Chirac in a recent speech in Berlin had come out in favour of a joint European defence force, including the Germans. The President said that he was not opposed to this as a concept, but it was quite unrealistic to envisage it in the foreseeable future. The Prime Minister commented that any such proposal would seriously undermine NATO. There was to be a conference on European disarmament in Stockholm, and that was enough.

/ Returning

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Returning to enlargement, President Mitterrand said that he was willing to move towards it, and hoped that Spain and Portugal would be content with agreement in principle, but with an extended period for implementation.

The Prime Minister asked whether, in envisaging a comprehensive solution to the Community's problems, the President was also including the French ideas on industrial policy. The President said that he was not. He had in mind only the problems identified at Stuttgart. The proposals on industrial policy were important, but were only in embryo. But he felt that there should be new projects for industrial collaboration, to help get Europe out of its rut. An important area for such co-operation was information technology, where the European countries were not <sup>so much</sup> in competition with each other but as with the United States and Japan. A lot of excellent research was undertaken in France and also in the United Kingdom; and there was great scope for harmonising production. The same was also true of bio-technology. He hoped that the Community would be able to reach agreements on these matters in the same way as they had previously done on coal and steel. The promotion of the new industries would assist the modernisation of old industries and was also important on cultural and educational grounds. This was not just a pipedream, but an opportunity for a substantive new agreement.

The Prime Minister commented that ESPRIT already provided a small programme for collaboration on R&D. All countries were putting funds into research in information technology, but her impression was that the USA and Japan were still gaining on Europe. She regretted that Europe had allowed the US and Japan to take such a lead. President Mitterrand commented that he did not wish to cut off Europe from the United States. But co-operation would allow everybody to go forward faster. The European market for information technology represented about 16% of the world market. The Prime Minister said that she had seen figures which suggested that a higher proportion of households in the United Kingdom owned video recorders and home computers than in any other country.

/ Britain

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Britain already made home computers, but had only just started production of video recorders. She had given priority to getting a computer into every secondary school and was now extending this to primary schools.

President Mitterrand said that France were less advanced in this respect but were going in the same direction. He thought that software was an area in which Europe was better placed in relation to the United States and Japan than on hardware. The French experience had been that their young people were ahead of students in the United States up to the age of 20, because they had a better mathematical grounding, although after 20 the Americans tended to move ahead because they had a greater access to the necessary equipment. But the Japanese were purchasing software from France in large and increasing amounts.

The Prime Minister said that the highly complex, science-based industries were doing well in Britain. But we still had a problem with the more traditional industries. The application of new technology to the traditional industries was making them more competitive but was causing them to shed labour which had not yet been fully taken up in the new and growing industries. The cross-over point would come, but it had not been reached yet. President Mitterrand said that the unemployment crisis had been caused by delay in getting people organised to take advantage of the new technology. The position was the same in France as in Britain. It was not a disastrous problem, but it was a problem of adjustment which needed to be tackled, and neither Britain nor France had adjusted quickly enough.

The Prime Minister said that she was concerned that governments delayed the process of adaptation by loading too many overheads on industry. This made it particularly difficult for our industries to compete with those of the newly industrialised countries. President Mitterrand commented that this was a conservative attitude; in his view the question was more one of planning. If European countries were energetic and far-sighted and could agree among themselves, in ten years Europe could be industrial leaders again.

F.E.R.B.

21 October 1983

SECRET

SUBJECT

cc M. M. M.

CONFIDENTIAL

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE  
PRESIDENT OF FRANCE AT 1005 HOURS ON FRIDAY, 21 OCTOBER 1983  
AT 10 DOWNING STREET

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Present:

Prime Minister  
Foreign and Commonwealth  
Secretary  
Mr. Coles

President Mitterrand  
Monsieur Cheysson  
M. Vedrine

The Prime Minister said that in the tête-à-tête conversation which had preceded the present one she and the President had been struggling with European Community problems. To summarise, it seemed that if there was not considerable progress at the European Council in Athens, the Community would enter a financial crisis in early 1984. That would be a bad background for the European elections in June. On the other hand, the closer the elections approached, the harder it would be for Governments to make compromises. This argued for making faster progress on both the budget and on the CAP before Athens.

The Foreign and Commonwealth Secretary said that he had devoted his talks with M. Cheysson yesterday to EC problems. They were agreed on the need for success at Athens if that was at all possible. The Prime Minister asked whether it was possible. The Foreign and Commonwealth Secretary said that success would be very difficult but was not impossible. France and Britain agreed on the objective with regard to the CAP but did not agree on the nature of financial control. With regard to future financing, the two sides agreed that there was a problem to be solved but there was substantial divergence between their two positions. Then, with respect to new EC policies, they had agreed to attempt to identify common ground. This was the easiest area in which to reach agreement.

/ If Athens

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If Athens was to be a success, it would be necessary to reach agreement on all the related issues. The area of most significant divergence was that of future financing. The two sides had not adequately explored the areas of disagreement. He therefore believed that a small group of advisers should meet to see whether progress could be made.

M. Cheysson said that the Prime Minister had asked whether it was possible to reach agreement at Athens. His reply was yes. President Mitterrand commented that M. Cheysson was more optimistic than he was. M. Cheysson said that agreement depended on a number of factors. All would have to appreciate what failure to agree would mean. There would need to be agreement on the identification of a few major problems on which decisions should be taken at the level of the European Council. For the first time in his 10 years experience of the Community an effort was being made to prepare the ground in this way. Work around the Council table was nearly finished. The remaining work would have to be bilateral or trilateral and would need to define the outlines of agreement in terms which might be acceptable to the Council. He saw value in the Foreign and Commonwealth Secretary's proposal for discussion in a small group of advisers.

As regards new policies, the two sides should try to summarise specific proposals for the Athens Council. The Community had begun with industrial collaboration and this could be an important element in re-launching it.

These matters apart, there were certain difficulties. With the United Kingdom, the problems were related to the limitation of CAP expenditure and a system providing automatic budgetary relief. With the Germans, the most important problem concerned the MCAs. There was also the very difficult matter of milk. France had 450,000 milk producers. But it knew very well that we could not go on producing milk at the present rate for there was no real world market for it.

All these matters were capable of resolution. President Mitterrand asked how.

/ The Prime Minister

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The Prime Minister said that she would make a distinction between the major political problems and the technical methods of solving them. The major problems were three: the budget where it was necessary to limit contributions in order to avoid refunds; the control of CAP expenditure; and the German problem with regard to MCAs. At the moment progress was blocked by the absence of decisions on these matters.

The Foreign and Commonwealth Secretary commented that M. Cheysson had rightly identified the main problems for Athens. It would be helpful to get our officials together in time to make progress. The Prime Minister said that we should also keep Germany, and possibly even Italy, abreast of our discussions. But there should be no publicity for Anglo/French contacts. They must be regarded as part of our normal cooperation. President Mitterrand said that the right course was for each side to appoint one senior official who had the confidence of his Government. Ministers did not have time for these things and were always followed around by the press. The Prime Minister said that the matter was urgent. We only had six weeks left. President Mitterrand said that M. Cheysson's list of problems was very complete but he had reached no conclusions. It was clear that we could not get involved in discussion among all 10 Member States. The United Kingdom, France and Germany must sort out the problems. There would then have to be an occasional visit to Rome to soothe Italian pride. The Prime Minister said that she did not believe that the Italians should be made privy to the discussions which the President envisaged.

The Foreign and Commonwealth Secretary said that his impression in Athens last week had been that the discussion was making certain progress. The Prime Minister commented that that was due to the fact that the Community was running out of money and was having to delay payments until next year. President Mitterrand said that he thought it important that we should not give public opinion the impression that we had given up hope of solutions. The Prime Minister agreed. The press wanted to write stories about crises and disagreements. They should not be given the chance.

/ President Mitterrand

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President Mitterrand said that during their tête-à-tête, the Prime Minister had raised the question of the UNGA Resolution on the Falklands. He had said that the French attitude would depend on the text of the Resolution and on who was supporting it. He did not want France to be isolated if the United States and Italy favoured the text. But nor did he want to vote for something which Britain would not like. So the problem should be studied. M. Cheysson commented that if the text was like that of last year, France should abstain as last year. But if the parts of last year's Resolution which were unacceptable were changed, then there would be a different situation.

President Mitterrand asked whether it was the case that we could not accept any Resolution. The Prime Minister said that having sent a Task Force to the Falklands and lost lives we could not now say we would negotiate away what we had fought to retain. Nor could the people of the Falkland Islands agree. We would like to have better relations with the whole of Latin America. We had taken a number of steps to remove restrictions with regard to finance and trade, but there had been no response from Argentina.

The Foreign and Commonwealth Secretary said that our statement that our friends should not promote changes to the text might sound unhelpful. But the truth was that if the Resolution remained as it was last year it would be easy for our friends to maintain their former positions. President Mitterrand commented that he understood our worries. It was the American and Italian position which caused him concern. But there was a limit - and the limit was that France did not wish to be hostile to the United Kingdom. If the text were not changed, it would be easier for everyone.

The discussion ended at 1040.

A.J.C.

21 October 1983

CONFIDENTIAL

REVISED  
DRAFT SEATING PLAN  
DINNER ON 20 OCTOBER

\*  
PRIME MINISTER

\*  
MONSIEUR FRANCOIS MITTERRAND

Monsieur Claude Cheysson

Lady Howe

Rt. Hon. Sir Geoffrey Howe

\* Monsieur Michel Rocard

Monsieur Charles Hernu \*

Mrs. Walker

Mrs. Heseltine

Rt. Hon. Michael Jopling

Rt. Hon. Michael Heseltine

Rt. Hon. Peter Walker

Rt. Hon. Lord Soames

Madame de Margerie

Monsieur Andre Chandernagor\*

Madame Edith Cresson

Mrs. Channon

Rt. Hon. Neil Kinnock

Mrs. Tebbit

Rt. Hon. Norman Tebbit

Sir Christopher Laidlaw

The Lady Soames

Monsieur Louis Mexandeau \*

HE The French Ambassador

The Hon. Lady de Zulueta

Monsieur Jean-Louis Bianco

Rt. Hon. Paul Channon

Mrs. Kinnock

Monsieur Jacques Attali

Lady Laidlaw

Lady Hirsch

Air Chief Marshal Sir Lewis Hodges

Sir Robert Armstrong

Mr. Charles Douglas-Home

Mr. Peter Walters

Sir John Fretwell

Mrs. Golding

Mrs. Turnbull

Lady Meyer

Mrs. Walters

Professor Sir Peter Hirsch

Mr. John Cohen

Mr. William Golding

Mr. G.H. Turnbull

Lady Hodges

Mrs. Dykes

Mrs. Preston

Mrs. Douglas-Home

Sir Anthony Meyer

Mr. Terry Seale

Sir Philip de Zulueta

Dr. Theodore Zeldin

Mrs. Cohen

Mrs. Zeldin

Ms Lisa St. Aubin de Teran

Mrs. Coles

Professor Arthur Bell

Professor Bernard Williams

Mr. Peter Preston

Mr. Hugh Dukes

Mrs. Williams

Mr. John Coles

Mrs. Seale

Mr. Robin Butler

ENTRANCE

\* Interpreters



Prime Minister

CONFIDENTIAL

MR 27/10

MS

PRIME MINISTER

ANGLO-FRENCH SUMMIT: AIRBUS A320

At your briefing meeting last night I promised to enquire further into the thoroughness of Airbus Industrie's sales effort for the A320 with British Airways and let you have a report.

2 British Airways confirm that no senior officials of Airbus Industrie have visited either Lord King or Colin Marshall, their Chief Executive, in London. British Airways find this distinctly surprising, and in marked contrast to the practice of McDonnell Douglas and Boeing, both of whom have sent high-powered delegations. There have however been occasional contacts at sales representatives level, and Colin Marshall's predecessor, Roy Watts, visited Toulouse for talks with Airbus at their invitation in February. British Airways have also been approached by British Aerospace, on the Airbus consortium's behalf.

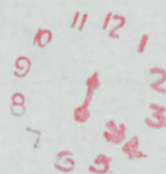
3 I would recommend against mentioning any of this to President Mitterand. To do so might sow dissension with the Airbus consortium and between themselves and British Airways. I suspect, too, that Airbus Industrie's rather casual attitude to British Airways may reflect a mistaken view that British Airways' purchasing policy is ultimately determined by the Government, and that an intensive sales effort with the airline itself is therefore not necessary. They cannot have been so casual in their approach to British Caledonian, and we have no reason to suppose that their marketing efforts with other airlines have been other than professional and intensive. Certainly they appreciate very clearly that the evidence they can put forward of the sales prospects for the A320 will be a major factor in any consideration here of possible launch aid.

4 I am sending copies of this minute to the Foreign Secretary, the Secretary of State for Defence, the Secretary of State for Transport and to Sir Robert Armstrong.

P.C.

PAUL CHANNON  
20th October 1983

JUL 1983





DEPARTMENT OF ENERGY  
THAMES HOUSE SOUTH  
MILLBANK  
LONDON SW1P 4QJ

01-211 4391

SIR KENNETH COUZENS KCB  
PERMANENT UNDER-SECRETARY OF STATE

20 October 1983

*I have told the*

*P.R.*

*M 27.10*

*h.c.*

John Coles Esq  
Private Secretary  
No. 10 Downing Street  
SW1

*Dear John*

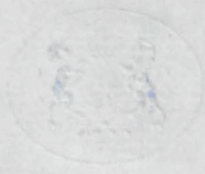
At yesterday's briefing meeting for the Anglo/French Summit, the Prime Minister asked when the French expected to complete Super Phenix I. The latest information we have is that they expect to complete it towards the end of 1984.

The French at present speak of starting Super Phenix II in 1986/7. There is a possibility, with no commitment from our side, that the CEGB will ultimately purchase some electricity from Super Phenix II to be delivered via the new Anglo-French cross-Channel electricity link. But this looks to the early 1990's.

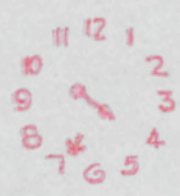
*Yours sincerely,*

*Michael Wilshire*

M WILSHIRE  
Private Secretary



20 OCT 1983



v

## JOINT REPORT TO THE ANGLO-FRENCH SUMMIT ON THE BILATERAL RELATIONSHIP

1. The two Foreign Ministers have examined the state of bilateral relations between France and the United Kingdom. They have concluded that these are generally in good repair. In accordance with the wishes of the last Anglo-French Summit (4-5 November 1982) contacts between the British and French Governments, at Ministerial and Official level, have been encouraged and closely co-ordinated. (A list of contacts is attached.) In particular there has been an intensification of contacts in the following areas:

- a. Community Issues
- b. Defence, notably procurement
- c. International Relations
- d. Research and industrial cooperation
- e. Energy
- f. Education

2. Progress has been made in the energy field where work on the cross-Channel electricity link (first stage to come into operation in 1985) is well in hand. Proposals have been put forward for a gas pipeline under the Channel later this century. The British Government have decided to join European partners in further research into fast breeder reactors. The two Governments look to an early conclusion of negotiations. Plans for the joint construction of a nuclear power station at Guangdong (China) are at an advanced stage. Contacts between experts in the atomic energy field have increased.

3. Recent meetings between Defence Ministers have highlighted the possibilities for collaboration in defence procurement, notably over the future combat aircraft and helicopters. Elsewhere in the industrial field plans for co-operation between aero engine manufacturers are promising. Certain British and French motor component manufacturers are establishing a new partnership.

4. The Foreign Ministers consider that further efforts should be made in a number of fields. The discussions on Community questions

have led to a better understanding of the respective positions. On certain important issues, differences of approach still exist: the long-term financing of the community; the Common Agricultural Policy and energy policy, particularly solid fuels. On the other hand, the discussions have led to a convergence of views on other issues, in particular on new and other policies. The two countries need to develop, with their other European partners, their common approach to the various manifestations of the US extraterritorial issue which directly affect their interests. In the industrial field, contacts on telecommunications have taken place and more are envisaged: there are outstanding differences in our approaches to direct broadcasting by satellite and on a common European standard for cellular radios. The launch of the Airbus A320 awaits a decision by Governments. On the Channel Fixed Link, both Governments await the completion this month of a joint study by French and British banks. The French side are looking for a British decision to use Ariane to launch the Skynet 4 defence communications satellites.

5. Problems remain over rates paid on French cultural premises in Britain, a subject raised by the French Government at the last Summit.

6. A new difference has arisen, over No-Passport Excursions. Discussions are in progress.

7. The activities undertaken by the Franco-British Council to stimulate exchanges and in particular to encourage contacts in new areas deserve continuing support.

8. The Foreign Ministers have concluded that intensification of bilateral contacts during the year has been positive and useful and has led to a genuine increase in co-operation. But much work remains to be done.

9. The Foreign Ministers invite the President and Prime Minister to endorse continuing work in the pursuit of a closer relationship.

CLOSER CONTACTS BETWEEN FRENCH AND BRITISH GOVERNMENTS:  
NOVEMBER 1982 - AUTUMN 1983

November 1982

- 24  
London Regular talks between National Armaments  
Directors: M. Martre and Sir D Lowe  
(MOD)\*.
- 25  
Paris Sir A Acland visited Paris for talks  
with M. Gutmann, Secretary-General at  
the Quai d'Orsay (FCO).
- 26  
Paris Annual official level talks on nuclear  
matters, especially non-proliferation:  
M. Martin and Mr Gillmore (FCO).
- 30  
Paris Talks between European Directors:  
M. Dufourcq and Mr Goodison (FCO).

December 1982

- 1-2  
Paris Introductory talks between Heads of  
Atomic Energy Agencies: M. Pecqueur  
and Sir P Hirsch (D/Energy).
- 9  
Paris Official level talks on vehicles,  
including the Lucas/Ducellier/Valéo  
merger (DOI).

January 1983

- 5  
London Regular official level talks between the  
Department of Trade and the Direction  
des Relations Economiques Extérieures:  
M. David and Mr Gray (DOT)
- 7  
London Official level talks on Euratom:  
M. Amigues and Mr Haskell (FCO).
- 10  
Paris Official level talks on the Channel  
Fixed Link and EC Transport issues:  
Mme Pratz and Mr Lyall (DTp).
- 17  
Paris Official level talks on cultural  
matters: M. Beauchataud and Mr Macrae  
(FCO).
- 19  
London Brainstorming session primarily on  
European Community issues: led by  
M. Paye and Mr Evans (FCO).

\* Lead Department in Whitehall is shown in brackets following each item.

0  
London

M. Jobert's visit to London for lunch/  
talks with Lord Cockfield, Mr Rees and  
Mr Pym (DOT).

21  
London

Official level talks on health service  
investment appraisal (DHSS).

26  
London

Official level talks on cellular radio  
systems (DOI).

27  
London

Co-ordinators' meeting in London:  
M. Dufourcq and Mr Goodison.

31-1 Feb  
London

M. Cheysson's visit to London for  
dinner/talks with Mr Pym and Sir G Howe  
(FCO).

### February 1983

3  
London

Official level talks on bilateral  
armaments collaboration: M. Conze  
and Mr Roberts (MOD).

4-5  
Paris

Official level talks on science (DES):

8

Official level talks on extraterritoriality  
(FCO/Treasury)

17  
Paris

Lord Belstead's visit to Paris for talks  
with M. Chandernagor, M. Gutmann and  
others (FCO).

17-18  
Paris

Lord Cockfield's visit to Paris for  
talks with M. Jobert (DOT).

23  
London

Official level talks between the  
Treasury and the Ministry of the Budget:  
M. Bouton and Mr Edwards (Treasury).

23

Official level talks on coach services.  
(DTp)

24  
Paris

Official level talks on steel, to begin  
regular series (DOI).

25  
Paris

M. Gallois, Director-General for  
Industry, visited for talks with  
Sir P Carey (DOI).

### March 1983

1  
Paris

Official level talks on UNCTAD VI:  
M. Bauchard and Mr Williams (DOT) and  
Mr Thomas (FCO)

Paris	Sir K Couzens' visit for talks on energy with M. J Syrota, Director-General for Energy and Raw Materials (D/Energy).
4 London	M. Chandernagor's visit for talks with Mr Hurd (FCO)
10 Paris	Official level talks on agricultural matters: M. Lachaux and Mr Andrews (MAFF)
11 Paris	Brief visit by French Motor Industry Officials (DOI)
11 London	Talks between Asian Directors: M. Combal and Mr Donald (FCO)
14-16 Cardiff	Biennial Mixed Commission on cultural affairs (British Council)
16 Paris	Regular official talks on Politico/Military affairs: M. de la Bâtie and Mr Gillmore (FCO).
17 London	Official level talks on the rating of French cultural premises: M. Beauchataud and Mr Macrae (FCO)
17 Berlin	Tripartite talks (with FRG) on robotics (DOE).
17-18 Paris	Official level talks between the Fonction Publique and the Management and Personnel Office/Civil Service College (MPO).
18 Paris	Talks between American Directors: M. Dorin and Mr Ure (FCO).
21 London	Official level talks on coal policy: M. Bellec and Messrs Manley and Carter (D/Energy).
21 London	Official level talks on Hospital Management (DHSS).
22 Paris	Official level talks on Community Trade Policy: M. Remond and Miss Lakcey (DOT).
22 Paris	Official level talks on non-proliferation: M. Amigues and Mr Haskell (FCO).
22 London	Talks between Fisheries Directors: M. Proust and Mr Pooley (MAFF).
22-23 Paris	Dr Vaughan's visit for talks with Mme Lalumière (DOT).
23-25	Talks between the Chief Medical Officer and the

Brussels

Director-General of the French Ministry of Health: Professor Roux and Sir H Yellowlees (DHSS).

April 1983

- 7 Talks on direct broadcasting by satellite (DOI).
- 14 Official level talks on steel (DOI)  
Paris
- 14-15 Visit by Lord Bellwin (DOE)  
Paris
- 18 Official talks on the renegotiation of the Lomé  
London convention (FCO)
- 18-20 Visit by Mr Rees who had talks with Mme Cresson,  
Lille/Paris M. Chandernagor and M. Nucci (DOT)
- 20 Official level talks on Guangdong nuclear  
Paris project: M. Warin and Mr Manzie (DOI)
- 25 Co-ordinators' Meeting: M. Dufourcq and  
Paris Mr Goodison

May 1983

- 3-5 Regular talks between National Armaments  
Paris Directors: M. Martre and Sir D Lowe (MOD)
- 5-7 Official level talks on Social Affairs  
Paris attended by the Chief Social Work Officer (DHSS)
- 9 Official level talks between M. Bouton and  
Paris Mr Edwards (Treasury)
- 9 Tripartite talks (with FRG) on joint research  
Paris institute to be set up by ICI/Siemens/CMB (DOI)
- 10 Brainstorming Session on EC issues: M. Paye and  
Paris Mr Evans (FC)
- 10 Official level talks on environmental issues  
arising from roads and road traffic  
(D/Tp).
- 11 Mr Walker's visit for lunch/talks with M. Rocard  
Paris (MAFF)
- 16-20 Official level talks on air pollution and  
London environmental hazards (DHSS)

17 Paris Trésor/Treasury talks: M. Jurgensen and Mr Unwin (Treasury)

19 London M. Gutmann's visit for talks with Sir A Acland (FCO)

20 Brussels Official level talks in advance of the Social Affairs Council (2 June) and of the Joint Council of Employment and Education Ministers (3 June) M. Mancy and Mr Stewart (D/Employment)

25 London Tripartite talks (with FRG) on direct broadcasting by satellite (DOI).

27 Paris Joint Franco-British Medical Interchange Committee (British Council).

31 Official level talks on lorry regulations (D/Tp)

31 Paris Talks between Fisheries Directors: M. Proust and Mr Griffiths (MAFF).

June 1983

1-3 London Official level talks on industrial innovation (DOI).

2 Paris Official level talks on air services (DOT).

7 London Official level talks between M. Bouton and and Mr Edwards (Treasury).

9-10 London Official level talks on comprehensive education: Mme Delpeche and Mr Arthur (DES).

14-24 Paris/Lille/Lyon Official level visit and discussions on education of non-academically minded pupils: M. Martin and Mr Marshall (DES).

20-24 Glasgow/Dumfries and Edinburgh Visit of French INRA staff to discuss research and development in agriculture with MAFF, DAFS and ARC staff (MAFF).

29 Paris Official level talks on EC trade questions: M. Remond and Mr Gray (DTI).

July 1983

4 Paris Talks between Political Directors: M. Andréani and Sir J Bullard (FCO).

4

Paris

Official level talks on UN matters: Mr Adams (FCO).

6

London

Brainstorming Session on EC issues: M. Paye and Mr Evans (FCO).

8

London

Coordinators' Meeting: M. Dufourcq and Mr James

20

Paris

Official level talks on agricultural commodities (MAFF).

21

Paris

Mr Heseltine's visit for talks with M. Hernu (MOD).

21

Paris

Mr Lamont's visit for Airbus Ministerial meeting (DTI).

22

London

M. Rocard meets Mr Jopling (MAFF).

22

Paris

Sir G Howe's visit for mid-term review meeting between Summits (FCO).

25

Paris

Mr Rifkind's visit for talks with M. Chandernagor (FCO).

August 1983

9

Paris

Official level talks on No-Passport Excursions (FCO)

September 1983

2

Paris

Official level talks on Guangdong: M. Warin and Mr Manzie (DTI)

6

London

Visit of Director-General for Energy and Raw Materials: M. Syrota and Sir K Couzens (D/Energy).

12

London

Regular talks between National Armaments Directors (MOD)

12

London

Official level talks on European fast reactor collaboration (D/Energy)

12

London

Official level talks on the Middle East: M. Bonnefous and Mr Egerton (FCO)

15-16

Visit of M. Mignot (D/Employment/DTI/MS)

19

Official level talks on Africa: M. Ausseil and Mr Squire (FCO)

19-22  
London

Visit of professional and technical training experts (DES).

20  
London

Politico-Military talks: Mme Renourd and Mr Cartledge (FCO).

20  
Paris

Official Visit of Mr Macfarlane for talks on sport with Mme Avice (DOE)

20  
London

Official level talks on the proposed cross-Channel gas link: M. Wanecq (D/Energy)

20-24  
Madrid

Bilateral contacts between the Chief Medical Officer and the leader of the French delegation to WHO: Professor Roux and Sir H Yellowlees (DHSS)

23

Informal meeting on Trade publicity: M. Montvalon and Mr Rumbelow (DTI)

26-28  
Paris/Marseilles

Visit of Mr Gummer (D/Employment)

26  
London

Visit of M. Fabius for talks with Mr Parkinson Mr Walker and Sir K Joseph (DTI/DEN/DES)

27  
Paris

Further official level talks on fast breeder reactor collaboration (D/Energy)

27

Official level talks on space issues (DTI)

October 1983

4  
Paris

Official level talks on Community and economic issues: M. Paye and Mr Evans (FCO)

10  
Paris

Visit of Sir A Acland for talks with M. Gutmann (FCO)

10  
Paris

Co-ordinators' Meeting: M. Dufourcq and Mr James (FCO)

10-13  
Paris/Bordeau

Visit of Lord Gowrie for the opening of the Turner Exhibitions (Arts)

14  
London

Official level talks on the Americas: M. Dorin and Mr Ure (FCO)

20-21  
London

Anglo-French Summit

November 1983

3  
London Official level talks on Asia: M. Combal and Mr Donald (FCO)

18-20  
Montpellier Franco-British Council Seminar on Health Care Costs (DHSS)

30  
Paris Visit of Mr Raison for talks with M. Nocci (ODA)

Autumn

Paris Official level talks on non-nuclear R and D collaboration (D/Energy)

Joint Working Group A officials to follow up Energy Ministers' talks (D/Energy)

Paris Official level talks on social security: Mr Regan (DHSS)

London Official level talks on telecommunications: M. Grenier (DTI)

December 1983

5-6  
London Anglo-French Legal Talks (LCD)

N.B. This calendar, at French request, does not list the frequent meetings between senior members of the armed services.

CONFIDENTIAL

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FM PARIS 171230Z OCT 83  
TO IMMEDIATE FCO  
TELEGRAM NUMBER 954 OF 17TH OCTOBER

ANGLO-FRENCH SUMMIT, 20-21 OCTOBER.

SUMMARY.

1. I CALLED ON THE SECRETARY GENERAL OF THE ELYSEE TODAY TO DISCUSS PREPARATION FOR THE BILATERAL SUMMIT. DIANCO AND ATTALI, WHO WAS ALSO PRESENT, EXPRESSED THE FRENCH WISH TO EMPHASISE THE POSITIVE ASPECTS OF OUR BILATERAL RELATIONS. GIVEN THE LIKELY THRUST OF JOURNALISTIC INTEREST THEY ALSO WISH TO DISCOURAGE SPECULATION THAT THIS SUMMIT WILL BE THE OCCASION FOR AN ATTEMPT BY THE PRESIDENT AND PRIME MINISTER TO RESOLVE NATIONAL DIFFERENCES ON EC QUESTIONS.

DETAIL.

2. THE FRENCH LIST OF TOPICS FOR DISCUSSION BETWEEN PRESIDENT AND PRIME MINISTER IS ALMOST IDENTICAL TO OURS. THEY AGREE THAT THE FOREIGN MINISTERS' REPORT SHOULD BE NOTED AND CONFIRMED.

STRATEGIC QUESTIONS.

3. THEY AGREE ON THE IMPORTANCE FOR PUBLIC OPINION, GOING BEYOND FRANCE AND BRITAIN, OF PRESENTING A FIRM AND UNITED STAND ON INF AND EAST/WEST RELATIONS MORE GENERALLY.

EUROPEAN COMMUNITY.

4. DIANCO DID NOT DENY WHEN I SAID THAT THE PRIME MINISTER WOULD WISH TO DISCUSS PROGRESS TOWARDS FULFILLING THE STUTTGART MANDATE AND PREPARING THE ATHENS COUNCIL. THE FRENCH INDICATED THAT THEY WILL CALL FOR FINANCIAL RIGOUR TO BE IMPOSED ON OTHER POLICIES AS WELL AS THE CAP, A SUBJECT WHICH THEY CLAIM HAS SO FAR BEEN NEGLECTED POST-STUTTGART. MITTERRAND CAN BE EXPECTED TO TAKE UP THE THEME DEVELOPED BY DELORS IN BRUSSELS THAT FUTURE FINANCING OF THE COMMUNITY SHOULD NOT BE DEALT WITH BY A PURELY BUDGETARY APPROACH, BUT MUST BE SET IN THE CONTEXT OF A WIDER RELAUNCHING OF EUROPE, A KEY ELEMENT OF WHICH WILL BE GREATER ENCOURAGEMENT FOR EUROPEAN INDUSTRIAL COLLABORATION. HE WILL HOWEVER ACCEPT THE NEED TO AVOID ANYTHING TOO BLATANTLY DIRIGISTE IN THE WAY OF AN INDUSTRIAL POLICY.

BILATERAL.

5. THE FRENCH WILL MAKE A STRONG PITCH FOR GOVERNMENTAL SUPPORT FOR THE AIRBUS A320, WHICH THEY REGARD AS FUNDAMENTAL TO THE FUTURE OF AIRBUS INDUSTRIE. AT LEAST IN PRESENTATIONAL TERMS, THEY ATTACH PARTICULAR IMPORTANCE TO THE MEETING OF DEFENCE MINISTERS AND WILL WANT TO STRESS PUBLICLY THE POTENTIAL FOR FUTURE COOPERATION AND COLLABORATION IN THIS FIELD. THEY THINK IT BETTER TO TREAT THE FIVE BANKS REPORT ON THE CHANNEL FIXED LINK IN A VERY LOW KEY,

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/TO AVOID

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TO AVOID YET ANOTHER AFFIRMATION OF NO MORE THAN READINESS TO STUDY THE PROPOSALS SERIOUSLY. ATTALI THOUGHT THAT MITTERRAND WOULD WANT TO SAY NOTHING ON THE SUBJECT UNTIL THERE IS A FIRM BILATERAL DECISION TO GO AHEAD WITH THE PROJECT.

6. OTHER BILATERAL TOPICS WHICH THEY AGREE WOULD RATE A MENTION BETWEEN PRESIDENT AND PRIME MINISTER (AND PUBLIC EMPHASIS AS EXAMPLES OF POSITIVE FRANCO-BRITISH EXCHANGES) ARE THE CROSS-CHANNEL ELECTRIC CABLE, FAST BREEDER COLLABORATION AND, FURTHER INTO THE FUTURE, THE GAS LINK. ATTALI WOULD WELCOME AN OPPORTUNITY TO TALK TO SIR R ARMSTRONG ABOUT MUTUAL OBLIGATIONS, INCLUDING RECIPROCITY OF ACCESS TO TELECOMMUNICATIONS MARKETS, IN THE LIGHT OF THE PRIVATISATION OF BRITISH TELECOM. FABIUS WILL ALSO WISH TO PURSUE THIS WITH MR TEBBIT.

LONDON ECONOMIC SUMMIT.

7. LOOKING AHEAD TO THE LONDON ECONOMIC SUMMIT, ATTALI THOUGHT IT WOULD BE USEFUL FOR PRESIDENT AND PRIME MINISTER TO EXCHANGE VIEWS ON THE PRESENT STATE OF IMPLEMENTATION OF THE RECOMMENDATIONS OF THE TECHNOLOGY GROUP ESTABLISHED BY THE VERSAILLES SUMMIT, IN PARTICULAR THE PROJECTS IN WHICH FRANCE AND BRITAIN EXERCISE JOINT LEADERSHIP.

FALKLANDS.

8. I PUT BIANCO ON NOTICE THAT ANOTHER SUBJECT IN THE PRIME MINISTER'S MIND WOULD BE THE FALKLANDS, INCLUDING THE PROSPECTIVE UNGA RESOLUTION.

FRETWELL

STANDARD  
WED  
MR THOMAS

Miss Lindsay Wilkinson  
Private Office  
Cabinet Office

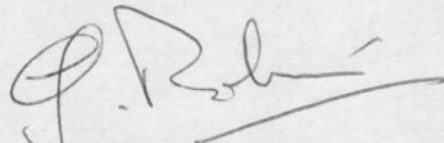
cc PS/Secretary of State  
PS/Mr Baker  
PS/Sir Brian Hayes  
Mr Croft  
Mr P J Cooper - US/SPF  
Mr A C Nicholas - D/Space Branch  
(SPF1)

MITTERAND SUMMIT - SUPPLEMENTARY BRIEFING - ARIANE

Please find attached supplementary briefing as promised.

A.J.C. <sup>20</sup>/<sub>6</sub>

h.p.



L J ROBINSON  
AD/Space Branch (SPF1)  
Room 725a  
Bressenden Place  
213 4750  
19 October 1983



MITTERAND SUMMIT - SUPPLEMENTARY BRIEFING - ARIANE

The European Ariane launcher today successfully launched the seventh of the current series of INTELSAT satellites. This was the first commercial passenger for Ariane, and the first INTELSAT satellite not to be launched by the Americans.

France is the main partner in Ariane, and provides most of the hardware. The French consider it an issue of great prestige. It would therefore be appropriate for the Prime Minister to congratulate the President on the success of this latest launch.

Note

This may lead into further discussion about the use of Ariane for the launch of the Ministry of Defence's satellites in the SKYNET IV series, where our position is essentially defensive (see separate brief on Ariane/SKYNET). However the subject was probably unavoidable anyway.

SPACE BRANCH (SPF1)

19 October 1983

*G.P. Taylor*

(25)

ANGLO-FRENCH SUMMIT

Plenary Session

French delegation

*+ interpreters on  
both sides.*

President Mitterrand

- M. Bianco
- M. Attali
- M. Vauzelle
- M. Vedrine
- Mme Guigou
- M. Morel

M. Cheysson (External Affairs)

- M. Paye
- M. Dufourcq

M. Delors (Economy)

- M. Jurgensen

M. Hernu (Defence)

- M. Heisbourg

M. Rocard (Agriculture)

- M. Chévaucher

Mme Cresson (Trade and Tourism)

- M Porry

M. Chandernagor (European Affairs)

- M. Peltier

M. Mexandeau (Industry and Research)

- M. Loing

M. de Margerie (French Ambassador)

Although the rules have been carefully explained to the French, M. Garcia (Prime Minister's Office), M. Bernard (External Affairs) and Mme Aulagnon (Industry and Research) may also try to join the session.



British Delegation

Prime Minister

- Sir R Armstrong
- Private Secretary

~~-~~ *Mr. Ingham.*

Sir G Howe

- Mr Evans or Mr James
- Mr Young (to take the record)

Mr Lawson

- Mr Littler or Mr Unwin

Mr Heseltine

- Sir C Whitmore

Mr Jopling

- Mr Andrews

Mr Channon

- Sir A Rawlinson

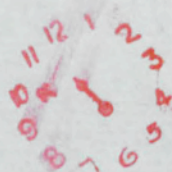
Mr Rifkind

- (name to be supplied)

Sir J Fretwell, H M Ambassador Paris



20 OCT 1983



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→ Copy to Memo.

GSR 100  
DESKBY 191730Z  
CONFIDENTIAL  
FM PARIS 191605Z OCT 83  
TELEGRAM NUMBER 942 OF 19 OCTOBER 1983  
TO IMMEDIATE FCO

OR 21/10

f.c.

OUR TELNO 934 : ANGLO/FRENCH SUMMIT : 20/21 OCTOBER

1. AT LUNCH TODAY WITH FIRST SECRETARY (CHANCERY) THE DEPUTY DIPLOMATIC ADVISER AT THE ELYSEE MENTIONED THAT OFFICIALS HAD PUT TO MITTERRAND A SUGGESTION THAT HE SHOULD PROPOSE TO THE PM THAT THEY BOTH MAKE AT THE SUMMIT, POSSIBLY AT THE FINAL PRESS CONFERENCE, A JOINT DECLARATION ON INF. ALTHOUGH THIS WOULD ONLY REAFFIRM THE WELL-KNOWN BRITISH AND FRENCH POSITIONS IT COULD BE USEFUL TO SAY THE SAME THING TOGETHER. GAILLARD DID NOT KNOW WHETHER MITTERRAND WOULD IN FACT PURSUE THIS IDEA.

PETRIE

LIMITED  
DEFENCE D  
WED  
ACDD  
NEWS D  
PS  
PS/MR LUCE  
PS/PUS  
MR WRIGHT  
MR CARTLEDGE  
MR JAMES

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10 DOWNING STREET

*From the Private Secretary*

MR. WILLIAMSON  
Cabinet Office

Anglo-French Summit: Community Budget and  
the Post-Stuttgart Negotiations

Thank you for your minute of 18 October.  
You covered this ground orally in a meeting  
with the Prime Minister earlier today and  
I shall therefore not be showing the Prime  
Minister your minute.

A. J. COLES

19 October, 1983

CONFIDENTIAL

fk

CONFIDENTIAL

FILE 84



10 DOWNING STREET

*From the Private Secretary*

SIR ROBERT ARMSTRONG

Anglo-French Summit

The Prime Minister has seen your minute of 18 October.

The Prime Minister agrees that you should say to Monsieur Attali that she will be glad to have a word with President Mitterrand on Friday about the dates for the Economic Summit. But Mrs. Thatcher would wish you to give Monsieur Attali a clear steer in the direction of 8-10 June.

A. J. COLES

19 October, 1983

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Foreign and Commonwealth Office

London SW1A 2AH

*Sue. ✓ noted*  
*If you have a spare*  
*place on Friday, please*  
*invite B. X.*

19 October 1983

*A.F.C. 20/10*

*Jon Thur,*

Anglo-French Summit

I hope this letter will tie up the remaining loose ends before the Summit.

As you know, M. Fabius is not now coming with President Mitterrand but is sending his Minister Delegate, M. Louis Mexandeau, whose specific responsibility is Posts and Telecommunications. He is the junior of the French ministerial delegation. One consequence of all this is that there will now be no session of talks with the Secretary of State for Energy.

X | President Mitterrand is now bringing six close advisers with him. The addition is Pierre Morel, a Technical Adviser on the Community side. We have told the French that there is unfortunately not a place for him at lunch on Friday, but I hope that if a vacancy were to occur, on the Energy side, for example, you would consider him a first replacement. He will be expecting to take part in the plenary session.

Interpretation

Mr Peers Carter will be interpreting for the Prime Minister; President Mitterrand will be bringing his own interpreter as well, M. Christopher Thiery. They will both accompany the two leaders throughout. At dinner on Thursday, an interpreter will sit behind each French Minister who does not speak English well (that is, all except M. Cheysson and Mme Cresson) and provide a whispered translation. The same will apply during the plenary session and the lunch, except that at the plenary session the opening statements by each leader will be translated consecutively. Simultaneous translation will be provided at the Press Conference.

The Prime Minister may wish to note that the President will be travelling with an entourage of about one hundred people.

I am sending copies of this letter, with a timetable of the bilateral contacts before the plenary session, to the Private Secretaries to the Chancellor of the Exchequer, the Secretaries of State for Defence, Trade and Industry and Energy, the Ministers of Agriculture, Fisheries and Food and Trade, Mr Rifkind and Sir R Armstrong.

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

100 Broadway, New York, NY 10038  
Lambert & Knott, Inc.



19 OCT 1983





## BILATERAL TALKS DURING THE ANGLO-FRENCH SUMMIT

Sir G Howe and M. Cheysson

Thursday 20 October : 1820 - 1920  
 Friday 21 October : 0900 - 1000 (then to No. 10)

Mr Lawson and M. Delors

Friday 21 October : 0900 - 1040  
 (interpreter - Mlle Caliste)

Mr Heseltine and M. Hernu

Friday 21 October : 0915 - 1040  
 (interpreter - Mrs Taylor)

Mr Jopling and M. Rocard

Friday 21 October : 0900 - 1040  
 (interpreter - Mr Lawrence)

Mr Channon and M. Mexandeau

Thursday 20 October : 1825 - 1920  
 (interpreter - Mrs Dennis)

Mr Channon and Mme Cresson

Friday 21 October : 0915 - 1035

Mr Rifkind and M. Chandernagor

Thursday 20 October : 1820 - 1920 (Possible joint  
 meeting with Sir G Howe  
 and M. Cheysson)  
 Friday 21 October : 0900 - 1040  
 (interpreter - M. Chave)

Copy to Home

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TELEGRAM NUMBER 942 OF 19 OCTOBER 1983  
TO IMMEDIATE FCO

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OUR TELNO 934 : ANGLO/FRENCH SUMMIT : 20/21 OCTOBER

1. AT LUNCH TODAY WITH FIRST SECRETARY (CHANCERY) THE DEPUTY  
DIPLOMATIC ADVISER AT THE ELYSEE MENTIONED THAT OFFICIALS HAD PUT  
TO MITTERRAND A SUGGESTION THAT HE SHOULD PROPOSE TO THE PM THAT  
THEY BOTH MAKE AT THE SUMMIT, POSSIBLY AT THE FINAL PRESS  
CONFERENCE, A JOINT DECLARATION ON INF. ALTHOUGH THIS WOULD ONLY  
REAFFIRM THE WELL-KNOWN BRITISH AND FRENCH POSITIONS IT COULD BE  
USEFUL TO SAY THE SAME THING TOGETHER. GAILLARD DID NOT KNOW  
WHETHER MITTERRAND WOULD IN FACT PURSUE THIS IDEA.

PETRIE

LIMITED  
DEFENCE D  
WED  
ACDD  
NEWS D  
PS  
PS/MR LUCE  
PS/PUS  
MR WRIGHT  
MR CARTLEDGE  
MR JAMES

COPIES TO:  
MOD

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MRS. GOODCHILD

c.c. Mr. Taylor (with copy of  
Supt. Cawthorne (minute of  
17 October)

PT  
File

Anglo-French Summit

Reference your minute of 17 October, I have discussed the matter with FCO Protocol, who tell me the French insist that 2 security officers accompany the President. They had originally asked for 4, but the FCO reduced them to 2, so regrettably it looks as if we shall have to accept the 5 officers. However, I have spoken to Gordon Cawthorne who has kindly said he would try and arrange to take the "2 security" out for lunch on 21 October.

P.S. JOCE

19 October, 1983.

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COPY NO

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ANGLO-FRENCH SUMMIT

20 - 21 OCTOBER 1983

LIST OF BRIEFS ISSUED IN THE CMV(83) SERIES

1. GENERAL BRIEF  
Brief by Foreign and Commonwealth Office
2. EUROPEAN QUESTIONS
  - a. GENERAL BRIEF ON THE EUROPEAN COMMUNITY  
Brief by Foreign and Commonwealth Office
  - b. EC FINANCING  
Brief by Foreign and Commonwealth Office
  - c. AGRICULTURAL MATTERS  
Brief by the Ministry of Agriculture, Fisheries and Food
  - d. ENLARGEMENT  
Brief by Foreign and Commonwealth Office
  - e. INTERNATIONAL TRADE ISSUED  
Brief by Department of Trade and Industry
  - f. INTERNAL MARKET  
Brief by Department of Trade and Industry
  - g. INDUSTRIAL POLICY  
Brief by Department of Trade and Industry
3. INTERNATIONAL ECONOMIC ISSUES
  - a. WORLD ECONOMIC PROSPECTS  
Brief by HM Treasury
  - b. INTERNATIONAL DEBT  
Brief by HM Treasury
  - c. TRANSATLANTIC RELATIONS  
Brief by Foreign and Commonwealth Office

*Full set of briefs will be found  
in CAB 133/531 - this set destroyed*

*S. Gray  
27/6/2017*

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4. ARMS CONTROL AND DISARMAMENT, INCLUDING CDE
  - a. ARMS CONTROL AND DISARMAMENT  
Brief by Foreign and Commonwealth Office
  - b. CONFERENCE ON DISARMAMENT IN EUROPE(CDE)  
Brief by Foreign and Commonwealth Office
  - c. NON-PROLIFERATION TREATY (NPT)  
REVISE Brief by Foreign and Commonwealth Office
  - d. INTERNATIONAL SATELLITE MONITORING AGENCY (ISMA)  
Brief by Foreign and Commonwealth Office
  
5. BILATERAL DEFENCE MATTERS  
REVISE Brief by Ministry of Defence
  
6. EAST/WEST RELATIONS  
Brief by Foreign and Commonwealth Office
  
7. OTHER INTERNATIONAL ISSUES
  - a. ARAB/ISRAEL AND LEBANON  
Brief by Foreign and Commonwealth Office
  - b. IRAN/IRAQ  
Brief by Foreign and Commonwealth Office
  - c. FALKLANDS/ARGENTINA  
Brief by Foreign and Commonwealth Office
  - d. CHAD  
Brief by Foreign and Commonwealth Office
  - \*e. NAMIBIA  
Brief by Foreign and Commonwealth Office
  - \*f. CENTRAL AMERICA  
Brief by Foreign and Commonwealth Office
  - \*g. HONG KONG  
Brief by Foreign and Commonwealth Office  
(Restricted circulation)
  - \*h. FRANCO-AFRICAN SUMMIT  
Brief by Foreign and Commonwealth Office
  
8. BILATERAL RELATIONS
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  - c. ENERGY  
Brief by Department of Energy

- \*d. BILATERAL RELATIONS: CULTURE  
Brief by Foreign and Commonwealth Office
  - \*e. CHANNEL FIXED LINK  
Brief by Department of Transport
  - \*f. BILATERAL RELATIONS: FRANCO-BRITISH COUNCIL  
Brief by Foreign and Commonwealth Office
  - \*g. NO-PASSPORT EXCURSIONS  
Brief by Foreign and Commonwealth Office
  - \*h. COUNTER-TERRORISM  
Brief by Foreign and Commonwealth Office
  - \*i. DUNLOP/SUMITOMO - DEFENSIVE ONLY  
Brief by Department of Trade and Industry
  - \*j. AIRBUS  
Brief by Department of Trade and Industry
9. FRENCH SCENE
- \*a. FRENCH SCENE: POLITICAL  
Brief by Foreign and Commonwealth Office
  - \*b. FRENCH ECONOMY  
Brief by HM Treasury
10. \*RELATIONS BETWEEN THE UNITED KINGDOM, FRANCE AND GERMANY  
Brief by Foreign and Commonwealth Office
11. NORTHERN IRELAND  
Brief by the Northern Ireland Office
12. TECHNOLOGY GROWTH AND EMPLOYMENT FOLLOW UP  
Brief by Cabinet Office

Cabinet Office

19 October 1983

\* Background brief only



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Qz.03372

MR COLES ✓ AM 19/10

cc: Mr Fall  
Mr Kerr  
Mr Lamport  
Sir Robert Armstrong  
Mr Goodall

ANGLO-FRENCH SUMMIT: COMMUNITY BUDGET AND THE POST-STUTTGART  
NEGOTIATIONS

The General Brief on the European Community (2a) and the Brief on EC Financing (2b) for the Anglo-French Summit emphasise that the French should be encouraged to move further towards our safety net ideas and that Anglo-French agreement will be an essential ingredient for a satisfactory outcome to the post-Stuttgart negotiations. The French have already made a step in announcing in Brussels that the correction of the budget inequity should be made by adjusting a member state's VAT payment. Now we need more specific bilateral discussions in the run-up to Athens. We hope that the Prime Minister and other Ministers, as appropriate, will refer to the need for more bilateral contact in the coming weeks.

2. I have been asked to explain the background. We do not suggest that the following points should be explicitly made at this Summit but the Prime Minister may wish to be aware of them. Our safety net proposal would establish a limit for Germany but hardly affect its net contribution; limit very substantially the United Kingdom's net contribution; and increase the French net contribution greatly. Applied to 1982 the safety net would give corrected net contributions of (actual uncorrected net contributions in brackets) 2107 million ecu (2086 million ecu) for Germany, 763 million ecu (19 million ecu) for France and 440 million ecu (2036 million ecu) for the UK. Whatever our philosophical differences, it is unlikely that the negotiation will be successful unless there is an acceptable balance between

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the French, German and UK contributions. The Germans are ready to accept a very high limit. In these circumstances, provided that our own limit was satisfactory, a French/German/British agreement that the French and UK net contributions would be roughly the same could be a critical element in a successful solution. In practice, the contribution of France, with a larger GDP than ours, would almost certainly increase in later years but a roughly equal France/UK situation at the time of the settlement might still be welcome to President Mitterrand. This needs careful attention in the further bilateral contacts in the period between now and the Athens European Council which are recommended in the briefing.

*Df Williamson*

D F WILLIAMSON

18 October 1983

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Ref. A083/2938  
PRIME MINISTER



*Yes - but please give Prime Minister  
Agree that Sir Robert Armstrong  
should speak to Mr. Attali in  
the sense of X?  
A.I.C. 18/10.*

Anglo-French Summit

One of the topics that may arise in your meetings with President Mitterrand later in the week is the dates for the 1984 Economic Summit.

2. We have proposed that the Summit should be held from Friday 8 to Sunday 10 June 1984. All the other participants have accepted those dates, but President Mitterrand's office suggested that it would be inappropriate to hold the meeting the weekend before the elections to the European Parliament, and that it would be better to have the Economic Summit after the meeting of the European Council (which Monsieur Mitterrand will chair) due to be held in June. The French Government have been thinking of 25 and 26 June for the meeting of the European Council, but offered to clear those dates for the Economic Summit and hold the European Council on 20 and 21 June.

3. I have now had a chance of discussing this possible change with representatives of the White House. They say that it would be very difficult, if not impossible, for President Reagan to manage the later dates. We shall therefore have to try to persuade the French to come into line. The letter which I received from President Mitterrand's Special Adviser on the subject suggested that his mind was not absolutely closed to the possibility of settling for the earlier dates.

4. I shall be seeing Monsieur Attali before dinner on Thursday 20 October, while you are having your first tete-a-tete with the President. I will discuss this question with him at that meeting. I should like to be able to say that this is something on which you would be very happy to have a word with the President the following morning, if the President would like that. I would then report the outcome of my talk with Monsieur Attali to you before

X.



you saw the President the following morning (and of course Monsieur Attali would have had a chance to take the President's mind also). The object of the exercise would be to come out at the end of the Anglo-French Summit with French agreement to the dates of 8-10 June.

RA

ROBERT ARMSTRONG

18 October 1983

PRIME MINISTER

Visit of President Mitterrand

The other day the Foreign Secretary pointed out that whereas you see a great deal of Chancellor Kohl you only see the French President for a bilateral once a year,

The chief objection to doing more with President Mitterrand is that French protocol dictates with bilaterals that they are cumbersome and time-consuming affairs. But it is rather odd that we have relatively little bilateral contact with a major European partner.

I wonder whether you would like to propose to President Mitterrand during his visit this week that the annual bilateral should be supplemented each year by a small working dinner. Alternately, you would go to Paris for talks followed by a working dinner; and he would come here for the same. In both cases no more than an evening would be involved.

*I should prefer to keep this on an informal rather than a regular basis.*

I think this could be valuable in itself, The suggestion might also get this week's summit off to a good start. If you wanted to pursue it, I think we should try it out on the French before you and the President meet. I should not want your proposal to be met by silence or a non-committal reply from the President.

Would you like this to be pursued?

A. J. C.

18 October 1983



## DRAFT OUTLINE PROGRAMME

Thursday 20 October

- 1530 Supporting French delegation arrives at Northolt.
- 1615 President Mitterrand arrives at Northolt, accompanied by the Foreign Minister, M. Cheysson. Met by the Prime Minister, Guard of Honour.
- 1700 President Mitterrand alone is received by HM The Queen at Buckingham Palace.
- French Ministers hold talks with their British counterparts (for up to two hours).
- 1730 President Mitterrand leaves Buckingham Palace for the French Chamber of Commerce reception at the Dorchester.
- 1820 President Mitterrand leaves for the French Ambassador's Residence.
- 1915 President Mitterrand arrives at No. 10 Downing Street for a first tête-à-tête (Private Secretaries and Interpreters only).
- 2015 Dinner at No. 10.

Friday 21 October

- ? 0845 President Mitterrand arrives at No. 10 for second tête-à-tête.
- Other Ministers resume bilateral discussions.
- 1000 Foreign Ministers join principals at No. 10.
- 1045 Plenary session.
- 1220 President Mitterrand and the Prime Minister leave the plenary session for their Press Conference at the Royal Institute of Civil Engineers, Great George Street.
- 1230 Press Conference.
- 1315 Lunch for Summit Participants at No. 10.
- 1440 Prime Minister bids President Mitterrand farewell at No. 10 Downing Street.
- 1500 President Mitterrand opens annex of French Lycée.
- 1530 President Mitterrand leaves for Northolt.
- 1615 President Mitterrand departs Northolt. Lord-in-Waiting and a Cabinet Minister bid farewell.

FRANCE - Visits of Pres. Mitterand (+3)



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1981

1981

file top copy  
with PM

PRIME MINISTER

BRIEFING MEETING FOR FRENCH BILATERAL

I wonder whether you would consider handling the briefing meeting in a rather different way (but only of course if you find it helpful).

I attach the Game Plan which everybody at the meeting will have. This represents an attempt by Whitehall to present the main issues in an orderly way and to suggest the order in which you might take them with President Mitterrand. If you agree you could go through the Game Plan paragraph by paragraph and invite those present to make any points they wish on the various subjects mentioned.

We shall then revise the Game Plan after the meeting and convert it into cards for use during the Summit.

A. J. COLES

18 October, 1983

PM



Foreign and Commonwealth Office

London SW1A 2AH

Sir Antony Acland KCMG KCVO  
Permanent Under-Secretary of State

18 October 1983

Sir Robert Armstrong GCB CVO  
CABINET OFFICE

*My dear Robert,*

ANGLO-FRENCH SUMMIT, 20-21 OCTOBER 1983

- ... 1. I enclose a draft Game Plan for the Anglo-French Summit in preparation for the Prime Minister's briefing meeting on 19 October at 1600. The Game Plan will be revised immediately after that meeting by the Cabinet Office in consultation with the FCO.
- ... 2. Enclosed with the Game Plan are copies of Paris's scene-setting telegram, the Joint Report on bilateral relations agreed between the Foreign and Commonwealth Secretary and M. Cheysson, and a report of the latest Elysée thinking on the likely French approach to the Summit.
3. I am copying this letter to the Permanent Secretaries of the other Departments who, I understand, have been invited to take part in the briefing meeting.

*Yours ever,*

*Antony*

Antony Acland

cc: P E Middelton Esq, HM Treasury  
Sir Anthony Rawlinson KCB, DTI  
Sir Clive Whitmore KCB CVO, MOD  
Sir Michael Franklin KCB CMG, MAFF  
Sir Kenneth Couzens KCB, Dept of Energy

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TO IMMEDIATE FCO

TELEGRAM NUMBER 937 OF 17 OCTOBER 1983

INFO ROUTINE EC POSTS AND WASHINGTON

CORRECTED VERSION

PRESIDENT MITTERRAND'S APPROACH TO THE ANGLO-FRENCH SUMMIT:

20 - 21 OCTOBER

SUMMARY

1. MITTERRAND IS AT PRESENT HAVING A BUMPY RIDE. HE CAN BOAST FEW SUCCESSES. AT HOME THE STATE OF THE ECONOMY IS A MAJOR CONCERN. IN FOREIGN POLICY HE IS WALKING ONE TIGHTROPE AFTER ANOTHER AND WILL NEED LUCK NOT TO TAKE A TUMBLE. HE IS OBLIGED TO TAKE A MORE PROMINENT ROLE IN DEFENDING GOVERNMENT POLICY THAN PREVIOUSLY. HE HAS LITTLE ROOM FOR MANOEUVRE. BUT HE IS UNDER NO SERIOUS POLITICAL THREAT BEFORE 1986.

DETAIL

## DETAIL

### FRENCH ECONOMY

2. THE PRESIDENT'S GREATEST SHORT TERM PREOCCUPATION, REDUCTION OF THE EXTERNAL DEFICIT, HAS BECOME LESS ACUTE AS TRADE FIGURES HAVE IMPROVED. THE TARGET OF REDUCING THE TRADE DEFICIT BY ONE THIRD FROM LAST YEAR SHOULD BE MET. THIS TREND SHOULD CONTINUE NEXT YEAR, THOUGH FRENCH GDP GROWTH IS LIKELY TO REMAIN AROUND ZERO.

3. THE STATE BUDGET DEFICIT IS UNDER CONTROL. INFLATION IS INCHING DOWN, BUT FRANCE WILL END THE YEAR WITH A RATE WELL ABOVE THAT OF HER MAIN COMPETITORS. THE NUMBER OF REGISTERED UNEMPLOYED HAS BEEN STABLE FOR SOME MONTHS, BUT A SUSTAINED RISE IS NOW FORECAST. A FOURTH DEVALUATION IS WIDELY EXPECTED IN THE NEXT SIXTH MONTHS. MITTERRAND MUST ALSO BE WORRIED BY THE FAILURE OF COMPANIES TO RESPOND TO GOVERNMENT EXHORTATIONS TO INVEST (INVESTMENT HAS CONTINUED TO FALL THIS YEAR) AND BY THE CONTINUING DETERIORATION IN COMPANY FINANCES. THE 1984 BUDGET PROVIDES FOR ANOTHER RISE IN THE SHARE OF NATIONAL INCOME TAKEN BY THE STATE AND THE SOCIAL SECURITY SYSTEM. FACED WITH THE UNPOPULARITY OF FURTHER TAX INCREASES, MITTERRAND HAS PROMISED TO REVERSE THE TREND IN 1985, THE YEAR BEFORE THE NEXT NATIONAL ASSEMBLY ELECTIONS, BUT HE WILL FIND IT EXTREMELY DIFFICULT TO DO SO.

### IMPLICATIONS FOR FRANCE'S EUROPEAN COMMUNITY POLICY

4. TRADITIONAL FRENCH OBJECTIVES WITH REGARD TO THE EC HAVE BEEN REINFORCED BY THE ECONOMIC CLIMATE. AGRICULTURAL DEVELOPMENT AND INCREASED FOOD EXPORTS ARE SEEN AS EVEN MORE NECESSARY FOR EMPLOYMENT AND BALANCE OF PAYMENTS REASONS. FRANCE HAS NO WISH TO BECOME A NET MAJOR CONTRIBUTOR TO THE BUDGET- AND WANTS ONLY A RELATIVELY MODEST INCREASE IN OWN RESOURCES. PROBLEMS ON THE DOMESTIC INDUSTRIAL FRONT ADD ATTRACTION TO JOINT MULTILATERAL (AND SOME BILATERAL) PROJECTS AND TO PROPOSALS FOR IMPROVED RESEARCH COLLABORATION.

### FOREIGN AFFAIRS

5. MITTERRAND MUST BE FEELING RATHER EMBATTLED AT THE MOMENT ON THE INTERNATIONAL FRONT. THE DESPATCH OF FRENCH TROOPS HAS BROUGHT A TEMPORARY RESPITE IN CHAD, BUT IT IS A RISKY OPERATION WITH NO SOLUTION IN SIGHT. THE FRENCH WOULD LIKE TO REDUCE THEIR MILITARY PRESENCE IN LEBANON BUT CANNOT. THEIR RETALIATION AGAINST SYRIAN OR SYRIAN-INSPIRED SHELLING HAS MADE IT HARD FOR THEM TO GET BACK ON TO THEIR PREFERRED COURSE OF BEING TRUSTED INTERMEDIARIES. MITTERRAND'S BIGGEST HEADACHE IS THE GULF WAR AND HIS COMMITMENT TO

~~MITTERRAND'S BIGGEST HEADACHE IS THE GULF WAR AND HIS COMMITMENT TO SUPPLY SUPER ETENDARDS TO IRAQ. FRANCE IS LIKELY TO BE IN THE FRONT LINE FOR IRANTIAN REPRISALS. DOMESTIC OPINION IS EITHER CRITICAL OR APPREHENSIVE ABOUT FRANCE'S INVOLVEMENT ON THESE THREE FRONTS SIMULTANEOUSLY.~~

6. ON THE OTHER HAND MITTERRAND'S HANDLING OF EAST-WEST ISSUES IS GENERALLY APPLAUDED. HIS FIRM LINE ON INF IS POPULAR AND FRANCE'S DISAPPOINTING RESPONSE AFTER THE SHOOTING DOWN OF THE KOREAN AIRLINER HAS HARDLY DENTED HIS IMAGE. MITTERRAND WILL PROBABLY WANT TO MAKE THE FIRM LINE HE AND THE PRIME MINISTER TAKE ON INF ONE OF THE MAIN THEMES OF THE SUMMIT, NOT LEAST BECAUSE HE IS WORRIED ABOUT THE GERMANS (THOUGH NOT KOHL PERSONALLY). HE WILL ALSO WANT TO STRESS THE CLOSENESS OF FRENCH AND BRITISH VIEWS ON KEEPING OUR INDEPENDENT DETERRENTS OUT OF THE PRESENT DISARMAMENT EQUATION. FOR ALL HIS FIRMNESS ON INF, MITTERRAND STILL FEELS THE TRADITIONAL FRENCH PRICKLINESS TOWARDS THE US AND DETESTS APPEARING TO FOLLOW ANY US LEAD (HE FEELS HE WAS RAILROADED AT WILLIAMSBURG INTO SIGNING THE DECLARATION ON SECURITY).

#### DOMESTIC

7. SINCE THE EARLY SUMMER MITTERRAND HAS MOVED INTO THE FRONTLINE IN DEFENCE OF HIS GOVERNMENT'S POLICIES, BUT GREATER MEDIA EXPOSURE HAS NOT HALTED THE SLUMP IN HIS STANDING IN THE OPINION POLLS. MITTERRAND NOW ENJOYS LESS POPULAR ESTEEM THAN ANY OF HIS PREDECESSORS AT THE ELYSEE UNDER THE 5TH REPUBLIC. HARDLY A WEEKEND GOES BY WITHOUT THE LEFT SUFFERING FURTHER SETBACKS IN LOCAL BY-ELECTIONS. THE SLIDE IN THE LEFT'S ELECTORAL FORTUNES HAS PUT THE ALLIANCE BETWEEN SOCIALISTS AND COMMUNISTS UNDER STRAIN, ALTHOUGH BREAKING POINT HAS NOT BEEN REACHED.

8. MITTERRAND HIMSELF SEEMS UNRUFFLED. HE HAS LITTLE ALTERNATIVE TO HIS PRESENT COURSE. SOPS TO THE LEFT WOULD FURTHER ALIENATE MODERATE PRO-SOCIALIST VOTERS. FURTHER RIGOUR MIGHT PUSH THE COMMUNISTS OVERBOARD. MITTERRAND'S POSITION AS PRESIDENT IS NOT HOWEVER IN ANY DANGER. HE REMAINS ASSURED OF HIS PARLIAMENTARY MAJORITY UNTIL 1986: A NO-CONFIDENCE MOTION WAS HEAVILY DEFEATED ON 12 OCTOBER. THE AUTHORITY CONFERRED ON HIM BY THE OFFICE OF PRESIDENT IS LARGELY UNAFFECTED BY THE PRESENT STATE OF PUBLIC OPINION. HE CAN COPE WITH SHORT-TERM UNPOPULARITY IN BOTH DOMESTIC AND FOREIGN AFFAIRS AS LONG AS THERE IS A PROSPECT OF REGISTERING SOME SUCCESSES IN 1985/86. BUT HE CANNOT AFFORD TO APPEAR NEGLIGENT OF FRENCH INTERESTS.

FRETWELL

010  
**TOP SECRET**

UK EYES A



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Copy No 1 of 5 Copies

Ref. A083/2920

Prime Minute

PRIME MINISTER

A.J.C. 19/10

Anglo-French Nuclear Co-operation

--- I submit an interdepartmentally agreed brief on Anglo-French nuclear co-operation for the Anglo-French Summit. It is being submitted separately from the other briefs because of its sensitivity.

2. I am sending copies of this minute to the Foreign and Commonwealth Secretary and the Secretary of State for Defence.

RA

ROBERT ARMSTRONG

17 October 1983

**TOP SECRET**

UK EYES A

Anglo-French Summit: 20-21 October 1983

Anglo-French Discussions on Nuclear Topics

Points to make (defensive)

The exchanges between senior officials have been particularly valuable in keeping both sides informed of developments in their national nuclear programmes. The series of talks should be continued at about the same level, and the same frequency as recently. It should also be the intention to broaden the scope of the discussions to include matters other than nuclear defence.

Background

2. You had a brief discussion at your tete-a-tete meeting with President Mitterand on 4 November 1982. It was agreed that co-operation should continue. President Mitterand said he had no reason to complain of the British attitude.

3. President Mitterand agreed to the continuation of Anglo-French discussions on nuclear defence issues on an extremely restricted basis between senior officials; three such exchanges have taken place in March 1981, March 1982 and September this year. In April 1982 the French Minister of Defence, Monsieur Hernu, took the opportunity to raise the question with Sir John Nott. He suggested that the discussions might be extended to cover operational matters such as targetting. But he has not subsequently pursued the proposal in his discussions with Mr Heseltine.

4.

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5. Nevertheless, we are both nuclear powers and our strategic nuclear deterrent forces should in the last resort be our guarantee of national survival. We have approached the problem of ensuring that our deterrents perform this function by different routes, and the French are well aware of our close links with the Americans. Even were that not the case, the very fact of the national independence of both countries would inevitably limit the degree to which we could operate or indeed co-operate. There is reason to think, following the last exchange with the French, that this is very much how they see things too.

6. But there are matters, even in this sensitive area, that we could profitably discuss. These include the position of our national deterrents in arms control; our broader philosophy for the use of national strategic deterrents; and the possibility of co-operation at some stage on sub-strategic systems. More generally, there are undoubted political benefits in maintaining this dialogue. President Mitterrand told you last year about his discussion with the Germans. If we were to give the French the impression that we were not interested, they might look more towards developing their security links on a more exclusively Franco-German basis.

7. Because of the practical limitations as to what can be discussed in the area of nuclear defence issues, and in the light of the desirability of continuing the dialogue, our intention is to attempt to broaden future exchanges to include other items of mutual interest such as emerging technologies.

17 October 1983

MR. TAYLOR

cc Mrs. Goodchild

ANGLO/FRENCH SUMMIT

The Prime Minister has decided that the plenary session should be held in the State Dining Room. But she wants it to be brightened up for the occasion with some good flowers, etc. Could you kindly arrange this.

I hope that it will be possible for the line tables in the pillared room to be laid after the plenary session, when the Prime Minister and President Mitterrand will leave No. 10 to give a press conference.

A. J. COLES

17 October 1983



10 DOWNING STREET

*From the Private Secretary*

17 October 1983

ANGLO/FRENCH SUMMIT

Would you please refer again to my letter of 13 October.

The Prime Minister has agreed to extend the lunch on 21 October to include the President's five Advisers.

As regards the plenary session, we shall be arranging to hold this in the State Dining Room.

On the Press Conference, we hope that the French will not persist in their desire for Ministers to attend on either side. But I have checked that, if they do, it will be possible to accommodate the Ministerial teams in the building which has been hired for this occasion. The Ministers will not, however, be able to sit on the platform. Seats will be kept for them on one side of the hall.

Finally, the Prime Minister would be grateful if Sir Geoffrey Howe and M. Cheysson could join her talks with Monsieur Mitterrand at 1000 hours on Friday, 21 October.

I am copying this letter to John Kerr (HM Treasury), Michael Reidy (Department of Energy), Richard Mottram (Ministry of Defence), Robert Lawson (MAFF), Callum McCarthy (Department of Trade and Industry) and Elizabeth Hodgkinson (Department of Education and Science).

A. J. COLES

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

RESTRICTED



Foreign and Commonwealth Office

London SW1A 2AH

14 October 1983

*Dear Sir,*

*19  
20  
F.O.*

Anglo-French Summit: Speeches

In your letter of 13 October you asked for speaking notes for the speech after dinner. I enclose some suggestions.

The Prime Minister will also wish to propose a toast to "The President of the French Republic". According to strict protocol, the toast to the President, as a visiting Head of State, should exceptionally precede the toast to The Queen. But it is, of course, open to the President to propose a toast to Her Majesty first. We are suggesting to the French Embassy that he be briefed to do so.

*[Handwritten signature]*

(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

RESTRICTED

France Pt 3  
Visits by Pres



v

v

DRAFT NOTES FOR THE PRIME MINISTER'S AFTER-DINNER SPEECH,  
ANGLO-FRENCH SUMMIT, 20 OCTOBER

Two years since your first visit to London for an Anglo-French Summit. Recall with pleasure your warm and elegant reception in Paris last year. Regard these periodic gatherings (glad to see so many French Ministers with us tonight) as essential lynch-pin of one of our major and most valued bilateral relationships.

Disraeli said in 1873: "King Louis Philippe once said ~~to me~~ that he attributed the great success of the British nation in political life to their talking politics after dinner". We talked politics before and after dinner. We are talking politics now, and shall continue tomorrow morning. By expanding the formula, convinced we are strengthening, and not weakening, the chances of bilateral success.

We agreed last year to ensure closer consultation across the board at all levels. Having launched it, gratified our colleagues and officials have carried it out effectively.

Well known that business, and industry, tend to ignore the state of government relations and can thrive in most circumstances. But Governments' role should never be underestimated. One of their tasks is to ensure that the environment is such as to facilitate progress.

This means looking at practical collaboration

But Governments can also give lead on wider issues. Particularly glad to underline the European message from the last General Elections: overwhelming majority of

/British

British people voted for parties committed to Europe. British membership no longer an issue. Gladstone said as long ago as 1888: "We are part of the community of Europe and we must do our duty as such". That duty sometimes leads us to propose and fight for necessary reforms. But that duty leads us also to deepen the sense of partnership and lend it dynamic force.

Partnership strong in other fields, notably defence. Britain has always known its security frontiers lie on the mainland of Europe. France has, this century, been able to rely on Britain's solid support. Now we speak with one voice on Western security interests at this critical time of INF deployment and the distracting Soviet propaganda about the inclusion of British and French nuclear forces.

We need each other: Europe needs us together. Our contributions to peace, democracy, industry and culture may be different, but they are parallel and irreplaceable. As the 80th Anniversary of the Entente Cordiale approaches, you can count on the British Government to seek to refresh and deepen our relationship.

Peter Martin told.

Med 14/10

Steve



WR 5/9

10 DOWNING STREET

John

## Anglo French Summit

1) Sir Robert Armstrong would like to be the representative from Cabinet Office O.K.

2) Sir Robert would like to attend the dinner on 20th Oct. Is this OK? O.K.

Steve

14/10/83

da



10 DOWNING STREET

From the Private Secretary

13 October 1983

Jean Lopez,

Anglo-French Summit

Thank you for your letter of 12 October. I will deal in turn with the points which you raise.

Ministerial Participation

I agree that it would be desirable for Mr. Rifkind to attend the plenary session.

Dinner on 20 October

We will invite Mr. Attali and Mr. Bianco.

Lunch on 21 October

I shall consult the Prime Minister over the weekend. Subject to Mrs. Thatcher's views, it may be possible to accommodate the President's five advisers though the effect of this will be to change the nature of the occasion. We shall no longer be able to have lunch at one table and would probably go for three separate tables. This means that the lunch will certainly not be a working lunch. But that may not matter since the main business of the Summit will have been transacted by that time. For the time being, I suggest that if the Embassy in Paris need to discuss this point further with the Elysee they should say no more than that we hope to have a response on Monday.

Plenary Session

It looks as though the numbers will be too big for the Cabinet Room. Subject to the Prime Minister's views (and again I shall consult her over the weekend) we shall make alternative arrangements. But it will be essential to restrict participation in the way you suggest i.e. each Minister, President Mitterrand apart, should have no more than one official present. I agree that the two Ambassadors should attend - and we can make provision for the French Co-ordinator of the closer bilateral contacts exercise.

/ On

Handwritten signature or initials in blue ink.

On our side, the same rule of one official per Minister should apply. It will suffice for one representative of the Cabinet Office (Sir R. Armstrong if he wishes to attend or someone designated by him) to be present.

Speeches

The Prime Minister will, as usual, wish to speak for up to five minutes after dinner. This will be an informal speech, i.e. the Prime Minister will not stick closely to a text. She will hope that the notes which you are submitting by the weekend will contain some fresh language and, hopefully, ideas about Anglo-French relations. As you know, appropriate quotes are also useful.

Press Conference

I shall be in touch separately about this. Much will depend on whether the two teams of Ministers can suitably be accommodated by the Press Conference.

Draft Outline Programme

0845 on 21 October is too early for the second tete-a-tete. It will begin at 0900 hours.

I shall consult the Prime Minister over the weekend as to whether she wishes the tete-a-tete to extend until the plenary session at 1045 or whether she wishes the two Foreign Ministers to be asked to join herself and President Mitterrand.

I am sending a copy of this letter to John Kerr (HM Treasury), Michael Reidy (Department of Energy), Richard Mottram (Ministry of Defence), Robert Lawson (Ministry of Agriculture, Fisheries and Food), Callum McCarthy (Department of Trade and Industry), Elizabeth Hodgkinson (Department of Education and Science), Richard Hatfield (Cabinet Office) and to Stephen Lamport (Foreign and Commonwealth Office).

JC

R.B. Bone, Esq.,  
Foreign and Commonwealth Office.

PRIME MINISTER

Anglo-French Summit

I attach the latest programme.

I have told the FCO that 0845 is too early for the tête-à-tête on Friday and that they should envisage beginning this at 0900.

Do you want to use the whole time from 0900 to, say, 1030 for tête-à-tête discussions? Or would you like Foreign Ministers to join you at 1000?

We normally have the plenary session in the Cabinet Room but we have an unusual problem of numbers. The French want about 22 people on their side. It might therefore be more convenient to move to the State Dining Room for the plenary.

Agree?

*Yes - we shall need to have some nice flowers or plants in there. It is a very dull room.*

As for lunch on 21 October, you had envisaged just having the participating Ministers. The problem with this is that President Mitterrand's advisers (and they number five) have as much status and more influence than most of his Ministers. They would all like to be at the lunch. I suggest, if you agree, that we have three round tables in the Pillared Room, making a total of 24 people. The tables could be set up while you are holding your Press Conference. Agree?

*Yes ~~that could~~  
not.  
A.S.C.*

13 October 1983



Foreign and Commonwealth Office

London SW1A 2AH

12 October, 1983

*Dear John,*

Anglo-French Summit

/ It may be helpful to bring you up to date on the arrangements for the Summit. In particular, I attach the latest draft of the programme (the times when the Prime Minister will be involved are underlined).

The Prime Minister's wishes on who should accompany her at the Anglo-French Summit have been given to the French (your letter of 7 October to Roger Bone). There has been no formal response as yet but the French had earlier been thinking in terms of:

- M. Claude Cheysson (External Relations);
- M. Jacques Delors (Economy and Finance);
- M. Laurent Fabius (Industry and Research - and also Energy);
- M. Michel Rocard (Agriculture);
- Mme. Edith Cresson (External Trade and Tourism);
- M. Chandernagor (European Affairs).

They had said that they would consider the inclusion of M. Hernu if we were to propose Mr Heseltine and will presumably now be doing so. We have spoken about M. Chandernagor: Mr Rifkind's diary suggests he would be free to see him for bilateral discussions during the Summit. It would make sense also, if you agree, for ✓ Mr Rifkind to attend the plenary to match M. Chandernagor. Mme. Cresson may only be able to stay for 20 October. M. Alain Savary (Education) is due on 21 October, primarily to accompany the President when he opens the Lycée extension, but there might be scope for a short bilateral with Sir K Joseph. M. Fabius may also wish to have a word with the latter on research matters. We shall be pursuing these points separately. I shall, of course, let you know as soon as we have a formal French response.

✓ We have now received your letter of 11 October. The French are particularly keen that Messrs Attali and Bianco (Special Adviser to the President and Secretary General of the Elysée respectively) should attend the Prime Minister's dinner on 20 October because of their important roles in the Presidential entourage and their quasi-ministerial status. We are still trying to persuade the French that



*How many of  
hand leads? X*

they should attend the dinner being given for officials by Sir Robert Armstrong and Sir Antony Acland but officials at the Elysee feel quite strongly about this point. They have also specifically asked if all five (sic) Presidential advisers could attend the working lunch on 21 October. Last time the Summit was held in London, none attended the dinner but all went to the lunch. Given that the five in question are undoubtedly President Mitterrand's closest and most influential advisers, there may be advantage in including them in one meal, if not all at the same one. In the light of the Prime Minister's views, we may have to ask the Embassy in Paris to discuss this further in detail with the Elysee.

On participation in the plenary session, we should like to follow the same format as last time. In practice, we assume that each Minister would be accompanied by one official (though President Mitterrand would wish to have his five). The two Ambassadors should be there and at least the French Coordinator of the closer bilateral contacts exercise. The Head of our Western European Department would take the record. I imagine that the Prime Minister would wish Sir R Armstrong and perhaps Mr Goodall or Mr Williamson to attend. We shall let you have a list of names on this basis as soon as it is more or less firm. I shall also let you know about interpretation.

We are planning to submit a toast and short notes for the Prime Minister's use at the dinner. It would be right to say a few informal words but we are assuming that the Prime Minister is not planning to make a major speech.

French practice is for other Ministers to attend the Press Conference as well. It is not our practice and we have reminded the French that they did not attend at the last London Summit. If President Mitterrand persists, I hope the Prime Minister would however be prepared to consider going along with it, as happened at the Press Conference last year in Paris.

I should welcome your views and, where appropriate, those of the Prime Minister on the outline programme and the points raised in each of the paragraphs above.

I am sending copies of this letter to Private Secretaries at HM Treasury, the Department of Energy, the Ministry of Defence, the Ministry of Agriculture, Fisheries and Food, the Department of Trade and Industry, the Department of Education and Science and the Cabinet Office, as well as to Stephen Lamport here.

A J Coles Esq  
10 Downing Street

*Yours ever*  
*John H... [Signature]*  
for (R B Bone)  
Private Secretary

AJC

AJC Smith yes  
parted on 12/10



\* tel: 273-  
3585

10 DOWNING STREET

Ann Hutchison\* (FCO  
Pratt) has <sup>correct</sup> whether the  
PM will need the  
services of an interpreter  
when she meets Pres.

Mickward at Northolt  
on 20/10. Following the  
initial hand shakes the  
Pres. inspects the Guard  
of Honour and he and  
the PM then leave  
in separate cars.

Last time a Mr R Young  
was the interpreter.

Mark  
12/10

AJZ

Noted.

AJZ 12/10



10 DOWNING STREET

Cabinet Office advise  
that DTI will have  
only one representative  
at the Anglo-French  
briefing mtg; Sir  
Antony Rowleyson.

Mal

12/10

of Sue Goodchild 889

File


 ce: HMT  
 DN  
 MoD  
 MAFF  
 DTI

10 DOWNING STREET

From the Private Secretary

11 October 1983

Co

ANGLO-FRENCH SUMMIT

I last wrote to you about this event on 7 October.

As regards the dinner on Thursday 20 October, invitations are now being issued to certain of the Ministers who will be attending the Summit. For the lunch on Friday, 21 October, invitations will issue as soon as we know which French Ministers will be accompanying President Mitterrand. But in principle the Prime Minister hopes that all the British Ministers who are attending the Summit will be able to lunch with her on 21 October. We shall also be inviting the two Ambassadors. There will be one Private Secretary from each side present but no other officials.

I should be grateful if you would let me have as soon as possible a list of the officials from both sides whom you recommend should attend the plenary session (bearing in mind that space in the Cabinet Room will be limited). We shall also need to make careful arrangements for interpretation. I should be grateful for a note of the arrangements which you envisage for the Prime Minister's tête-à-tête talks with President Mitterrand, for the plenary session and for the dinner and the lunch.

Finally, I should be grateful if you would let me have by the end of this week notes for an after-dinner speech by the Prime Minister on 20 October.

I am sending copies of this letter to John Kerr (HM Treasury), Michael Reidy (Department of Energy), Richard Mottram (Ministry of Defence), Robert Lawson (Ministry of Agriculture, Fisheries and Food), Steve Nicklen (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

A. J. COLES

R. B. Bone, Esq.,  
 Foreign and Commonwealth Office.

87

~~Sue~~ Duty Clerk ~~Sue~~

They may be asked  
to attend plenary.

The F/C-O. will  
be circulating  
recommendation.



M. J. O.  
10 DOWNING STREET

Widley told  
M. J. O.  
2/1/68

To Mr,

Messrs. Williamson  
and Goddall from  
Cabinet Office are  
attending the  
Anglo/French Summit  
briefing meeting - are  
they also expected to  
attend the summit  
itself?

Susan 7.00.

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10 DOWNING STREET

*From the Private Secretary*

7 October, 1983

ANGLO/FRENCH SUMMIT

The Prime Minister would be grateful if the following would accompany her at the Anglo/French Summit on 20/21 October:-

Foreign and Commonwealth Secretary  
Chancellor of the Exchequer  
Secretary of State for Energy  
Secretary of State for Defence  
Minister of Agriculture, Fisheries and Food  
Minister for Trade (in the absence of the Secretary  
of State for Trade and Industry on an overseas visit)

It would be helpful if all of the above Ministers could be present for the plenary session at 1045 am on 21 October. The Prime Minister is considering separately which Ministers should be invited to the dinner on Thursday, 20 October and the lunch on Friday, 21 October.

I am sending a copy of this letter to John Kerr (HM Treasury), Michael Reidy (Department of Energy), Richard Mottram (Ministry of Defence), Robert Lawson (Ministry of Agriculture, Fisheries and Food), Steve Nicklen (Department of Trade and Industry) and Richard Hatfield (Cabinet Office).

A.L. COLES

R. Bone, Esq.,  
Foreign and Commonwealth Office

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*Handwritten signature or initials, possibly 'P. M.' or similar.*

10 DOWNING STREET

*From the Private Secretary*

MISS WILKINSON,  
CABINET OFFICE.

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PRIME MINISTER'S BRIEFING  
MEETING FOR ANGLO/FRENCH  
SUMMIT

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Thank you for your minute of  
4 October. I agree that those whom  
you list may be invited to the  
briefing meeting on Wednesday, 19  
October.

A. J. COLES

6 October 1983

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*Handwritten mark or signature at the bottom right corner.*

010

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Prime Minister

①

Agree that these Ministers  
should participate?

Ref. A083/2792

MR COLES

Yes not

A.S.C. 7/10

Anglo-French Summit: 20-21 October 1983

I have spoken to the Foreign and Commonwealth Office about the United Kingdom Ministers who should make up the team for the forthcoming Anglo-French Summit and include the list below:

- Foreign and Commonwealth Secretary
- Chancellor of the Exchequer ✓
- Secretary of State for Energy ✓
- Secretary of State for Defence ✓
- Minister of Agriculture, Fisheries and Food ✓
- ✓ Minister for Trade (in the absence of the Secretary of State for Trade and Industry on an overseas visit)

2. The French may want to include in their team M. Beregovoy, Minister for Social Services and National Solidarity, and it would be prudent therefore, in this event, to include the Secretary of State for Social Services.

*Lindsay Wilkinson*  
LINDSAY WILKINSON

6 October 1983

RESTRICTED



Ref. A083/2755

MR COLES

Prime Minister's Briefing Meeting for Anglo-French Summit:  
21-22 October 1983

I should be grateful for your agreement to the following Ministers being invited to attend the Prime Minister's briefing meeting at 4.00 pm on Wednesday 19 October 1983:

Foreign and Commonwealth Secretary  
Chancellor of the Exchequer  
Secretary of State for Trade and Industry (if available)

2. The following may also need to be invited if, as is likely, it is decided that they should participate in the Anglo-French discussions:

Secretary of State for Energy  
Secretary of State for Defence  
Minister of Agriculture, Fisheries and Food  
Minister for Trade (if the Secretary of State for Trade and Industry is unavailable)

3. You may also wish the following officials to be invited:

Sir Antony Acland	FCO
Mr P E Middleton	Treasury
Sir Brian Hayes	Department of Trade and Industry
Sir Clive Whitmore	MOD
Sir Kenneth Couzens	Department of Energy
Sir Michael Franklin	MAFF
Sir John Fretwell	Her Majesty's Ambassador, Paris
Sir Robert Armstrong)	Cabinet Office
Mr A D S Goodall )	
Mr D F Williamson )	

*Lindsay Wilkinson*  
LINDSAY WILKINSON

4 October 1983

CONFIDENTIAL

~~ASR~~ OR

Cabinet Office  
70 Whitehall  
London SW1A 2AS  
28 September 1983

PS(83) 24

AR 3/10

Dear Private Secretary,

Anglo-French Summit: 20-21 October 1983

This letter sets out the briefing arrangements for the Anglo-French Summit which is to take place in London on 20-21 October 1983.

The list of briefs to be prepared with an indication of Departmental responsibility, is at Annex A. Instructions on format are at Annexes B and C. Those preparing briefs should note carefully the details on format of briefs set out in Annex B. Departments should therefore aim to ensure that, apart from the General Brief, individual subject briefs do not exceed two sides of paper. Departments should ensure that the resumes of their briefs are with the Foreign Office by close of play on Wednesday 12 October at the latest.

Seventy copies of each brief should be sent to the Cabinet Office as soon as they are ready. They should reach the Cabinet Office by 12.00 noon on Friday 14 October. They should be addressed to Mr R D Roscoe in Committee Section, who should be consulted (telephone no. 233-7343) about any technical points arising.

I am sending copies of this letter to the Private Secretaries to Sir Antony Acland, Mr Peter Middleton, Sir Brian Hayes, Sir Anthony Rawlinson, Sir Clive Whitmore, Sir Michael Franklin, Mr Michael Quinlan, Mr Peter Lazarus, Sir Kenneth Couzens, Sir Brian Cubbon, Mr David Hancock, Sir Kenneth Stowe, Sir Philip Woodfield, Sir William Ryrrie and to John Coles at No 10.

Yours sincerely,

(Signed) R P HATFIELD

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LIST OF BRIEFS FOR ANGLO-FRENCH SUMMIT:  
20-21 OCTOBER 1983

<u>CMV(83)</u>	<u>Lead Department</u>	<u>In consultation with</u>
1. General Brief	FCO (WED)	as appropriate
2. European Questions		
(a) General Brief on the European Community	FCO (ECD(I))	as appropriate
(b) EC Financing	FCO (ECD(I))	Treasury
(c) Agricultural matters	FCO (ECD(I))	MAFF
(d) Enlargement	FCO (ECD(E))	Treasury DTI MAFF Employment
(e) International Trade Issues	DTI	MAFF FCO (ECD(E), ERD, FED)
(f) Internal Market	FCO (ECD(I))	DTI
(g) Industrial Policy	DTI	FCO (ECD(I), MAED)
3. International Economic Issues		
(a) Prospects for the World Economy	Treasury	FCO (ERD/ESID)
(b) International Debt	Treasury	FCO (ERD/ESID)
4. Arms Control and Disarmament, including CDE	FCO (Defence Dept)	MOD FCO (ACDD, NED)
5. Bilateral Defence matters	MOD	FCO (Defence Dept, WED, MAED)
6. East/West relations	FCO (EESD)	Treasury, FCO (SAD, TRED, ESID), MOD
7. Other International Issues		
(a) Arab/Israel and Lebanon	FCO (NENAD)	MOD

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<u>CMV(83)</u>	<u>Lead Department</u>	<u>In consultation with</u>
(b) Iran/Iraq	FCO	
(c) Falklands/ Argentina	FCO (FID)	FCO (ERD), MOD
(d) Chad	FCO (WAD)	FCO (NENAD)
* (e) Namibia	FCO (SAFD)	
* (f) Central America	FCO (MCAD)	FCO (SAMD)
* (g) Hong Kong	FCO (HKD)	FCO (FED)
8. Bilateral Relations		
(a) General	FCO (WED)	as appropriate
(b) Industrial Collaboration, including Aerospace	DTI	FCO (MAED/WED) Energy MOD
(c) Energy	Energy	DTI FCO (ESSD, NED, MAED)
* (d) Culture	FCO (CRD)	DES FCO (WED)
* (e) Channel Fixed Link	Transport	FCO (MAED)
* (f) Franco-British Council	FCO (WED)	
* (g) No-Passport Excursions	FCO (NTD)	Home Office
* (h) Counter-Terrorism	FCO (MAED)	Home Office MOD
9. French Scene		
* (a) Political	FCO (WED)	
* (b) Economic	Treasury	FCO (ESID)
10. * Relations between the United Kingdom, France and Germany	FCO (WED)	

\* Background brief only

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 C. Those preparing briefs should pay particular attention to ensuring that the following instructions are fully observed:

Content

- (a) Briefs should be concise. Each brief should if possible be no more than two sides long.
- (b) The main body of each brief should comprise three sections: a very brief statement of the United Kingdom Objective (normally no more than a couple of lines); a concise list of Points to Make; and 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 subsections.

Layout

- (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) As shown in the specimen at Annex C, the top page only of each brief should contain the following details: the symbol and number of the brief in the top left-hand corner (eg CMV (83) 10) with the date of circulation below; a copy number in red at the top right-hand corner; the visit heading; the title of the brief (in capitals) and the name of the Department responsible.
- (f) At the foot of the last page and on the left-hand side, briefs should bear the name of the originating Government Department and the date of origin.

Reproduction

- (g) Briefs should be reproduced throughout on white paper, with each page bearing a security classification at top and bottom (as in Annex C). Care should be taken that the reproduction method employed results in clear readable copies.
- (h) It is important that, on arrival at the Cabinet Office, briefs should be complete in all detail - collated, stapled and copy numbered and ready for immediate circulation.

Updating

- (i) If late developments require a brief to be amended or updated, a revise should be prepared. It should be set out in the form described at (e) above, with the brief number amended to show that it is a revise (eg CMV (83) 10 (Revise)). Subsequent revises should be numbered (eg CMV (83) 10 (Revise 2); etc). If it is a question of adding material to the brief rather than revising its existing contents, an addendum may be prepared, in the form described at (e) above with the brief number (eg CMV (83) 10 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 a revise or an addendum is in preparation and also about corrigenda to briefs.
  
- (j) Additions to the list of briefs in Annex A require the authorisation of the Private Secretary to the Secretary of the Cabinet.

[CLASSIFICATION]

ANNEX C

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

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CMV (83) [Serial No as specified in Annex A] COPY NO [in red]

[Date]

ANGLO-FRENCH SUMMIT 20-21 OCTOBER 1983

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[SUBJECT] [Insert subject in capitals]

Brief by [name of originating Department, eg Foreign and  
Commonwealth Office]

[At foot of last page on left-hand side:-]

[Originating Government Department, eg Foreign and Commonwealth  
Office or Department of Industry, not a subordinate section or  
division]

[Date of origin]

[CLASSIFICATION]



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10 DOWNING STREET

From the Private Secretary

7 September 1983

Anglo/French Summit

Thank you for your letter of 1 September.

I was grateful for the suggested outline programme and initial suggestions for participation. Other Private Offices have been warned orally to keep the dates of 20/21 October free.

We can return to the details of the programme later but meanwhile the Prime Minister has confirmed that:

- (a) She will meet President Mitterrand at Northolt on arrival;
- (b) Her dinner on 20 October will be a largish affair and will include a number of people from outside Government who are interested in France;
- (c) Her lunch on 21 October will be confined to Summit participants (we shall consider separately whether the lunch will be for Ministers alone or whether it will be possible to accommodate some officials).

It would be helpful if you could let us have a draft guest list soon for the dinner on 20 October (this should be for 65 people including spouses).

A. J. COLES

Roger Bone, Esq.,  
Foreign and Commonwealth Office.

PRIME MINISTER

Anglo/French Summit: 20/21 October

This is some way away but there are one or two points which we need to settle before your overseas trips later this month.

I recommend that, as last time, you meet President Mitterrand at Northolt (at 1600 hours on 20 October). Agree? *Yes*

I suggest that your dinner for the President on 20 October is not a working dinner but a largish meal to include a number of people from outside Government who are interested in France. Agree? *Yes*

Finally, your lunch on 21 October might be simply for Summit participants. Agree? *Yes* *not*

*A.J.C.*

6 September 1983

ANGLO/FRENCH SUMMIT

First Tête-à-tête (Thursday)

General

Delighted you will pay State Visit in October next year - 80th anniversary of Entente Cordiale.

Leave till tomorrow EC matters and bilateral relations. Deal now with East/West relations, defence issues and international economy.

East/West Relations

Talk with Reagan.

Contacts with Soviet Union.

Korean airliner.

INF

Any chance of Soviet move?

Exclusion of our strategic deterrents.

Thinking behind French proposal for 5 power discussion?

Need for Western unity at Conference on Disarmament in Europe (Stockholm in January).

Nuclear Discussion

Exchanges between our senior officials valuable. Should continue.

/Defence Co-operation ...

Defence Co-operation

Pleased with closer contact between  
two defence Ministers.

Wish to explore co-operation in "out of  
area" capability.

International Economy

Prospects for recovery.

US economic policy.



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ANGLO-FRENCH SUMMIT, 20-21 OCTOBER 1983

GAME PLAN (DRAFT)

... 1. Paris telno 937 attached sets the scene for the Summit. The  
... Joint Report agreed by Foreign Ministers reviews bilateral  
... relations. Paris telno 934 reports Elysée views on the likely  
French approach to the Summit. All are attached.

First tête-à-tête with President Mitterrand (20 Oct: 1915-2015)

2. This meeting should be used to establish common ground.
3. The Prime Minister might welcome President Mitterrand's acceptance of the invitation to pay a State Visit in 1984, and move on to East/West relations, INF and British and French nuclear forces. She will want to cover her visit to Washington, President Mitterrand's speech at the UN (including the proposal for a conference of the five nuclear powers) and the results of Genscher's talks in Vienna on 15/16 October with Gromyko; and to reconfirm British and French views on INF deployment (which President Mitterrand did in uncompromising terms during his visit to Belgium last week) and the non-inclusion of British and French forces in the Geneva INF negotiations.
4. Turning to the international economy, the Prime Minister might assess the prospects for continuing recovery between now and the London Economic Summit, review current French and British economic

CONFIDENTIAL

/priorities



CONFIDENTIAL

- 2 -

priorities, and note those elements in US policy which are still unfavourable to growth in Europe.

#### Dinner

5. Dinner may not allow much substantive discussion, but President Mitterrand could be invited to comment on Iran/Iraq and Chad. (These will be covered in greater detail by Foreign Ministers - see para 7).

#### Second tête-à-tête (21 Oct: 0900-1040)

6. This part of the meeting could concentrate on:

(a) Community issues, stressing the urgency of progress towards completion of the post-Stuttgart negotiations, our interest in working with the French to achieve that, and our requirement for budgetary equity and strict control of agricultural expenditure. The Prime Minister could say that we do not believe our safety net proposal need be unacceptable to the French, and that we hope President Mitterrand can agree that officials should go over the ground thoroughly after the Summit to find points in common. The Prime Minister might respond positively to President Mitterrand's proposals for European industrial cooperation, underlining the similarities in the French paper on New Policies and the British paper on Other Policies. (see also (c) below)

(b) Falklands, pressing the President to abstain on the Argentine resolution at the UNGA, to prevent French representatives from favouring alternative resolutions or wording, and to continue not to sell sensitive weapons to Argentina.

/(c)

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- 3 -

(c) Bilateral relations, with the Joint Report by Foreign Ministers as the starting-point. The Prime Minister might:

(i) agree to endorse the Joint Report at the plenary session;

(ii) draw attention to progress in the energy field (UK has joined work on fast breeder reactors; cross-Channel electricity link; nuclear power station at Guangdong; discussions on cross-Channel gas link);

(iii) say that we are ready to look at practical industrial collaboration in other areas, bearing in mind the recent change of emphasis in French industrial management towards a less dogmatic, more practical approach;

(iv) propose regular high-level meetings of officials to identify promising projects including defence procurement.

The Prime Minister may need to parry any French attempts at criticism on:

- (i) not using Ariane for launching Skynet;
- (ii) launch aid for Airbus A320;
- (iii) no passport excursions

/Finally

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- 4 -

Finally, the Prime Minister might express satisfaction at the growing cooperation against international terrorism, and note that action by French services has already helped the UK, for which we are grateful. She could say she is glad that the problem over rates for cultural premises is on the way to solution.

#### Other Meetings

7. Meetings between other Ministers will take place during the Prime Minister's two tête-à-tête meetings. Foreign Ministers will join the second at 10.00. It will be important that the main points on the Community and the Falklands are made or repeated in front of Monsieur Cheysson.

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FM PARIS 171800Z OCT 83

TO IMMEDIATE FCO

TELEGRAM NUMBER 937 OF 17 OCTOBER 1983

INFO ROUTINE EC POSTS AND WASHINGTON

CORRECTED VERSION

PRESIDENT MITTERRAND'S APPROACH TO THE ANGLO-FRENCH SUMMIT:

20 - 21 OCTOBER

SUMMARY

1. MITTERRAND IS AT PRESENT HAVING A BUMPY RIDE. HE CAN BOAST FEW SUCCESSES. AT HOME THE STATE OF THE ECONOMY IS A MAJOR CONCERN. IN FOREIGN POLICY HE IS WALKING ONE TIGHTROPE AFTER ANOTHER AND WILL NEED LUCK NOT TO TAKE A TUMBLE. HE IS OBLIGED TO TAKE A MORE PROMINENT ROLE IN DEFENDING GOVERNMENT POLICY THAN PREVIOUSLY. HE HAS LITTLE ROOM FOR MANOEUVRE. BUT HE IS UNDER NO SERIOUS POLITICAL THREAT BEFORE 1986.

DETAIL

FRENCH ECONOMY

2. THE PRESIDENT'S GREATEST SHORT TERM PREOCCUPATION, REDUCTION OF THE EXTERNAL DEFICIT, HAS BECOME LESS ACUTE AS TRADE FIGURES HAVE IMPROVED. THE TARGET OF REDUCING THE TRADE DEFICIT BY ONE THIRD FROM LAST YEAR SHOULD BE MET. THIS TREND SHOULD CONTINUE NEXT YEAR, THOUGH FRENCH GDP GROWTH IS LIKELY TO REMAIN AROUND ZERO.

3. THE STATE BUDGET DEFICIT IS UNDER CONTROL. INFLATION IS INCHING DOWN, BUT FRANCE WILL END THE YEAR WITH A RATE WELL ABOVE THAT OF HER MAIN COMPETITORS. THE NUMBER OF REGISTERED UNEMPLOYED HAS BEEN STABLE FOR SOME MONTHS, BUT A SUSTAINED RISE IS NOW FORECAST. A FOURTH DEVALUATION IS WIDELY EXPECTED IN THE NEXT SIXTH MONTHS. MITTERRAND MUST ALSO BE WORRIED BY THE FAILURE OF COMPANIES TO RESPOND TO GOVERNMENT EXHORTATIONS TO INVEST (INVESTMENT HAS CONTINUED TO FALL THIS YEAR) AND BY THE CONTINUING DETERIORATION IN COMPANY FINANCES. THE 1984 BUDGET PROVIDES FOR ANOTHER RISE IN THE SHARE OF NATIONAL INCOME TAKEN BY THE STATE AND THE SOCIAL SECURITY SYSTEM. FACED WITH THE UNPOPULARITY OF FURTHER TAX INCREASES, MITTERRAND HAS PROMISED TO REVERSE THE TREND IN 1985, THE YEAR BEFORE THE NEXT NATIONAL ASSEMBLY ELECTIONS, BUT HE WILL FIND IT EXTREMELY DIFFICULT TO DO SO.

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*/IMPLICATIONS*

## CONFIDENTIAL

### IMPLICATIONS FOR FRANCE'S EUROPEAN COMMUNITY POLICY

4. TRADITIONAL FRENCH OBJECTIVES WITH REGARD TO THE EC HAVE BEEN REINFORCED BY THE ECONOMIC CLIMATE. AGRICULTURAL DEVELOPMENT AND INCREASED FOOD EXPORTS ARE SEEN AS EVEN MORE NECESSARY FOR EMPLOYMENT AND BALANCE OF PAYMENTS REASONS. FRANCE HAS NO WISH TO BECOME A NET MAJOR CONTRIBUTOR TO THE BUDGET- AND WANTS ONLY A RELATIVELY MODEST INCREASE IN OWN RESOURCES. PROBLEMS ON THE DOMESTIC INDUSTRIAL FRONT ADD ATTRACTION TO JOINT MULTILATERAL (AND SOME BILATERAL) PROJECTS AND TO PROPOSALS FOR IMPROVED RESEARCH COLLABORATION.

### FOREIGN AFFAIRS

5. MITTERRAND MUST BE FEELING RATHER EMBATTLED AT THE MOMENT ON THE INTERNATIONAL FRONT. THE DESPATCH OF FRENCH TROOPS HAS BROUGHT A TEMPORARY RESPITE IN CHAD, BUT IT IS A RISKY OPERATION WITH NO SOLUTION IN SIGHT. THE FRENCH WOULD LIKE TO REDUCE THEIR MILITARY PRESENCE IN LEBANON BUT CANNOT. THEIR RETALIATION AGAINST SYRIAN OR SYRIAN-INSPIRED SHELLING HAS MADE IT HARD FOR THEM TO GET BACK ON TO THEIR PREFERRED COURSE OF BEING TRUSTED INTERMEDIARIES. MITTERRAND'S BIGGEST HEADACHE IS THE GULF WAR AND HIS COMMITMENT TO SUPPLY SUPER ETENDARDS TO IRAQ. FRANCE IS LIKELY TO BE IN THE FRONT LINE FOR IRANIAN REPRISALS. DOMESTIC OPINION IS EITHER CRITICAL OR APPREHENSIVE ABOUT FRANCE'S INVOLVEMENT ON THESE THREE FRONTS SIMULTANEOUSLY.

6. ON THE OTHER HAND MITTERRAND'S HANDLING OF EAST-WEST ISSUES IS GENERALLY APPLAUDED. HIS FIRM LINE ON INF IS POPULAR AND FRANCE'S DISAPPOINTING RESPONSE AFTER THE SHOOTING DOWN OF THE KOREAN AIRLINER HAS HARDLY DENTED HIS IMAGE. MITTERRAND WILL PROBABLY WANT TO MAKE THE FIRM LINE HE AND THE PRIME MINISTER TAKE ON INF ONE OF THE MAIN THEMES OF THE SUMMIT, NOT LEAST BECAUSE HE IS WORRIED ABOUT THE GERMANS (THOUGH NOT KOHL PERSONALLY). HE WILL ALSO WANT TO STRESS THE CLOSENESS OF FRENCH AND BRITISH VIEWS ON KEEPING OUR INDEPENDENT DETERRENTS OUT OF THE PRESENT DISARMAMENT EQUATION. FOR ALL HIS FIRMNESS ON INF, MITTERRAND STILL FEELS THE TRADITIONAL FRENCH PRICKLINESS TOWARDS THE US AND DETESTS APPEARING TO FOLLOW ANY US LEAD (HE FEELS HE WAS RAILROADED AT WILLIAMSBURG INTO SIGNING THE DECLARATION ON SECURITY).

## CONFIDENTIAL

DOMESTIC

7. SINCE THE EARLY SUMMER MITTERRAND HAS MOVED INTO THE FRONTLINE IN DEFENCE OF HIS GOVERNMENT'S POLICIES, BUT GREATER MEDIA EXPOSURE HAS NOT HALTED THE SLUMP IN HIS STANDING IN THE OPINION POLLS. MITTERRAND NOW ENJOYS LESS POPULAR ESTEEM THAN ANY OF HIS PREDECESSORS AT THE ELYSEE UNDER THE 5TH REPUBLIC. HARDLY A WEEKEND GOES BY WITHOUT THE LEFT SUFFERING FURTHER SETBACKS IN LOCAL BY-ELECTIONS. THE SLIDE IN THE LEFT'S ELECTORAL FORTUNES HAS PUT THE ALLIANCE BETWEEN SOCIALISTS AND COMMUNISTS UNDER STRAIN, ALTHOUGH BREAKING POINT HAS NOT BEEN REACHED.

8. MITTERRAND HIMSELF SEEMS UNRUFFLED. HE HAS LITTLE ALTERNATIVE TO HIS PRESENT COURSE. SOPS TO THE LEFT WOULD FURTHER ALIENATE MODERATE PRO-SOCIALIST VOTERS. FURTHER RIGOUR MIGHT PUSH THE COMMUNISTS OVERBOARD. MITTERRAND'S POSITION AS PRESIDENT IS NOT HOWEVER IN ANY DANGER. HE REMAINS ASSURED OF HIS PARLIAMENTARY MAJORITY UNTIL 1986: A NO-CONFIDENCE MOTION WAS HEAVILY DEFEATED ON 12 OCTOBER. THE AUTHORITY CONFERRED ON HIM BY THE OFFICE OF PRESIDENT IS LARGELY UNAFFECTED BY THE PRESENT STATE OF PUBLIC OPINION. HE CAN COPE WITH SHORT-TERM UNPOPULARITY IN BOTH DOMESTIC AND FOREIGN AFFAIRS AS LONG AS THERE IS A PROSPECT OF REGISTERING SOME SUCCESSES IN 1985/86. BUT HE CANNOT AFFORD TO APPEAR NEGLIGENT OF FRENCH INTERESTS.

FRETWELL

FCO/WHITEHALL  
WED

<sup>3</sup>  
CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

1 September 1983

*Jan John.*

Anglo-French Summit: 20-21 October

You last wrote about the Summit on 13 July. Since then, President Mitterrand has, as you know, opted for your preferred date of Friday 21 October. As agreed at the end of July, we offered the French the option of starting the Summit on 20 October. This has been welcomed by the Elysée, and President Mitterrand is looking forward to dining at No 10 that evening.

Programme and Greeting Arrangements

At the last Anglo-French Summit in London (September 1981) the Prime Minister met President Mitterrand at the airport. It would doubtless be welcomed by the President if the Prime Minister were able to do so again.

We understand that The Queen would be able to see the President on the afternoon of 20 October (Her Majesty will not be in London on 21 October).

You may therefore find it helpful to have the following suggested outline programme, and initial suggestions for participation.

20 October

- |        |  |
|--------|--|
| c 1600 | Arrive Northolt: met by The Queen's representative and the Prime Minister: Guard of Honour: departure to central London (? helicopter) |
|        | Call on HM The Queen. Time to be confirmed. (Meanwhile Ministers begin their bilaterals)   |
| c 1730 | Depart for French Embassy  |
| 1800   | Attend French Chamber of Commerce reception  |
| 1915   | Arrive at Downing Street for tête-à-tête with the Prime Minister.  |

/2015



2015 Dinner at Downing Street, to include Ministerial participants in the Summit: either a working dinner, or including senior members of the British Establishment.

21 October

0900 Talks resume (Prime Minister/President Mitterrand, and Ministerial bilaterals)

1045- Plenary session  
1215

1230 Press conference

1315 Lunch at Downing Street for Summit participants

1430 Prime Minister bids President Mitterrand farewell at Downing Street

[1500 President Mitterrand opens annex of French Lycée.]

±630 President Mitterrand departs Northolt: Cabinet Minister bids farewell.

All timings are approximate.

Ministerial participation

We can assume that M. Mauroy, the French Prime Minister, will not attend. In addition to the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer, it would fit the pattern of previous Summits for the Secretary of State for Trade and Industry to take part. They would be matched respectively by M. Cheysson, M. Delors and M. Fabius. There is a wide range of industrial issues to cover with M. Fabius - for whom it may also be appropriate to arrange a meeting with the Secretary of State for Energy. Ministers of Defence have tended not to attend Anglo-French Summits in the past, but there may be advantage in their doing so this time. The tempo of Ministerial-level contacts with the French (and indeed trilateral contacts with the French and Germans) on defence issues has recently quickened. The Secretary of State for Defence had an encouraging meeting with M. Hernu in July, which should be followed up. The Summit would provide an opportunity to pursue discussion of a number of procurement issues as well as some broader defence and security questions.

/Finally

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Finally, Ministers of Agriculture could usefully meet. Apart from the importance of their subject for our bilateral relationship and for the current EC negotiations, M. Rocard has a political significance beyond his present responsibilities.

Firm recommendations on Ministerial attendance will be made once the agenda has begun to take shape. You may, meanwhile, think it right to make preliminary contact with the Private Offices concerned to ensure that Ministerial diaries are kept free.

A handwritten signature in blue ink, appearing to read 'R B Bone', written in a cursive style.

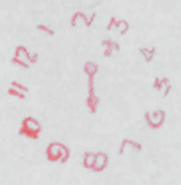
(R B Bone)  
Private Secretary

A J Coles Esq  
10 Downing Street

RESTRICTED

Frank  
Millerand  
Wid,  
P7 3

2 SEP 1983



~~Time~~

State of May  
12 20/21 Oct.

FCS ✓

Petis

EN/EX ✓ An Mansion He  
Speech on 20/10

DTI — in USA

MOD ✓

MAFF has dinner  
booked on 20 Oct. 21 Oct OK.

Energy OK until 12:15 on 21 Oct.

John Gies 8/1

Notes in diary

A.



*With the compliments of*

WESTERN EUROPEAN  
DEPARTMENT

WOL 25/7

f.a.

FOREIGN AND COMMONWEALTH OFFICE,  
LONDON, SW1A 2AH

1. cc No 10 Downing Street

(12)

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FM PARIS 211610Z JUL 83  
TO PRIORITY FCO  
TELEGRAM NUMBER 645 OF 21 JULY

WCF 02713

RECORDED IN PRIORITY

22 JUL 1983

OFFICER	REG.
PA	PA

YOUR TELNO 334 : <sup>(17)</sup> ANGLO-FRENCH SUMMIT

1. THE ELYSEE HAVE PROBLEMS WITH ALL THE DATES WE PUT TO THEM. THEY ARE TRYING TO SEE IF JUGGLING WITH MITTERRAND'S PROGRAMME MIGHT NOT MAKE 21 OCTOBER POSSIBLE BUT DO NOT EXPECT TO BE ABLE TO GIVE US A DEFINITE REPLY BEFORE THE END OF NEXT WEEK.

FRETWELL  
STANDARD  
WED  
ECD's

b.u.  
✓ 27.7  
JMD  
22.7

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Subject: GERMANY: PM's Mtg  
with Ch. Kohl in Germany  
Pt 4

CC FRANCE: Anglo/G.  
Summit ~~Retentions~~ Pt 3

10 DOWNING STREET

From the Private Secretary

13 July 1983

Bilateral Summits

I have now agreed with Chancellor Kohl's Office that the next Anglo/German Summit will take place in Bonn on Wednesday 9 November. The details remain to be discussed but the Germans envisage the talks beginning at 1000 and concluding in time for our party to reach London on Wednesday evening.

We should now make another effort to agree a date for the Anglo/French Summit. We could offer Friday 21 October and Friday 18 November. Other possibilities, but these are much less satisfactory, would be Monday 24 October and Monday 31 October. I should be grateful if the Embassy in Paris could discuss these dates with the Elysee and, hopefully, persuade them to opt for Friday 21 October. Once you have obtained agreement to a firm date, I shall consult the Prime Minister about the arrangements and in particular whether she wishes to invite President Mitterrand to arrive on the previous evening for dinner. It would be helpful if the choice of date could be settled in the next few days.

For the time being, I shall take no action on your letter of 12 July about the possibility of the Prime Minister visiting The Hague. While I can see the strength of the case for such a visit taking place in October or November the fact is that the Prime Minister's diary between now and the end of the year is very full indeed and there is unlikely to be much, if any, time for foreign visits apart from those which we have already set in train. But I will return to the question of Mr. Lubbers' invitation when we have settled the date for the French bilateral.

We shall doubtless need to think in due course of a bilateral with the Italians. That, too, may be difficult to fit in before the end of the year. But I take it that there is no point in looking at dates until we have some ideas of the complexion of the new Italian Government.

A.J. COLES

R.B. Bone, Esq.,  
Foreign and Commonwealth Office.

CONFIDENTIAL

Lance

John

I understand from Leo  
that Roger Bone has been  
in touch with you  
about the Bilateral Summit  
with Lance - does this  
answer the proposals in  
your letter of 27 June?  
(Dates, venue etc)

Petis  
12/7

No. but don't  
bother - I have it in  
mind. ADL  $\frac{12}{2}$   
h.a.

FILE

de



10 DOWNING STREET

*From the Private Secretary*

28 June 1983

The Prime Minister has it in mind to offer the French bilateral talks on Wednesday 5 October at Chequers. This is not confirmed but I thought you might like to be aware of the suggestion.

CAROLINE STEPHENS

Miss Vera Thomas, O.B.E.

Handwritten initials, possibly 'Vt' or 'Vt', in the bottom right corner.

*a Germany. Mtg  
with Kohl in Germany, PT4  
DSG*



*bc: Miss Stephens*

**10 DOWNING STREET**

*From the Private Secretary*

27 June 1983

BILATERAL SUMMITS

As you know, it is our turn to invite President Mitterrand to London for the next Anglo-French bilateral Summit. The date which would be most convenient to the Prime Minister is Wednesday, 5 October. Mrs. Thatcher proposes to hold the Summit at Chequers. She would hope that President Mitterrand could arrive in time to begin discussions at about 1000 hours. The Summit would then follow the usual pattern of a lunch followed by a plenary session and a press conference. To facilitate an early start to the morning discussions, the Prime Minister suggests that the President, having arrived at RAF Benson, might take a helicopter to Chequers where the Prime Minister would formally receive him.

*BF*

I should be grateful if you could establish in due course whether this proposal is acceptable to the French. It may be that, following the proceedings at Stuttgart, you will wish to wait a while before extending this invitation to President Mitterrand. But in any case we should try to settle a date in the next two or three weeks.

As regards the Anglo-German Summit, it is the turn of the Germans. The Prime Minister sees advantage in holding the Summit at a time when Anglo-German attitudes towards the next European Council (6 December) can be concerted. From that point of view, Friday 18 November would be a good choice. I should be grateful if suitable soundings could be taken in Bonn.

**A. J. COLES**

Brian Fall, Esq.,  
Foreign and Commonwealth Office.

*NR*



CC UNIT BKJR  
TOD  
CO 3  
France

10 DOWNING STREET

From the Private Secretary

17 May 1982

*See memo*

VISIT OF PRESIDENT MITTERRAND

I enclose a record of the conversation between the Prime Minister and President Mitterrand when the latter called at 10 Downing Street today. I also enclose a note of the conversation which took place over a working lunch which followed the talks. I should be grateful if circulation of these records could be appropriately restricted.

I am copying this letter with enclosures to John Kerr (HM Treasury), David Omand (Ministry of Defence) and David Wright (Cabinet Office).

V

*you see  
film logs.*

Brian Fall, Esq.,  
Foreign and Commonwealth Office

**SECRET**

RECORD OF CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT  
OF FRANCE AT 10 DOWNING STREET AT 1200 HOURS ON MONDAY 17 MAY 1982

Present:

Prime Minister	President Mitterrand
The Rt. Hon. Douglas Hurd	M. Mauroy
Sir Robert Armstrong	M. Attali
Sir John Fretwell	M. Margerie
Mr. John Coles	M. Vedrine
Interpreter	M. Vauzelle
	Interpreter

\*\*\*\*\*

In welcoming the President, the Prime Minister thanked him for his support over the Falklands issue. She also expressed thanks for M. Attali's contribution to the preparation of the Versailles Summit.

President Mitterrand said that he had originally seen his visit as one of courtesy. But its nature had been transformed by events. He would have little new to say on the Versailles Summit. But it was desirable to discuss the situation in the South Atlantic and, in view of various Community meetings taking place today, certain other subjects. As regards the Falklands, Britain had demonstrated her solidarity with France at critical times during the 20th century. It was natural for France to return that solidarity now. This did not undermine France's freedom of choice and frank private discussion was necessary. But he would ensure that France's relations

/ with Britain

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with Britain remained strong.

Versailles Summit

President Mitterrand then described the state of preparations for the Versailles Summit, drawing on a note prepared by M. Attali. The meeting of personal representatives at the weekend had been preceded by meetings of the 7 Political Directors, the Economic Directors and a separate meeting on credit for Eastern Europe. A draft declaration had been prepared. There were in it a number of points which still required resolution. These included the question of economic priorities. Some considered that the fight against inflation was of overriding importance. Others believed that other economic problems should be placed on the same level. There had been an inconclusive discussion about trade with Japan. The question of global negotiations would need to be dealt with further. Then there was a need for a formula on employment and growth. Finally there was a new point relating to the principles which might be envisaged for an international monetary system.

There were also a number of political questions to be addressed. An indicative list had been drawn up and included the following subjects:

East-West relations, particularly Poland and Afghanistan;  
Arms control, especially the United Nations Special Session on Disarmament, the START talks and non-proliferation;  
Areas of crisis including North/South issues, Arab Israel, the Iraq/Iran war and Lebanon;  
and finally terrorism.

It would be impossible to deal with everything in two days. He thought that the main theme to be tackled should be East/West relations where the United States had a firm view on the issue of credit.

The above represented the work of personal representatives. But he wished to give the Prime Minister his personal views. The

/ principal area

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- 3 -

principal area of discussion would be economic problems but he did not wish to spend too much time on a theoretical discussion of priorities. It might well be common ground that inflation levels should be reduced without going beyond what countries could tolerate in respect of unemployment. Any steps which could promote the beginnings of an international monetary system would be useful. So would any measures which the GATT could take to reinforce the world trading system. There might have to be a frank discussion of protectionism. France was accused of protectionism but it was not the only country involved and there was a limit to the extent to which domestic problems could be allowed to grow. Revival of economic growth would need a greater commitment to technological development. Not all our preoccupations on strategic and nuclear matters need be reserved for Bonn. A big effort should be made at Versailles on North/South issues. The question of IDA lending was particularly important in the wake of United States withdrawal. The decision of France and the United Kingdom not to reduce its contributions was a good one.

The Prime Minister said that many of these matters were related. No international monetary system could function satisfactorily until all economies were soundly run. We should compare our methods of economic management and must recognise that there could be different views on economic policy. We had for some time been discussing the new information technology. The real difficulty between Japan and ourselves was the total self-discipline and dedication to work of the Japanese. They had also been quicker to apply fundamental research to commercial products. They had a new generation of high technology products which was way in advance of anything we ourselves possessed. Europe and the United States were the natural markets for this.

As she had told M. Mauroy on 15 May, it was important to tackle the Japanese at the Versailles Summit. This was difficult because they were very sensitive and their face had to be saved. At previous Summits we had all been determined to deal with the Japanese but had come away from them with a meaningless half-sentence in the communiqué.

/ We should work

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- 4 -

We should work out our tactics before the Summit. Japan was keeping the yen at a low level and was undercutting us on interest rates. We could not take this much longer. A really firm attitude at Versailles was therefore necessary.

She was very pleased that special emphasis would be put at Versailles on new technology. It was difficult to assess the future effects of this technology on employment. In previous industrial revolutions, the initial effect of new technology had been to increase unemployment but later it had created employment by making new activities possible. Was the new microchip fundamentally different in that it would lead to more unemployment in the future? If so, we should have to concentrate on the service industries.

As regards the foreign affairs issues to be discussed at Versailles, President Reagan's greatest concern was the conditions for credit to the Soviet Union. There was justification for his view that Western countries were together giving a greater volume of credit to the communist bloc than their economies could sustain. We might need to agree to limit the total. The question of interest rates for this credit should also be discussed. At present we applied consensus rates but if we did this the Japanese would always undercut us.

In general, there was a possibility of more fundamental discussion at Versailles than at previous Summits. She was delighted that France was aiming at a short communiqué.

President Mitterrand said he wished to comment on four points raised by the Prime Minister. It was correct that there could be no international monetary system without harmonisation of economic policies. For 25 years the Bretton Woods system had allowed each country to advance. When in 1971 Nixon had broken the Bretton Woods agreements, disorder had resulted. This had led to greater disparities between individual economies. But we should not use these disparities as an excuse for trying to make progress towards an international monetary system. On Japan, he had found in earlier discussions with the Japanese that they were not prepared to go beyond generalities.

/ After his last

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After his last talk at the Elysée, when escorting Mr. Suzuki to the steps outside, he had invited the photographers to say what make of cameras they were using. Suzuki had taken the point. On a visit to Tokyo, he had told the Japanese that he could not blame them for their economic success but nor could he allow the French economy to flounder because of it. He understood that personal representatives had concluded that some progress could be expected at Versailles. But he agreed with the Prime Minister that discussion with the Japanese must be frank. As regards technological change, he thought that the immediate result of the new technology was likely to be growing unemployment. It was essential to act immediately if this development was to be prevented. In particular, the service sector should be developed and professional training greatly increased. Finally, President Reagan put great emphasis on the question of credits for the Soviet Union. For historical and geographical, though not political, reasons Europe was bound to take a different view. We had to tread a narrow path between the two extremes of a) giving excessive credit and foreign currency for building up the Soviet economy and arms industry, and b) an economic blockade, which would be impossible to achieve.

/ EC Mandate

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EC Mandate

The Prime Minister said that she had had some discussion of this question with Monsieur Mauroy in Edinburgh on 15 May. She wanted to tell President Mitterrand how we saw the position. There had been an earlier agreement that changes in the CAP and in the budget system should proceed together. At the Lancaster House discussion last year, France had wanted special provision for small milk producers. We understood that this was politically important to the President and had therefore agreed to it. Italy and Greece, as their part of the bargain, had wanted new provisions on Mediterranean products and had obtained an arrangement. Chancellor Schmidt had required that agricultural expenditure should grow less than the EC budget as a whole. It was debatable whether this would be helped by the present farm prices proposals. For our part, we had wanted a restructuring of the budget. It was sadly true that fundamental changes could only be negotiated in the Community when we were at the brink. It would be no easier to negotiate structural changes to the budget in the future and we would prefer to do it now. But if this was not possible, then we had made it clear that we could agree to the May 1980 agreement being implemented for a third year. This would involve a refund of two-thirds of the expected outturn. If the outturn was larger, then the 1980 formula for sharing expenditure could be employed. The present expectation was that the outturn for 1982 would be 1530 million ecu's. Two-thirds of that would mean a refund of 1010 million ecu's. We would much prefer a four-year arrangement because we disliked an annual argument. We were as anxious as France to find a speedy settlement but it must be stressed that the agreement had been to treat all the disputed subjects together.

Finally, a refund of 1,000 million ecu's was a good deal less than had been contemplated in 1980, when it had been thought that about 2,000 million ecu's would be necessary.

President Mitterrand said that the difference between us was that he could not regard the 1980 agreement as a model and

/had said

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had said so in 1980. The conclusions made then had proved to be inexact because the sums which had been promised had not corresponded to what happened in practice. The Prime Minister commented that if the formula which we had suggested in 1980 had been accepted, there would have been much less uncertainty. We had argued for a percentage of the gap, not a fixed amount. This would have been much better for Europe but others had wanted an absolute sum to be fixed.

President Mitterrand said that there might be a political link between reform of the CAP and the budget, but there was not a juridical one. The concession on small milk producers had been itself a compromise. So was the arrangement on Mediterranean products and that had not been signed yet. As regards the budget, in his view the Common Market was based on the principle that those who bought from outside the Community must make restitution. If that principle disappeared, the Community could not work. This posed a particular problem for the United Kingdom because of its trade with the Commonwealth, especially Australia and New Zealand. He recognised that that pattern of trade led to a very heavy British contribution to the EC budget. It was not to be denied that a reduction in that contribution was necessary but the principle of own resources must be maintained. He would not have signed the 1980 agreement. And he did not regard himself as bound by an agreement for the third year. He also had economic difficulties. He had inherited 14 per cent inflation and his economic policies had to be as tight as possible. Reimbursement of two-thirds of the expected outturn could lead to an unacceptably large contribution from France.

The Prime Minister suggested that the two sides should agree to differ. She quoted figures to show that France had done very well out of the existing agreement. She had never expected a "juste retour". Nor did she expect to be a net beneficiary.

President Mitterrand said that he understood that a proposal for a one-year agreement was under discussion in Brussels.

/ He would

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- 8 -

He would not have been opposed to an agreement lasting for three or four years. But the Commission proposal was directed at one year and envisaged compensation of up to 800 million ecu's on the basis of a deficit of 1530 million ecu's. If the outturn went beyond that figure, our European partners would pay 50 per cent of it up to a certain point and 75 per cent beyond that. France could agree to that and indeed the system could spill over for several years. But a 66 per cent contribution was too much.

The Prime Minister said that a 50 per cent contribution by our partners would leave us paying a colossal net contribution. It was ridiculous that we should subsidise countries like Denmark and the Netherlands; we ought rather to be paying this money to help third world countries.

A. J. C.

17 May 1982

SECRET

SUBJECT

ex Hurd

CONFIDENTIAL

NOTE OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT  
OF FRANCE AT LUNCH AT 10 DOWNING STREET ON 17 MAY 1982

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Present

The Prime Minister	President Mitterrand
The Rt. Hon Douglas Hurd	M. Mauroy
Sir Robert Armstrong	M. Attali
Sir John Fretwell	M. Margerie
Mr. John Coles	M. Vedrine
Interpreter	M. Vauzelle Interpreter

\* \* \* \* \*

After a brief exchange on the current Middle Eastern situation, President Mitterrand asked whether the Prime Minister could describe the current situation in the South Atlantic.

The Prime Minister said that things were very difficult. It was now six weeks since the adoption of Security Council Resolution 502, since when more and more equipment had been piled on to the Islands. We had examined six different sets of peace proposals, but there had been no change in the Argentine attitude. They wanted sovereignty as the price for withdrawal. We would now make one last serious attempt in New York. The Secretary General was a man of great integrity but he could not achieve the impossible.

President Mitterrand said that once Argentina had invaded and Britain had taken the decision to send the Task Force, events were constrained by logic. It was difficult for diplomacy to achieve anything. He had taken his decision to support Britain in full awareness of this and in full recognition of the likely consequences for France's relations with Latin America.

The Prime Minister said that, apart from twenty permanent Argentine residents, the rest of the Falklands population were

/of British

of British descent, some of several generations. They did not want Argentinian rule. Independence would be difficult without some guarantee of security. A UN guarantee, or a multi-national one as in Sinai, might be possible. The Falklands and South Georgia were of great strategic importance - which explained their role in two world wars. But the Falklands population could not agree to Argentinian rule. How could they tolerate people like Captain Astiz, in whom France had expressed interest?

President Mitterrand said that negotiations had made no progress since the Argentine invasion. He did not want a solution by force but he did not see how this could be avoided. He hoped war need not be prolonged. The Prime Minister said that we, too, did not want a solution by force. But the UN Resolution would never produce a solution. Galtieri had said over the weekend that he was prepared to sacrifice 40,000 lives. She felt revulsion at this statement. President Mitterrand said the only surprising thing was that Galtieri put the figure as low as 40,000. The Prime Minister said that a person like that could not be allowed to succeed. If he did, there would be serious implications for countries like Belize, Guyana and Gibraltar. France had a number of territories which would also be at risk.

President Mitterrand said that he did not question the United Kingdom's actions. No alternative was available. He believed the United Kingdom would proceed to a landing and the recovery of the Islands, though he was not asking for confirmation of this. However, when the balance of forces had been changed, it would be important to undertake very active diplomacy. When he had supported the British decision he had not doubted that we would pursue the matter to the end. And if we denied that now, he would not believe us. The Prime Minister said that the Task Force had its objectives. It was difficult to see how these could now be achieved by diplomacy. President Mitterrand said that what worried him was the situation which might follow the use of force. He

/took it as

CONFIDENTIAL

-3-

took it as read that we would occupy the Islands militarily. But we should then have to give priority to diplomatic action. There was bound to be damage to relations between the United Kingdom and Latin America and Europe and Latin America. We should make a distinction between our conflict with Argentina and Western policy towards Latin America as a whole. Latin America would learn the lesson that it could not play games with the United Kingdom, but it must know as soon as possible that the United Kingdom was not an enemy. The Prime Minister commented that this was good advice. In due course we should have to mend fences.

President Mitterrand said that if he was a President of a Latin American country he would be more worried about the United States than about the Soviet Union. The United States must learn not to confuse its interests in South America with the ambition to maintain a permanent protectorate over it. The Russians had profited from Cuba and would do so now from the situation in the South Atlantic.

The Prime Minister said that she hoped that the Pope would still visit the United Kingdom at the end of May but she understood that there was now some doubt, largely because 50 per cent of Roman Catholics lived in Latin America. She was most anxious that the Pope should maintain his plan. If it would help, she would cancel all Government involvement in the visit. President Mitterrand said that he could not answer for the Pope, but the difference between the present situation and the time when the visit was arranged was that there was now a war and the Pope had to take account of that.

A.J.C.

17 May 1982

COVERING SECRET

4A



Foreign and Commonwealth Office

London SW1A 2AH

17 May 1982

John

Submitted at

Brief 4(A)

A

Dear John,

Prime Minister's Meeting with President Mitterrand

17 May

I enclose a supplementary brief on the Falklands for the Prime Minister's use at her meeting with President Mitterrand.

Yours ever

John Holmes

(J E Holmes)  
Private Secretary

A J Coles Esq  
19 Downing Street

COVERING SECRET

~~Prime Minister.~~

Additional briefing for your meeting on Monday with Mitterrand.

BRIEF FOR PRIME MINISTER'S MEETING WITH M MITTERRAND:  
17 MAYD. S. Collyer  
Duty desk

16/5/82

STRATEGIC/NUCLEAR ISSUES (IF RAISED BY PRESIDENT MITTERRAND)

## POINTS TO MAKE

1. Welcome idea for an informal meeting with President Reagan and yourself in margins of Versailles summit.
2. Share your concern about risks of damaging changes in US nuclear strategy. Essential that changes in both strategy and deployments should not lead to decoupling. Risk of serious damage to deterrence in Western Europe.
3. Need to find delicate balance between re-affirmation of US commitment to European defence and positive attitude to nuclear arms control.
4. Suggest that officials should discuss this with your people in Paris before summit and meeting with Reagan.

## ESSENTIAL FACTS

1. At his meeting with Mr Pym on 14 May, M Cheysson expressed concern at the possibility of substantial changes in nuclear strategy 'at the super power level'. He thought this augured ill for Europe. The Russians were gradually succeeding in decoupling the defence of Europe from the defence of the US.
2. M Cheysson argued that it was necessary to bring home to the Americans the European concern about decoupling. On a personal basis, he suggested that President Mitterrand and the Prime Minister should have an informal meeting with President Reagan in the margins of the Versailles summit. He thought this idea might be raised when the Prime Minister met President Mitterrand on 17 May.



3. The French have traditionally been concerned about the risks of nuclear decoupling. Although their worries may be exaggerated, there is an important grain of truth underlying these concerns. President Reagan's remarks last year about the possibility of limited nuclear war, confined to European soil, did nothing to allay French anxieties. The French have, moreover, been concerned about the proposal for a zero option solution in the INF talks in Geneva. They believe that deployment of long range theatre nuclear systems is vital because these systems are precisely those which link battlefield systems to the US central strategic deterrent. To some extent, we have shared the French view. But the tactical and presentational attraction of the zero option proposal has seemed to us to outweigh the disadvantages of potential decoupling. Furthermore, it is on the face of it unlikely that a zero level outcome will be achieved in the negotiations since it will involve Soviet acceptance of the requirement to dismantle and destroy all of their SS20 missiles.

4. There is thus a fine balance to be drawn between, on the one hand, the need for a positive and forward-looking arms control policy on nuclear issues (especially in some European countries where the anti-nuclear lobby is particularly strong); and, on the other, the need to make decisions about future deployments and about shifts in the Alliance's overall nuclear strategy which will enhance, not undermine, the US commitment to the defence of Europe.

5. The French proposal for a meeting à trois is to be welcomed. But there would be advantage in some careful preparations, at official level, with the French before the Versailles summit.

Prime Minister

MR COLES

VISIT OF PRESIDENT MITTERAND 17 MAY  
30 MAY MANDATE

M

D.P.T. Collins  
D. G. de K.  
14/5

h.c. 10/5

The news from Brussels today suggests that the Commission quite probably will respond to the offer (in the Foreign Secretary's message to the two Presidents of 14 May) to consider urgently a formal proposal by the Commission to extend the 30 May agreement to a third year. But the Commission proposal is likely to include an adjustment for the overpayment, whereas our objective, as approved by Ministers on 14 May, is to secure a refund of 66 per cent of the Commission estimate of our unadjusted net contribution for 1982, plus a risk-sharing formula that will give us 75 per cent of any overshoot.

The Commission estimate of our unadjusted net contribution in 1982 is thought to be 1,620 million ecus. 66 per cent of that is 1,069 million ecus. The Commission are trying hard to please the Germans by offering us no more than 800 million ecus. To achieve this end they may average the refund over three years and argue that 800 million ecus gives us far more than 66 per cent on average and therefore more than we are entitled to, so that we should accept it and be grateful. The underlying calculation is as follows -

<u>Year</u>	<u>Unadjusted net contribution</u>	<u>Refunds</u>
1980	1512	1175
1981	1422	1410
1982	1620	800
	<u>4552</u>	<u>3385</u>

3385 million ecus is 74 per cent of 4554 million ecus.

This possible argument makes Monsieur Mauroy's offer of 900 million ecu very useful. It is at least a further step away from 66 per cent of our unadjusted net contribution averaged over three years. But it is still a long way short of our objective. The Prime Minister will therefore need to exercise further pressure on the French in her talks with the President tomorrow.

Line to take with President Mitterand

The Prime Minister could make the following points:-

i. It remains our firm preference to negotiate a settlement for 4 or 5 years. Why give up when we have got so far?

ii. But if others decided that this was impossible, then we would be prepared to consider urgently a formal proposal by the Commission in the terms of paragraph 7 of 30 May agreement. This paragraph requires the Commission to make proposals "on the lines of the 1980 to 1981 solution" and it requires the Council to act accordingly.

iii. In the United Kingdom view, the essential features of the 30 May agreement which would need to be reflected in its extension to 1982 are -

1530 a. a refund of 66 per cent of the Commission estimate of the  
1010 United Kingdom's unadjusted net contribution for 1982. We  
believe this figure to be 1620 million ecus. The 30 May agreement  
therefore requires a refund of 1069 million ecus.

b. a risk-sharing formula giving the United Kingdom 75 per cent of an overshoot in our unadjusted net contribution at the margin.

[This phrase is deliberately vague to **obscure** the difference between the risk-sharing formula for 1980 and that for 1981]

President Mitterand will not wish to go into detail. But if he wants the matter further discussed with his officials, I am of course at their disposal.

I would recommend the Prime Minister not to mention the figure of 1200 million ecus in President Mitterand's presence. We do not know for sure that Monsieur Attali has ever reported that figure to his President. He mentioned it in totally confidential discussions with Sir Robert Armstrong and myself. It would endanger this useful channel of communication with the French President if Monsieur Attali was embarrassed in front of his boss.

CONFIDENTIAL

There may be more news of the Commission's intentions late tonight.  
If so, I will submit a further note tomorrow morning before the  
President arrives.

D.H.

D J S HANCOCK

Cabinet Office

16 May 1982

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TELEGRAM NUMBER 487 OF 13 MAY 1982

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FRANCO/BRITISH RELATIONS

1. THE FOLLOWING COMMENTS ON THE FRENCH SCENE ARE OFFERED AS BACKGROUND FOR THE TALKS WITH CHEYSSON, MAUROY AND MITTERRAND OVER THE NEXT FOUR DAYS. IN BRIEF, THE DOMESTIC POSITION OF THE GOVERNMENT AND OF PRESIDENT MITTERRAND HIMSELF SEEMS SECURE, ALTHOUGH THERE WILL BE DIFFICULT ECONOMIC DECISIONS TO TAKE DURING THE COMING YEAR. MITTERRAND'S SUPPORT OF THE U K OVER THE FALKLANDS IS FIRM AND IS APPROVED BY THE MAJORITY OF FRENCHMEN, BUT LARGE-SCALE CASUALTIES COULD PLACE THAT SUPPORT UNDER STRAIN. THE MOST DIFFICULT ISSUE BETWEEN FRANCE AND THE U K REMAINS THE U K'S BUDGET PROBLEM, WHERE MITTERRAND HAS OVER-SIMPLIFIED IDEAS ABOUT THE COMMUNITY'S BASIC PRINCIPLES AND HOW THE PROBLEM SHOULD BE SOLVED. BECAUSE OF THE POSITION OF THE OTHER MEMBER STATES, HE IS UNDER NO IMMEDIATE PRESSURE TO MOVE. HIS FIRST PRIORITY IN THIS CONTEXT IS TO ACHIEVE AN AGRICULTURAL PRICE SETTLEMENT, BUT THE GOVERNMENT WOULD NOT HESITATE TO INTRODUCE NATIONAL AIDS SOON IF NECESSARY. HIS IMMEDIATE INTERNATIONAL AIM IS TO MAKE A SUCCESS OF THE VERSAILLES ECONOMIC SUMMIT (SEE MY TELNO 488).

THE INTERNAL SCENE

2. A YEAR AFTER ENTERING OFFICE, MITTERRAND CONVEYS AN IMPRESSION OF CALM, ALMOST SERENE, CONFIDENCE. HIS AUTHORITY OVER THE GOVERNMENT IS UNCHALLENGED. HE ALLOWS HIS MINISTERS A FREER REIN THAN GISCARD DID. CONSEQUENTLY MINISTERIAL DIFFERENCES ARE MORE FREQUENTLY BROUGHT OUT INTO THE OPEN AND ARE PLAYED UP BY THE OPPOSITION AND THE PRESS. BUT A FEW WORDS FROM MITTERRAND SEEM TO BE ALL THAT IS NEEDED TO BRING MINISTERS BACK INTO LINE.

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/ 3. MITTERRAND

3. MITTERRAND EQUALLY DOMINATES THE SOCIALIST PARTY.

THE IMPATIENCE OF SOME SOCIALIST PARLIAMENTARIANS AND MILITANTS TO PRESS AHEAD WITH MORE RADICAL REFORMS HAS BEEN CONTAINED. IN ONE YEAR OF OFFICE THE MAIN STRUCTURAL REFORMS (DECENTRALISATION AND NATIONALISATION) HAVE BEEN IMPLEMENTED: THE ACCENT NOW IS ON CONSOLIDATING THE REFORMS ALREADY INTRODUCED OR ANNOUNCED. THE COMMUNISTS ARE IN A WEAK POSITION TO FORCE THE PACE. THEY SHOW NO SIGN OF INCREASING THEIR SHARE OF THE VOTE AFTER LAST YEAR'S ELECTORAL SETBACK. WITHIN THE GOVERNMENT THEY HAVE BEEN KEPT AWAY FROM THE ESSENTIAL LEVERS OF POWER. NOR IS THE OPPOSITION LIKELY TO DEFLECT MITTERRAND FROM HIS CHOSEN PATH. THE RIGHT APPEARS MORE UNITED THAN WHEN IN OFFICE, BUT PERSONAL RIVALRIES BENEATH ITS LEADERS LURK CLOSE BENEATH THE SURFACE.

THE ECONOMY

4. PRESIDENT MITTERRAND'S ECONOMIC POLICIES HAVE NOT YIELDED THE RESULTS WHICH HE HOPED. THE RECOVERY IN ACTIVITY, WHICH LIES AT THE HEART OF HIS STRATEGY TO COMBAT UNEMPLOYMENT, HAS NOW FLATTENED OUT AND INVESTMENT IS STILL FLAGGING. THE TRENDS ON INFLATION, THE BUDGET DEFICIT AND THE BALANCE OF PAYMENTS ARE UNFAVOURABLE AND AT VARIANCE WITH DEVELOPMENTS IN OTHER MAJOR WESTERN ECONOMIES. THE EXCHANGE RATE REMAINS VULNERABLE. SOME DIFFICULT DECISIONS WILL HAVE TO BE TAKEN IN THE NEXT 12 MONTHS ESPECIALLY ON THE 1983 BUDGET. THERE ARE SIGNS THAT IN THE FACE OF CURRENT DIFFICULTIES THE FRENCH GOVERNMENT MAY BE MOVING GRADUALLY TOWARDS A MORE ORTHODOX FISCAL STANCE. BUT THERE ARE STILL DOUBTS ABOUT THE GOVERNMENT'S RESOLVE TO RESTRICT BUDGET SPENDING AND TO CONTROL INFLATION, AND ABOUT ITS ABILITY TO RECONCILE THE CONFLICTING PRIORITIES IN ITS ECONOMIC STRATEGY. (

FOREIGN POLICY

5. MITTERRAND HAS BEEN VERY ACTIVE ON THE FOREIGN POLICY FRONT. HE HAS MADE A DOZEN VISITS OVERSEAS, AND WILL COME TO LONDON FRESH FROM A "PRIVATE" WEEKEND WITH SCHMIDT IN HAMBURG. BEHIND THIS ACTIVITY, WITH ITS GENERALISED AIM OF MAGNIFYING THE FRENCH PRESENCE ON THE WORLD SCENE, ONLY BROAD OUTLINES OF POLICY HAVE SO FAR EMERGED. MITTERRAND HAS BEEN AT PAINS TO SHOW HIMSELF A LOYAL NATO ALLY AND A RELIABLE PARTNER

OF THE UNITED STATES. IN CONTRAST THE SOVIET UNION HAS BEEN HELD AT ARMS LENGTH, PARTLY TO PUT THE FRENCH COMMUNIST PARTY AT A TACTICAL DISADVANTAGE, PARTLY FOR GENUINE REASONS OF CONCERN ABOUT SOVIET POLICY. A CALCULATED RADICAL FLAVOUR HAS BEEN IMPARTED BY MITTERRAND'S MORE ACTIVIST ROLE IN SUPPORT OF HUMAN RIGHTS AND OF THE DEVELOPING WORLD, AND BY A STRATEGY OF ENCOURAGEMENT OF "PROGRESSIVE" FORCES IN CENTRAL AMERICA WHICH HAS CAUSED SOME DISMAY TO THE U S AND WHICH REMAINS A POTENTIAL SOURCE OF DISCORD.

#### THE FALKLANDS

6. AS SOON AS THE FALKLANDS CRISIS BROKE, MITTERRAND PERSONALLY DETERMINED THAT FRANCE SHOULD BACK BRITAIN AND HIS MAINTENANCE OF THIS LINE HAS BEEN CONSTANT. AT TIMES THE FRENCH GOVERNMENT HAVE SHOWN SIGNS OF BEING WORRIED ABOUT PUBLIC OPINION; AND SOME SECTORS OF THE PRESS HAVE BEEN UNSYMPATHETIC TO BRITAIN. AFTER THE FIRST REPORTS OF MAJOR CASUALTIES THE GOVERNMENT SHADED ITS POSITION BY PUTTING THE STRESS ON THE NEED FOR A CEASE-FIRE, SINCE THEN THE FRENCH SEEM TO HAVE STEADIED, THOUGH BOTH CHEYSSON AND CHANDERNAGOR HAVE AT TIMES SHOWN SIGNS OF WAVERING, IN PARTICULAR BY SUGGESTING THEY WERE LOOKING FOR A QUID PRO QUO IN TERMS OF BRITISH CONCESSIONS ON THE AGRICULTURAL PRICE REVIEW IN RETURN FOR COMMUNITY SOLIDARITY OVER THE FALKLANDS.

#### COMMUNITY ISSUES

7. MITTERRAND SHOWS LITTLE INTEREST IN THE TECHNICAL DETAILS OF COMMUNITY ISSUES, AND SEEMS TO HAVE ACQUIRED SOME OVER-SIMPLIFIED IDEAS ABOUT BASIC COMMUNITY PRINCIPLES. AT THE SAME TIME HE HAS CLEAR AND STUBBORN CONCEPTS OF WHERE FRANCE'S INTERESTS LIE. HE ATTACHES GREAT IMPORTANCE TO MAINTAINING THE INCOME OF FRENCH FARMERS, AND A PRICE FIXING SETTLEMENT IS HIS TOP PRIORITY. IN THIS HE APPEARS TO BELIEVE THAT HE IS DEFENDING TREATY OBLIGATIONS AS WELL AS FRENCH INTERESTS.

8. SIMILARLY MITTERRAND REJECTS A LONG-TERM SOLUTION FOR THE UNITED KINGDOM BUDGET PROBLEM, BASED ON OBJECTIVE MECHANISMS, ON THE DOCTRINAL GROUNDS THAT THIS WOULD CHANGES THE CHARACTER OF THE COMMUNITY. IT WILL NOT BE EASY TO PERSUADE HIM OF THE NEED FOR MOVEMENT FROM FRANCE ON THE MANDATE AT THE MOMENT. HE WILL BE

INCLINED TO REST ON THE OFFERS CURRENTLY ON THE TABLE. NEVERTHELESS, AT THE END OF THE DAY HE MIGHT WELL BE PREPARED TO CONCEDE MORE ON AMOUNT AND DURATION THAN IS PRESENTLY OFFERED, BUT ON A LIMITED BASIS AND PROVIDED THAT THE AGREEMENT CONTAINS NO LONG-TERM MECHANISM. HE HAS NOT YET ACCEPTED THAT A SOLUTION ON THE BUDGET IS ESSENTIAL TO UNLOCK THE AGRICULTURAL PRICE SETTLEMENT WHICH HE WANTS. THE GOVERNMENT DOES NOT SEEM READY TO SACRIFICE THE LUXEMBOURG COMPROMISE TO GET A SETTLEMENT WITHOUT BRITAIN AND IF NECESSARY WILL RESORT TO NATIONAL AIDS TO FARMERS.

#### VERSAILLES SUMMIT

9. MITTERRAND'S AIM WILL BE TO PERSUADE THE PRIME MINISTER TO ACCEPT FRENCH IDEAS FOR THE OUTCOME OF THE SUMMIT BUT SINCE HE IS ANXIOUS THAT IT SHOULD BE A SUCCESS DUE TO HIS EFFORTS AND CHAIRMANSHIP, HE WILL BE READY TO LOOK FOR COMPROMISES ON CONTENTIOUS ISSUES.

#### BILATERAL RELATIONS

10. WE ARE CLEARLY HEADING INTO CHOPPY SEAS. A FULL-SCALE COMMUNITY CONFRONTATION OVER AGRICULTURAL PRICES AND THE BUDGET WOULD CAST A PALL OVER ALL ASPECTS OF RELATIONS. AS LONG AS THESE COMMUNITY TENSIONS REMAIN UNRESOLVED THERE IS A RISK THAT MORE INTENSIVE MILITARY CONFLICT OVER THE FALKLANDS WILL STRAIN THE SOLIDARITY WHICH THE FRENCH GOVERNMENT HAS SO FAR MANIFESTED AND INTENSIFY PUBLIC PRESSURES FOR A MORE EQUIVOCAL LINE.

11. FOLLOWING THE RECENT TALKS IN PARIS BETWEEN THE FRENCH MINISTER OF TRANSPORT AND MR LAMONT THE NEED TO TAKE A DECISION ON CONCORDE'S FUTURE HAS BEEN POSTPONED UNTIL JULY. THERE THEREFORE SEEMS NO REASON WHY THIS SHOULD FIGURE IN THE TALKS THIS WEEKEND.

12. ENCOURAGING PROGRESS HAS BEEN MADE IN EXAMINING THE OPTION FOR COLLABORATING WITH FRANCE ON FAST BREEDER REACTORS. THE FRENCH RESPONDED QUICKLY TO OUR REQUEST FOR URGENT TALKS AND THEIR DRAFT INTERGOVERNMENTAL AGREEMENT FORMS A HELPFUL BASIS FOR DISCUSSIONS.

13. ALTHOUGH THERE IS STILL CONSIDERABLE DOUBT ABOUT COMMERCIAL PROSPECTS FOR THE A320 AIRBUS, THE FRENCH ARE COMMITTED AND KEEN TO GET ON. ROLLS ROYCE'S DECISION TO COLLABORATE WITH

CONFIDENTIAL

PRATT AND WHITNEY HAS COME AS A BLOW, BUT THERE IS STILL  
SCOPE FOR COLLABORATION BETWEEN ROLLS ROYCE AND SNECMA IN THE  
MILITARY FIELD.

14. AS REPORTED IN MY TELNO 476 MAUROY WILL PROBABLY RAISE THE  
SUBJECT OF THE CHANNEL TUNNEL WITH THE PRIME MINISTER. APART FROM  
ITS IMMEDIATE POLITICAL AND ECONOMIC INTEREST THE TUNNEL REMAINS  
FOR THE FRENCH <sup>OF</sup> SYMBOLIC IMPORTANCE IN TERMS OF BRITAIN'S  
RELATIONS WITH EUROPE.

FCO PLEASE PASS SAVING TO ALL

FRETWELL

[REPEATED AS REQUESTED]

STANDARD

WED  
ECD  
MAED  
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S AM D

- 5 -

CONFIDENTIAL

*France*



Foreign and Commonwealth Office

London SW1A 2AH

13 May 1982

*Dear John.*

*A.S.C. 13/5  
P.A.*

I wrote to you on 10 May about arrangements for the visits of President Mitterrand and M Mauroy. There was a slight discrepancy in the time given for President Mitterrand's arrival in my letter as compared with Sir R Armstrong's minute of the same date to you. I can confirm that we have proposed to the French that President Mitterrand should arrive at Northolt at 1130 am in time to begin talks at No 10 at 12 noon.

We are seeking Baroness Young's agreement to greet President Mitterrand on arrival at Northolt on behalf of the Government. We see no need for a Government Minister to be present on the President's departure, but a Special Representative will see him off. Sir J Fretwell will be present on both arrival and departure

*Yours ever,*

*F N Richards*

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street

Post Office

1000

3 MAY 1982

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FILE

RW

France

10 DOWNING STREET

From the Private Secretary

12 May, 1982

VISITS OF PRESIDENT MITTERRAND AND M. MAUROY

Thank you for your letter of 10 May.

President Mitterrand

As I told you on the telephone, the Prime Minister has asked whether it is really necessary for her to go to the airport to meet the President. This is a working visit, unlike the formal bilaterals which we have had in the past. The Prime Minister will have spent much of Friday and Saturday in Scotland and expects to have to deal with urgent business in the first part of Monday morning. She hopes that the President will understand that, given her present preoccupation with the Falklands crisis, it is not easy for her to come to the airport. You were investigating whether a Cabinet Minister would be able to meet the President instead.

We envisage that the talks should begin at 1200 noon and be followed by a working lunch at 1300 hrs attended by President Mitterrand, a French Minister if the President wishes to bring one, M. Attali, the French Ambassador and the Private Secretary; on our side, the lunch would be attended by Mr Hurd, Sir Robert Armstrong, Sir John Fretwell and a Private Secretary.

The Prime Minister will wish to have an interpreter at both the talks and the lunch and I should be grateful if you could let me know what you have arranged in this respect.

The agenda suggested in your letter is acceptable.

I still await FCO comments on paragraph 5 of Sir Robert Armstrong's minute of 10 May about the President's desire to offer to the Prime Minister and certain others membership of the Legion d'Honneur.

M. Mauroy

The Prime Minister agrees that the talks should begin at 1900 hrs before she and M. Mauroy join the Franco/British Council reception at 2000 hrs. We agreed earlier today that on our side Mr Hurd, David Gladstone and I would be present. You will doubtless let me know in due course who M. Mauroy will wish to have with him.

CONFIDENTIAL

/The

The agenda which you propose is acceptable.

I am copying this letter to Muir Russell (Scottish Office) and David Wright (Cabinet Office).

A. J. COLES

S

Francis Richards, Esq  
Foreign and Commonwealth Office

CONFIDENTIAL

PRIME MINISTER

Visit of President Mitterrand

President Mitterrand will arrive at Northolt at 1115 on Monday 17 May. We think it desirable that you should meet him at the airport. Agree?

*11- is only an informal visit. It is really necessary for me to go to*

We could suggest that he lets you leave first so that you are at No. 10 to greet him. He could then travel with his Ambassador so that the latter can brief him for his talks with you. Agree?

*480 Airport?*

*We usually have an OI at 10 am - 1*

The talks would begin at about 1200. I suggest that the working lunch is attended by:

*Should have been away (I've heard) for 1 1/2 days.*

- President Mitterrand
- Monsieur Attali
- A French Minister if the President wishes to bring one
- The French Ambassador
- A Private Secretary

*Could Douglas Hand go?*

- Yourself
- Sir Robert Armstrong
- Our Ambassador in Paris
- Douglas Hurd (if Mitterrand brings a Minister)
- A Private Secretary



Agree with this guest list?

The above arrangements will mean that for several hours on Monday you will be unable to attend to the Falklands problem. I therefore suggest that you have a meeting of OD(SA) at 0915 (you will have to leave for Northolt at about 1015) and another meeting later in the day if this proves necessary. Caroline could arrange for your hair appointment to be on Sunday evening rather than Monday morning. Agree?

*No - see above*

*A. J. C.*

PRIME MINISTER

VISIT OF M. MAUROY

We have heard from M. Mauroy that he thinks it would be inappropriate for him to participate in the talks between yourself and President Mitterrand on Monday, 17 May. Mauroy therefore proposes to return direct to Paris from Edinburgh on 16 May. He hopes that this will not cause you any inconvenience.

We will therefore cancel the lunch that had been planned for M. Mauroy. President Mitterrand has suggested that he should arrive at noon on the Monday for talks before lunch and over a working lunch. Agree that we may plan on this basis? *Yes*

Mauroy would still appreciate an opportunity for a private talk with you and has suggested that an hour's discussion might be fitted in after dinner in Edinburgh on Saturday, 15 May. I am inclined to think that you will want to fly back to London as soon as dinner is over. Agree that we should suggest an hour's talks before dinner?

*Yes*  
*mt*

*A. J. C. 10/5*

10 May 1982

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

10 May 1982

Dear John,

Visits of President Mitterrand and  
M Mauroy

President Mitterrand

President Mitterrand is prepared to arrive at Northolt during the morning of Monday 17 May at a time convenient to the Prime Minister. I suggest arrival at 1100 in order to give sufficient time for talks before lunch. I imagine the Prime Minister would wish to go to Northolt to meet him. He plans to leave again at 1500. Apart from attending the lunch which the Prime Minister had planned to give for M Mauroy that day, President Mitterrand particularly wants to talk about the Versailles Economic Summit. He has undertaken to visit all the Heads of Government attending the Summit before it takes place. He has also said that he would like the Falkland Islands to be on the agenda. The Prime Minister will no doubt wish to raise certain Community issues, particularly the 30 May Mandate.

I should be grateful if you could ascertain whether the Prime Minister would be content to proceed on these lines.

M Mauroy

M Mauroy considers that it would be inappropriate for him to participate in the talks between the Prime Minister and the President on 17 May and now proposes to return direct to Paris from Edinburgh on 16 May. He would, however, welcome the opportunity for a longer discussion with the Prime Minister in Edinburgh than the quarter of an hour foreshadowed in the programme. I understand that the Prime Minister could be available for an hour of talks at Hopetoun House. These could start at 1900 before the two Prime Ministers join the Franco-British Council reception at 2000. M Mauroy would be quite happy to hold talks after the dinner, but I understand the Prime Minister intends to return to London that night.

/The agenda for

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The agenda for the talks would remain as agreed for London with the omission of the Versailles Economic Summit and international issues. I attach a revised agenda. Although Community issues will be raised with President Mitterrand, they are also likely to feature in the meeting with M Mauroy. Briefing on other collaborative projects, such as the Channel fixed link, will also be provided.

Again I should be grateful if you could seek the Prime Minister's approval for these arrangements.

I am sending a copy of this letter to Muir Russell at the Scottish Office.

Yours ever,

A handwritten signature in dark ink, appearing to read 'F N Richards', written in a cursive style.

(F N Richards)  
Private Secretary

A J Coles Esq  
10 Downing Street

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M MAUROY'S TALKS WITH MRS THATCHER ON 15 MAY

AGENDA

1. Economic Issues:
  - UK and French domestic economies.
  
2. Community Issues:
  - 30 May Mandate.
  - Economic relations with Japan.
  
3. Bilateral Questions:
  - Aero-engine collaboration.
  - Fast breeder reactors.



1 MAY 1982



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①

Prime Minister

Agree

(a) to attendance at talks and lunch proposed in para. 4?

(b) subject to Mr. Pym's views, that Sir R. Armstrong should speak as at X?

Ref. A08369

MR. COLES

Visit of President Mitterrand

A.J.C. 10/5

I have now heard from Monsieur Attali that the French Prime Minister, Monsieur Mauroy, will not be staying in London over Monday 17th May.

2. The way is therefore clear for a straightforward working visit by the President.

3. He would propose to arrive at Downing Street at noon on Monday 17th May, for talks before lunch and over a working lunch. The President would be accompanied by the Foreign Minister, Monsieur Cheysson, and the President's Personal Representative, Monsieur Attali; there would also be an interpreter.

4. This suggests that the Prime Minister should be accompanied by the Foreign and Commonwealth Secretary and by me, as her Personal Representative. No doubt she would also wish to have her own interpreter.

5. Monsieur Attali said that the President would like to offer the Prime Minister and certain other people, including a number of Ministers and the Secretary of the Cabinet, membership of the Legion d'Honneur. He has asked for a very early indication whether such an offer would be acceptable and could be accepted. According to Questions of Procedure for Ministers, paragraph 60, it is a well-established convention that Ministers should not, while holding office, accept decorations from foreign countries. I presume that this means that I should indicate to Monsieur Attali that, appreciative as the Prime Minister is, it would be a breach of convention in this country for her or her colleagues to accept such an honour. No doubt Mr. Fall (to whom I am sending a copy of this minute) will tell me very quickly if that is the correct answer in this case.

RIA

ROBERT ARMSTRONG

10th May, 1982

CONFIDENTIAL

*Francis*

SIR ROBERT ARMSTRONG

Anglo-French Summit: Follow-Up

The Prime Minister has noted, without comment, your minute of 25 March.

I am copying this minute to Francis Richards (Foreign and Commonwealth Office).

(SGD) A.J. COLES

26 March 1982

*RL*

Prime Minister

To note.

Ref. A07927

PRIME MINISTER

A.F.C. 25/3

MT

Anglo-French Summit: Follow-Up

1. In my minute of 23 September 1981 following last year's successful Anglo-French Summit, I undertook to report further on the steps which were being set in hand in Whitehall to co-ordinate the follow-up to the Summit. The purpose was to capitalise on the improvement in Anglo-French relations and to try to ensure that it was translated into joint action.
2. The first step was to compile a comprehensive check-list of the items which required follow-up action. This list was discussed by a meeting of Permanent Secretaries on 18 September 1981, and I held another meeting on 9 March to review progress. The general view was that we needed to continue to keep the whole field under review so that we could be more co-ordinated in dealing with the French. An interdepartmental group is being set up for this purpose under the chairmanship of Mr Wade-Gery.
3. Subsequently, Lord Carrington met his French opposite number, Monsieur Cheysson, at Chevening on 15 March to review progress on the main items of the follow-up check list as well as to discuss major international issues. The meeting went reasonably well. A lot of ground was covered and the French were in the main constructive. As a result of the meeting, further follow-up action was agreed which is set out in the Annex to this minute.
4. I am sending a copy of this minute to the Foreign and Commonwealth Secretary.



ROBERT ARMSTRONG

25th March 1982

MEETING BETWEEN THE SECRETARY OF STATE AND M CHEYSSON,  
CHEVENING, 15 MARCH

Check-List of Points for Follow-Up

1. Extended visit to France by Secretary of State  
To be taken up later in the year. Dates to be suggested by UK side in due course.
2. Franco-British Council Conference, Edinburgh  
UK side to suggest programme in Scotland for M Cheysson. Latter to consider how long he would stay. Basis of participation of French Ministers to be clarified.
3. Anglo-French Summit  
French side to propose dates soon.
4. Lecteurs at UK Universities  
Draw DES' attention to French concern that lecteurs may be a priority target for cuts.
5. Rating of French cultural premises  
Consider possibility of EC Regulation exempting cultural institutes in member states from local taxes/rates.
6. Oil market  
Bilateral officials' group to be formed with political/economic input to consider effects of falling oil prices. Bridges/Paye to discuss.
7. European defence/public attitudes to defence  
To be discussed at bilateral Politico-Military talks in April. French side (Andréani) to respond to proposal for renewed talks at Ministerial level (Mr Hurd).
8. EC/Japan  
Bilateral meeting of officials to be arranged.



France

10 DOWNING STREET

mt.

① I can't possibly offer  
13<sup>th</sup> day with cabinet  
questions & then  
speech.

② I can do dinner  
on Monday 17<sup>th</sup> & by  
Bade Cameron  
18<sup>th</sup>.

③ by Monday 17<sup>th</sup>, what  
time other than the dinner  
will P.M. have to  
make available.

④ Diary looking  
v. full & needs  
moving.

C.S.

26/10.

CONFIDENTIAL



File ds  
France  
R

10 DOWNING STREET

*From the Principal Private Secretary*

SIR ROBERT ARMSTRONG  
CABINET OFFICE

---

Anglo-French Summit: Follow-Up

The Prime Minister has seen your minute A05640 of 23 September 1981 and has strongly endorsed the need for the kind of follow-up to the recent Anglo-French bilateral meetings which you described in your minute.

I am sending a copy of this minute to Mr. Fall (Foreign and Commonwealth Office).

V  
C. A. WHITMORE

24 September 1981

CONFIDENTIAL



1. Prime Minister

May I say that you strongly endorse the need for his kind

of follow-up?

Yes

23/9

Ref. A05640

PRIME MINISTER

Yes no

Anglo-French Summit: Follow Up

As you know, the recent Anglo-French bilateral meetings were notable not only for the greatly improved atmosphere which permeated the various discussions, but also for the evident desire on the French side, and particularly of the new President himself, to see this improvement translated into joint action on the various specific topics which were raised.

2. I called a meeting last week of the Permanent Secretaries whose Departments are responsible for ensuring that the necessary follow up action is taken on our side. On many of the points action is already in hand or the common interest is such that discussion can be pursued without any special push being given. But there are many other matters, particularly on the industrial side, where we ought both to demonstrate our determination to follow up the matters that were discussed and to keep up the pressure on the French if good intentions are not to evaporate. As a first step, therefore, the Foreign and Commonwealth Office will ask the Embassy in Paris to make sure that the French are working to the same agenda as ourselves. The Cabinet Office will assemble a progress report before Christmas which I will discuss at a further meeting of Permanent Secretaries, as a basis for a further report to you and the Foreign and Commonwealth Secretary and the other Ministers concerned.

3. I am sending a copy of this minute to the Foreign and Commonwealth Secretary.

ROBERT ARMSTRONG

23 September 1981



CABINET OFFICE

With the compliments of  
The Private Secretary to the  
*Secretary of the Cabinet*

M. O'D B. Alexander, Esq

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

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NBRD

France

And

CABINET OFFICE

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

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

Ref: A05544

16th September 1981

Anglo-French Summit

I enclose copies of two records of conversation which Sir Robert Armstrong had on 10th and 11th September respectively with M. Beregovoy (Secretary General of the Elysee) and M. Attali (Adviser in the Elysee).

Copies of both records also go to Michael Alexander and I am sending the record of the meeting with M. Attali to Nigel Springthorpe (Treasury), Vi Read (ODA), Jonathan Phillips (Trade) and Ian Fitzpatrick (Energy). They also receive the passages of the Beregovoy record on the Energy Affiliate and Summits. Finally the passages on Northern Ireland and on the Channel Tunnel from the Beregovoy record go to Rob Smith (NIO) and Nicholas Kroll (Transport respectively).

**D. J. WRIGHT**

D. J. Wright

R. A. Burns, Esq

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RECORD OF A MEETING BETWEEN SIR ROBERT ARMSTRONG AND  
M BEREGOVY, SECRETARY GENERAL OF THE ELYSEE, HELD AT THE  
CABINET OFFICE AT 5.45 PM ON THURSDAY 10 SEPTEMBER 1981

---

After an initial exchange of courtesies, M Beregovoy asked what were likely to be the principal subjects of discussion between the French President and the Prime Minister. He added that the French thought it important that there should be discussion of the areas of bilateral co-operation in which future projects might be possible between the two countries. He mentioned aviation, space and the Channel Tunnel. On the latter, M Beregovoy said that the French believed it would be important for the President and the Prime Minister to "re-launch" the project. It was not satisfactory that the Channel Tunnel remained nothing more than a project under discussion. If the President and the Prime Minister could make a joint statement of intent now, this would demonstrate the willingness of both sides to improve bilateral co-operation and would make a major public impact. Sir Robert Armstrong said that the British Government already had eight separate proposals for a fixed Channel link before them. These went from the modest British Rail-SNCF proposal for a single-bore tunnel to the ambitious British Steel Corporation project for a joint bridge and tunnel which would involve a massive investment in steel which could be of importance to the steel industries of both countries. He emphasised, however, that for the British Government the question of financing was of prime importance. The British Government was not interested in a project which merely envisaged public financing. They would, however, be favourable to a project, the British contribution to which could be privately financed. He also pointed out the implications which any fixed Channel link would have for transport systems in the United Kingdom both between the tunnel exit and London and between London and the rest of the country. In particular, a fixed link could involve heavy investment on rail and road projects in South East England. He wondered whether there would be similar implications for Northern France: would, for instance the new French high-speed train system have to be extended to the Channel coast? M Beregovoy said that it would be open to consideration whether a new network of high-speed rail links would be needed in Northern France and the Low Countries. These were, however, the sort of technical problems which could be dealt with once the principle of construction had been settled. As for financing, he thought that a major

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contribution could be made by a loan from European Community funds. M Beregovoy concluded this part of the discussion by emphasising that he had spoken at some length on the question of a cross-channel fixed link because he believed that it would be important for public opinion to be shown that both Britain and France wished to underpin their improved bilateral relations with a major and visible project. In the view of the new French Socialist Government improved relations between France and Britain were as necessary a feature of French policy in Western Europe as close relations between France and the Federal Republic of Germany. Sir Robert Armstrong agreed with M Beregovoy's comments and added that, speaking personally, he believed that the future of the European Community depended on the closeness of links between Britain, France and the Federal Republic of Germany.

After some discussion of the likelihood that the Prime Minister would wish to talk to President Mitterrand about the forthcoming Cancun Summit, Sir Robert Armstrong enquired whether M Mitterrand would also want to seek the Prime Minister's views on developments in Poland. M Beregovoy confirmed that this was the case. He said that France had always believed that the Soviet Union would not intervene in Poland as long as the Polish Communist Party had the situation under control and could be relied upon to ensure that Poland remained in the Warsaw Pact and also within the Communist system. Hitherto this had been the case. But the current Congress of Solidarity had produced major new developments with its call to the unions in other Communist countries and its demand for free elections. This was pushing the Soviet Union to the limit of its tolerance. But even in these new circumstances, there could be no certainty that the Soviet Union would feel that they were impelled to intervene. The economic and political price of intervention would be enormous. We had therefore arrived at a point at which it had simultaneously become both necessary for the Soviet Union to intervene and more difficult for them to do so. This pointed to the conclusion that the Soviet Empire was after all more fragile than had before been imagined. Sir Robert Armstrong agreed with this assessment. One of the problems for the Soviet leadership was that they were unsure of what forces would be unleashed either as a result of their failure to intervene in Poland or on the other hand as a direct consequence of their intervention. In particular, the Soviet leadership would undoubtedly be watching for signs of any infection of the Poland disease in East Germany. If there were indications of destabilisation in East Germany as a result of events in Poland,

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the situation would deteriorate dramatically on both sides of the Iron Curtain. M Beregovoy agreed. The Soviet Union had, he thought, been counting on Solidarity to create economic disorder in Poland and thereby to bring about its own downfall. But a spread of Solidarity influence to East Germany would bring a wholly new dimension to the affair both to the East and to the West.

M Beregovoy then turned to the North/South dialogue and the idea of a new Energy Affiliate of the World Bank. He commented that it was evident at Ottawa that the United States and Britain were less happy about the Affiliate proposal than France. Sir Robert Armstrong said that it was correct to think that Britain was less enthusiastic about the idea than France. However, if there were general agreement among those governments concerned that the new Energy Affiliate was desirable, we would probably be able to go along with it. What preoccupied him at the moment, however, was the indication that Saudi Arabia was not enthusiastic about the idea nor about proposals to increase Arab aid to the developing world. If Saudi Arabia saw no advantage in a new Energy Affiliate, there seemed little advantage in pursuing it. M Beregovoy replied that development aid and the management of international development resources was a possible field in which increased international responsibilities could be given to Arab oil producing states. He also wondered whether there might be grounds for enhanced Franco-British co-operation.

M Beregovoy then turned to Northern Ireland. He said that the new French Socialist Government had received a large number of approaches from their own electorate about the British Government's policy in Northern Ireland and particularly the H Block hunger strike. President Mitterrand had been scrupulous in refusing to see representatives of French protest groups himself and had instructed M Beregovoy to hear their views. M Beregovoy emphasised, however, that strong feelings about the hunger strike were held not merely among left-wing intellectual and human rights groups in France but also among what he described as Catholic circles. In particular, Socialist Catholics disapproved strongly of the British Government's policy. He asked Sir Robert Armstrong if he could give him a description of the present situation. Sir Robert Armstrong said that first of all he wished to thank the French Government for two things. First, he wanted to express the British Government's appreciation for the way in which the French Government had scrupulously refrained from any public comment on the H Block issue and

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had refused to become involved in what was a domestic British issue. Secondly, he wished to express Britain's appreciation for the protection which the French authorities had afforded to the British Ambassador and his staff in Paris in the face of repeated demonstrations over the hunger strike. Sir Robert then went on to describe in detail the current state of the hunger strike and Britain's attitude to the five demands of the strikers. These were, he said, tantamount to a demand to be treated as political prisoners or prisoners of war and could not be conceded by the British Government. In dealing with the hunger strikers, Britain's objective was not to maintain an intransigent position; it was to try to find a way to bring the hunger strike to an end. But we still lacked any signs that, if certain minor concessions were made to the hunger strikers, they would bring about that result. Furthermore, it was important to remember that in dealing with the hunger strike, the Government had to maintain a balance between the Protestant majority and the Catholic minority. If the Government were thought by the Protestants to have made excessive concessions to the Catholics, there was a risk that the Protestants might resort to major civil disorder. In 1974, for instance, after the Sunningdale Agreement the previous year, the Protestants had shown that, if sufficiently aroused, they could make Ulster ungovernable. As for the immediate state of the hunger strike, Sir Robert said that the facts that a number of prisoners had now come off the hunger strike after several weeks and that the INLA had decided not to commit any more of their prisoners to the hunger strike, suggested that it might be weakening. If so, the point might be reached where there was a scope for more political activity. On the political side, Sir Robert referred to the history of proposals made by successive British governments for various forms of power-sharing culminating in the most recent idea of a Consultative Assembly. This had not so far been welcomed by any of the parties. Britain was also making an attempt to improve relations between London and Dublin in ways which might lead to better North/South relations and also some weakening of the tension between the two communities in Northern Ireland itself. Mrs Thatcher and Mr Haughey had commissioned a series of joint studies at their meeting in Dublin in December 1980 and there would before long be a further meeting between the Prime Minister and the new Irish Prime Minister which would receive the results of the studies to date and decide whether to take them further. Sir Robert thought that the British Government was probably closer to its Irish counterpart now than at

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any time since the Irish Free State had come into existence. M Beregovoy thanked Sir Robert Armstrong for this very full description of the Irish situation. He had found it most useful and it had contributed considerably to enlarging his knowledge of the problem. His only comment was on the Joint Studies: he thought that this initiative was very astute. It was often the case that if problems were insoluble through a direct approach, progress could best be made by adopting a more indirect method which by-passed them, or absorbed them in a wider framework, and this could be one of the benefits of the Joint Studies.

M Beregovoy went on to speak about the French Government's nationalisation proposals. He emphasised that, where these affected companies in which there were important foreign interests, these would be scrupulously respected. It would be wrong, however, to try to pretend there would not be problems over foreign interests. This could be true in both directions: for foreign companies with investments and subsidiaries in France and for French companies which were to be nationalised with subsidiaries overseas. The French Government's objective was to do everything possible to facilitate negotiations involving foreign interests. As for the speed at which the French Government would go, M Beregovoy said that the Government intended to approach the problem realistically. The programme of nationalisations had been announced at the Council of Ministers on 9 September. The Bill would go to the Conseil d'Etat on 11 September. M Beregovoy explained that one group of leading companies would be totally nationalised; a further group of major companies which had significant foreign shareholdings would have their capital structure examined; finally, the Government would take a majority shareholding in the two principal arms manufacturing industries. As for the banks, the French Government was interested only in nationalising those with deposits of over F.1 billion. This involved 33 banks, which amounted to 95 per cent of the banking sector. Another 65 banks would remain unnationalised and foreign banks would be unaffected. The Boards of the nationalised companies would be drawn from 3 groups: representatives of the State, of the employees and of the principal consumers of the products of the company. The Managing Directors would be nominated by the Government. Broadly speaking, the objective of the nationalisation plan would be to make these Government-owned companies the centres of investment and innovation in the French economy.

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Reverting to Summit questions, Sir Robert Armstrong enquired who would be accompanying M Mitterrand to the North/South Summit in Cancun. M Beregovoy said that the Ministers involved would be M Cheysson and M Cot; M Attali would also be going. M Beregovoy then went on to talk about President Mitterrand's views on Economic summitry. The President, like Mrs Thatcher, believed that the Summits should be "de-bureaucratised": both Venice and Ottawa had been over-prepared in advance. The French President attached importance to the Summits providing an opportunity for wide-ranging and informal discussion between those present. It was at the Summits that the political leaders could exchange views and attitudes of a largely political nature. They should not become involved in technical questions which were essentially a matter for departmental Ministers. Sir Robert Armstrong agreed with this view. He believed that the preparation for Ottawa had been excessive, although this had largely been the result of the aid mandate put on the Personal Representatives at the Venice Summit. Equally, the Venice Communique had been prepared three to four months in advance, and had been too rigid and over-structured. Naturally some preparation was necessary because the meetings were short, and the international media were looking to the Summits for something of substance. He believed that the preparatory work for Summits should be primarily concerned with establishing on which questions there was agreement between the participating Heads of State or Government, leaving the Summits themselves for discussion and exchanges of views on those subjects on which there was disagreement.

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GRS 420  
FM PARIS 141630Z SEP 81

TO ROUTINE FCO

TELEGRAM NUMBER 796 OF 14 SEPTEMBER 1981

INFO SAVING BONN, BRUSSELS, COPENHAGEN, DUBLIN, THE HAGUE,  
LUXEMBOURG, ROME, UKREP BRUSSELS, ATHENS.

FRENCH PRESS REACTIONS TO ANGLO-FRENCH SUMMIT

1. IN THE BUILD -UP TO THE SUMMIT, BOTH PRESS AND BROADCASTING REFLECTED THE ELYSEE'S LINE THAT THIS YEAR'S ANGLO-FRENCH SUMMIT MEETING WAS TAKING PLACE AT A MOMENT WHEN BOTH SIDES WERE AIMING FOR WARMER RELATIONS. IN SUPPORT OF THIS, VIRTUALLY ALL STORIES SUGGESTED THAT PRESIDENT MITTERRAND'S FIRM LINE ON EAST-WEST ISSUES WOULD BRING HIM CLOSER TO THE PRIME MINISTER. LE MATIN (SOCIALIST) AND LIBERATION (LEFT-WING) SUGGESTED THAT THE FRENCH GOVERNMENT HAD MORE IN COMMON WITH MRS THATCHER'S GOVERNMENT THAN WITH THE BRITISH LABOUR MOVEMENT.

2. MOST PAPERS POINTED OUT BEFOREHAND THAT, WHILE BOTH SIDES HAD THE BEST OF INTENTIONS, THEY WERE LIABLE TO RUN INTO A NUMBER OF REAL DIFFERENCES OF INTEREST, PARTICULARLY IN THE COMMUNITY AND ESPECIALLY OVER BUDGET RESTRUCTURING WHERE ONE OR TWO PAPERS REFERD TO THE 30 MAY MANDATE AGREEMENT AS AN "UNREQUITED PRESENT" FROM FRANCE TO BRITAIN. PRESIDENT MITTERRAND, ON THE OTHER HAND, WAS PORTRAYED AS TRYING TO OPEN BRITISH MINDS TO THE PROSPECT OF A FRENCH-LED REVIVAL OF THE EUROPEAN COMMUNITY.

3. THE MEDIA HAVE FOLLOWED MUCH THE SAME LINES AS THE BRITISH PRESS IN REPORTING THE MEETING ITSELF AND THE JOINT PRESS CONFERENCE AFTER IT. THERE HAVE BEEN REFERENCES TO A "LITTLE HONEYMOON" AND THE RBIRTH OF THE "ENTENTE CORDIALE". THE NEW CLIMATE IN ANGLO/FRENCH RELATIONS HAS BEEN CONTRASTED WITH THE COOLNESS OF RELATIONS IN PRESIDENT GISCARD'S TIME. SOME PAPERS HAVE NOTED AGAIN THAT THE SUMMIT WAS ANOTHER INDICATION OF THE END OF THE EXCLUSIVE RELATIONSHIP BETWEEN BONN AND PARIS. LE FIGARO, FOR EXAMPLE, PICKED ON A REMARK BY THE PRESIDENT THAT THE EUROPEAN REVIVAL HAD TO BE APPROACHED THROUGH BILATERAL FRANCO-BRITISH COOPERATION. IT SEEMED TO BE THE PRESIDENTS IDEA THAT PARIS AND LONDON SHOULD BE THE DRIVING FORCE IN EUROPEAN AFFAIS FROM NOW ON .

4. MUCH PROMINENCE HAS BEEN GIVEN TO THE DECISION TO OPEN TALKS ON THE CHANNEL TUNNEL AS A SYMBOL OF THE RENEWED FRIENDSHIP BETWEEN THE TWO COUNTRIES. THE PRESS NOTED EQUALLY THAT THERE WOULD BE TALKS ON THE FUTURE OF CONCORDE. COMMENT HAS BEEN UNABLE TO THROW ASIDE ENTIRELY THE SCEPTICISM SHOWN BEFORE THE MEETING. THE TUNNEL AND CONCORDE POINTS ARE PRESENTED AS THE ONLY TWO CONCRETE DECISIONS THAT EMERGED FROM THE SUMMIT. THERE ARE CAUTIONS ABOUT THE DIFFICULTIES THAT ARE LIKELY TO ARISE BETWEEN THE TWO COUNTRIES WHEN THE COMMUNITY GETS DOWN TO DISCUSSION OF THE FUTURE OF EUROPE.

FCO PLEASE PASS ALL SAVING ADDRESEES.

HIBBERT

[REPEATED AS REQUESTED][THIS TELEGRAM WAS NOT  
ADVANCED]

FCO/WHITEHALL  
WED

MR. LANKESTER

DISCUSSIONS WITH MONSIEUR ATTOLI

Although I met Attoli many years ago (he was a student of Maurice Allais, an old friend of many years) I did not know that he was associated with Socialists until recently. I judge him, however, like Delors, to be on the more conservative fringe of the Socialists.

He was very anxious to scotch the impression that there was going to be a big expansion of public spending and a vast increase in the budget deficit. He emphasised that the EMS was a very useful tool for controlling the excesses of the spending departments.

He echoed Mitterrand's suggestions that France and Britain should engage in joint ventures, such as the Channel Tunnel. So-called employment-creating projects seem to be mainly on his mind.

He asked a number of questions about the British economy; what were we doing to stimulate domestic investment, how were we going to solve the problem of youth unemployment, and finally why did we encourage Japanese and American cooperation in industry rather than joint ventures with Europe? There was the usual accusation that Britain welcomed the Japanese and Americans in order to make goods to invade European markets. He reiterated the fact that Britain joining the EMS would be a commitment to Europe, etc.

One interesting fact emerged. Attoli seemed less sanguine about the efficacy of nationalised industry in France. He seemed to be saying "Yes we've done very well so far and our nationalised industries have performed almost as well as the private sector. But there are signs of difficulties etc." This was a rather startling admission for a committed Socialist politechnician.

There was some discussion about the possibility of Britain exporting gas to France. I enclose a separate minute to Michael Alexander on this subject.

/Finally, Attoli said

Finally, Attoli said he hoped very much that the Thatcher Government succeeded in its economic policies. I believe they were genuine sentiments. He was clearly appalled at the likely alternatives.

14 September 1981

Aw

ALAN WALTERS

MR. LANKSTER

MR. ALEXANDER

EXPORTS OF GAS - DISCUSSIONS WITH MONSIEUR ATTOLI ON  
THURSDAY, 10 SEPTEMBER 1981

I had a fairly long discussion with M. Attoli. Among the many subjects discussed was the issue of gas marketing regime. He said that the French Government was reshaping its energy policy and expected to complete this process by the end of the year. The French were very anxious to avoid their dependence on Algerian gas on the one hand, and the possible supply of Russian gas through the Russo-German proposed pipeline. He was also clearly concerned at the Mitterrand commitment to slow down nuclear power development.

I told him that the policy which governments in Britain had pursued of not exporting gas was not immutable and likely to be changed. The integrated gas gathering pipeline, which was oriented towards supplying the domestic market, had been postponed. Alternative pipelines might be constructed so that they would take into account the possibility of profitably exporting gas. I assured M. Attoli that the price of such exports would be not less than market price, at which he was suitably glum. But it was clear he would rather France imported from us than from Algeria or Russia.

I believe that Attoli was quite sincere in this discussion. He clearly had not come prepared to discuss gas at all. But at the same time it was obviously a problem that they had been worrying about.



ALAN WALTERS

14 September 1981

CONFIDENTIAL



*File 18*

10 DOWNING STREET

*From the Private Secretary*

14 September 1981

VISIT OF PRESIDENT MITTERRAND

I enclose a copy of the record of the discussion which took place between the Prime Minister and President Mitterrand here on the morning of Friday, 11 September. *- 1st doc on file*  
I should be grateful if, as usual, this could be given a limited distribution.

I am sending a copy of this letter and its enclosure to David Wright (Cabinet Office). I am also sending copies of this letter with extracts from the enclosure to Stephen Boys-Smith (Northern Ireland Office), John Kerr (H.M. Treasury), Julian West (Department of Energy), John Rhodes (Department of Trade) and Ian Ellison (Department of Industry).

M. O'D. B. ALEXANDER

Brian J. P. Fall, Esq.,  
Foreign and Commonwealth Office.

*CS*

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F.L

Transcript by  
JAMES LEE of:

PRESS CONFERENCE GIVEN BY THE PRIME MINISTER AND  
PRESIDENT MITTERAND OF FRANCE ON FRIDAY, 11 SEPTEMBER 1981

---

PRIME MINISTER

Mr. President, Ladies & Gentlemen of the Press, we come to report to you on the discussions which we have had in this our first major bilateral exchange with France during the presidency of M.Mitterand. I would like to say that we have had excellent talks, both between the President and myself and also point out to you that the President brought a number of Ministers with him and they have had talks with their opposite numbers. The atmosphere, as you would expect, has been very friendly and very constructive.

We have discussed the more general matters between the President and myself and our respective Ministers have got down to specific details on a number of subjects. Between the President and myself, we have discussed the main Community issues and discussed them in a way which means that we clearly intend to give a good deal of study to the outstanding major matters before the Community, in particular the budget reform and matters such as the Common Fisheries Policy. Of course, we have differences of view on a number of things. If I might put it this way, that makes it more important that we have closer talks and that we do concentrate on some of these matters during this six months, so that we make positive proposals for the Summit in November.

We have also discussed matters such as the multi-fibre agreement and problems of dealing with certain aspects of trade with Japan. France and ourselves have a common interest there.

Further, we have discussed East-West relations. As you already know, we take a very similar view on those matters, and on defence matters.

Indeed, there is almost, I would say, an identity of view, in those spheres.

M. Mitterand was very keen indeed that we should do all we can to cooperate in research and technology matters and he put forward a number of ways in which we could do so. Naturally, we have also spoken about how we are going to tackle problems which will arise in the North-South ~~dialogue~~ dialogue, particularly at Cancun, and we have agreed a proposal put up last week that help to the poorer countries should take priority. We should go towards a target of 0.15% of GDP to the poorer countries, which we already achieved in the United Kingdom, so that does not give us any problems.

This morning, we have had a plenary session and a number of things have emerged which <sup>I</sup> might just report to you.

I think you have a special interest for example in the Channel tunnel. We are very keen that studies on this subject should go ahead. We ourselves from our side would wish it to be financed privately. Both Ministers of Transport have had discussions. There are a number of schemes, some seven or eight; we propose to go ahead immediately with joint studies of those schemes and the first meetings between officials will take place within a month.

Finance Ministers and Trade Ministers have reached agreement on how to tackle the consensus on international interest rates as far as trade is concerned. I have left discussions going on between research and technology ministers. We have discussed how best to help the developing countries, whether it should be through an energy affiliate or other means. But in every way, may I stress, these talks have been extremely constructive and very helpful and the talks between the Ministers of Industry, of Finance, of Transport, have concentrated on specific matters and it is quite clear that there will be very close cooperation between French Ministers and British Ministers in the future.

May I now invite the President to give his account of our discussions.

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PRESIDENT MITTERAND (in French)

As you have just been told, the discussions that we have been holding since yesterday have been very fruitful, useful, precise.

We have dealt with various subjects during our tete-a-tete meeting, a number of issues affecting the whole world and international peace. Naturally, we have spoken of the European Community problems and we have drawn up a number of lines of action for the European revival that is, an emphasised bilateral cooperation.

As far as life in the world is concerned, obviously we can only here speak of East-West relations. We have already had the opportunity to speak on this matter in the very recent past and the subject remains on our agenda, but I think our research is based on this fixed point which should be dealt with very rapidly: the Western forces must be able to maintain the balance, both strategic and tactical, and this balance having been defined and the means of this balance having been implemented, dialogue should be undertaken and deepen between those which we unfortunately refer to as the "two blocs". This study will be carried on in the discussions to be held in the future, particularly at the Summit. The approach of the United Kingdom and France is ensured or has assured on the one hand the idea of a world balance and here, obviously, a number of efforts have to be made, and on the other hand there is the question of the dialogue which will be undertaken on disarmament. Another aspect of international relations concerns the industrialised countries and the countries of the Third World and particularly this meeting which is going to take place in Cancun in mid-October.

We have talked about the aid conditions to the Third World and particularly to the least-developed countries, and we considered that under the general agreements that have been torn<sup>up</sup>, that is that the aid to the least-developed countries should try and reach the 0.15% and here there are a number of divergencies because the United Kingdom does supply a very considerable aid to some of the European countries but nevertheless we have agreed that we should try to attain that level.

We have also dealt with the problem of the negotiations which will naturally be global at Cancun, each of the said countries present, particularly those of the Third World and the poor Third World countries, will try to put forward their proposals, their ideas, so the industrialised countries will have to concentrate their ideas and proposals on certain specific points. We have to talk about energy and also the World Bank energy affiliate and all the corresponding systems which will enable us to have a general plan developed to supply credits and their transfer to help towards an energy plan so that means may be available to all the world, which will not be restricted to this terrible cycle that we have between the oil and the dollar.

We also emphasised our willingness to be open to the request from the Third World, because we do not want to increase misunderstanding. France and the United Kingdom are countries who know these matters very well. I think that the contact that we have made and the discussions we have had will help us to make progress along the same lines.

As to the Community, we would have to re-examine the progress and development of the Common Market and I think this is obvious. I will not say that we necessarily have the same objectives in the discussions that we have had, but we agreed that these discussions must take place. Already, those points which have been dealt amongst us have shown that

through this method we will be able to reduce the differences and overcome them through these bilateral discussions.

Obviously, there is the problem of the surpluses. I think that if I have not brought a result I am sure that our German partners would have brought it up and certainly it has been brought up by our British partners. Obviously, the French have proposals to put forward here, but one cannot separate the problem of surpluses from the problem of imports, imports coming from outside the Community which cause competition and tension within the Community. There are problems which exist between our countries.

There is the British claim for the fisheries; there is the French position; where commitments have been taken, we have to keep to those commitments, but the French position is not to close the door. We must remember as simply as possible (that) what we are considering and what we are deciding. We must defend together against what one might call not necessarily aggression but certain initiatives from the outside. I am thinking particularly of Japan here. The Japanese cannot be blamed here for developing their export means; that is part of their nature, but the Community must take initiatives so that each country of the Community should not try and undertake its own initiatives so that eventually we might have a dangerous invasion into a sector dangerous for our products. So I think that we should take a joint step in this matter. As far as I am concerned, I have said that this risk does not just concern Japan. There is also the discussion concerning certain products from the United States. I am thinking of the policy on soya, for instance, and other agricultural products. We have discussed this in a very friendly atmosphere and I must say that I feel very real progress has been achieved in the understanding of the

subject, in the wish to resolve it, with already a number of points of solution and I think this is particularly important for the development of Anglo-French relations.

I will confirm what has been said for the multi-fibre arrangement and also on a number of industrial points and I think that the experts and ministers will continue also at the European Summit I think we will try to respect the commitments that have been taken; we will try to see that the interests of our partners are not affected, and the discussions in October will then lead us on to the meeting in November, which will be the Community Summit, because it is the United Kingdom who for the next month holds the Presidency of the Council of Ministers.

One new part perhaps which is of importance is the bilateral development on the Anglo/French side, and here I must say that the clarity of spirit and language with which you have spoken, with which the Prime Minister and her Ministers have dealt with the subjects, has helped us to make progress. A number of subjects have been dealt with. The Prime Minister has just reminded us of a European revival. We have also got a bilateral revival.

For instance, there is the Channel tunnel which would perhaps stop being just a sea serpent - if I might choose this rather daring expression. Studies are going to be undertaken once again and the work will be resumed. Obviously, each of the two countries will have to carry out its own specific means of financing, but this is the way we are going to go and this is how we hope to progress.

We have carried on discussions on the airbus and also on space organisations. These are all matters that we shall deal with later. We have also discussed telecommunications, engines, computers. It seems to me that there have been a number of joint initiatives taken and their scope should be greatly enlarged to that which we knew in the past.

Obviously this is in the interests of both countries. Obviously, I am defending the French interests here and the Prime Minister is defending British interests, but what is important is to consider today that these interests are very often complementary and we have been very happy to be able to defend our national, legitimate interests and also the European interests and very often these have been harmonious. I have not emphasised the European revival too much; but obviously it is necessary and we want to build it. We feel that it is going along the right lines. I would recall that there are certain rules that we are keeping to, the multi-preferences, but this is all part of the treaty that commits us all.

You cannot live alone on ancient ideas but the general idea is the one that presided over the feeling of advances in the future.

I would like to say how happy I am to be in London and to meet you and also it has been a pleasure for the Ministers who have accompanied me to stand once again on British soil. My generation has gone through many great events. I myself lived for a time here. I was part of the life of the people here during those sad years of 1942-1944. I know very well what the hospitality of the British people was like and how kind the people of London were to the exiles that we were. I have a memory of a great people and I am sure that they will continue to be great and I would like to thank you for the hospitality that you have offered us today. Thank you.

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MICHAEL BRUNSON (ITN)

Prime Minister, you said in your statement that you were both, I think, very keen that studies should go ahead on the Channel tunnel, about which, as you rightly said, there is a great deal of interest. Does that mean that .....by both sides to the idea of getting that Channel tunnel built?

PRIME MINISTER

I should be very happy if we could come to an agreement that would be acceptable to both of us on a suitable Channel link. There are a number of different schemes, in spite of all that has been studied in the past. We are now going to study those schemes together. The first meeting will take place within a month. We hope that they will achieve a positive result. I am sure the President will speak for France.

Have you anything to add, Mr. President, about the Channel tunnel?

PRESIDENT MITTERRAND

I would say that we are looking to see where we put our feet, but we are making progress. Before we act, obviously we have to reflect on this, but we are not doing this just in an airy-fairy-fashioned way. We are considering precise studies and we will begin this next month.

CHRISTINE CLAIRE ("FIGARO" MAGAZINE)

Prime Minister, the day before President Mitterand came to London, the French Government announced an important naturalisation programme. I would like to know if during your discussions you have mentioned this and if personally you have any doubts as the liberals in France doubt that this economic system will perhaps lead to an isolation.

PRIME MINISTER

I cannot discuss that. French internal matters are a matter for the President and not for me.

QUESTION (ISRAEL)

I would like to ask you a question about the Middle East. What is your position about the possibility of a nuclear proliferation in the Middle East and especially will France rebuild the <sup>Euratom</sup> nuclear reactor.

PRIME MINISTER

Our position: we are signatories of the Non-Proliferation Agreement and we adhere to that.

With regard to the latter part of your question, I will ask the President to answer.

PRESIDENT MITTERRAND

This subject was not discussed by the various delegations, either British or French, and I would not like this brief press conference to deal with this subject which I would have to admit is difficult. I am not saying that it is not important, I understand very well the reason why the question was put, but I would just say that France, in its various trade relations on nuclear reactors, has made sure that civil methods should <sup>not</sup> serve to proliferation of nuclear weapons. I am sure that we shall talk about this later on and I hope that I have another opportunity to talk about it.

QUESTION

Did you discuss the Polish question. Secondly, speaking now to the President, you know very well what attitude was taken yesterday by the British trade union members on nuclear disarmament. Will you be following

actively that each of our partners and each of their partners, in particular the Soviet Union, realise how important the balance in the world must be to lead to detente and that everybody should scrupulously respect the Polish intentions. There is conflict, obviously. There are contradictions. There is the Popular Movement and at the moment there is an economic crisis where the social and human effects are very serious and France considers that it is necessary to contribute what it can to financial aid, food aid and obviously we expect to continue to give such aid to help in the events taking place in Poland at the moment.

As to the British trade unions, just now I heard the Prime Minister reply, but she did not want to put forward an opinion, as Prime Minister obviously, on the nationalisation in France! I am more or less convinced that Mrs. Thatcher does have an opinion, but I am thanking her for her attitude as an official and for her discretion as to the French policies which obviously only affect the French and I would do the same thing for the trade unions! I do not want to get involved in a discussion. I have got an idea how many passions this can arouse in this country, but indeed, you are right to say "your Socialist friends". We belong to the same states, we have personal relations, and what I would like is that trade unions on one hand and the Labour Party on the other hand have as good relations between themselves as I have with each of them. They are at the moment involved in a major discussion, but that is your affair. They consider it is necessary to proceed to nuclear disarmament, you say. If they consider that is in the interests of their country, they have the right to do that. I, as one responsible for the French policies, would say that we have had to review our position, particularly from the military side. We consider that our defence is a question of a strategy of dissuasion and we think that the defence of our country requires this position to be taken, and we have taken it. And so, we intend to ensure

the independence of our country by the autonomy of position and by having sufficient forces to dissuade any possible adversary to undertaking any aggression against us. As you know, I have taken decisions which go towards restrengthening our armaments, particularly as far as nuclear submarines are concerned. But that is for France and commits the French. I am not committing the British trade unions nor the British Labour members. I am not committing any of my friends. I am talking here as a socialist, but we have always respected national steps. This is one of the bases of our contracts. I cannot say any more.

As Mrs. Thatcher considers nationalisation, I also have my ideas on the development of Socialist ideas in Great Britain, but I am not going to put them forward here.

MURRAY (LIVERPOOL DAILY POST)

Did you discuss the relations with the United States and did you consider, after the exchanges of letters and the suggestions from the Summit, that France and Britain should also take part in any Summit between the US and the Soviet Union?

PRIME MINISTER

We did not discuss these matters. We have recently been all together at the Ottawa Conference and relations between all the members of the Ottawa Conference were very good on these matters and, of course, we discussed things very closely then with President Reagan. We did not add to those discussions today.

QUESTION (WEST BERLIN)

If I might go into a slightly wider context for a moment, Mr. President, the last time I had a chance to question you at a press conference was at

your most famous one in Paris in June 1968. Do you still think now, historically, now that you have arrived, that you were right to give this press conference? Was one reason why you included Communists in your Government that they faced de Gaulle, and what is the most important changes that have taken place now in France?

PRIME MINISTER

I am very sorry. I am going to rule your question completely out of order. This press conference is on discussions - bilateral discussions - between France and Britain. Next question.

QUESTION

The French Foreign Minister has recently met with Yasser Arafat of the PLO. It is said that the British Foreign Secretary is considering a meeting with Mr. Arafat. In any way, do the French side share with the British side its experience as to whether that meeting was worthwhile?

PRIME MINISTER

There have been discussions on the Middle Eastern situation between Lord Carrington and M. Chaisson. Lord Carrington has no plans to meet Mr. Arafat. It may be that as President of the Community, in that capacity he would have to meet the head of the HQ, as previous Presidents have done. He has no plans at present to do so.

PRESIDENT MITTERRAND

The importance of the impact of meeting such a political person, the important thing is to know what is said, so it is the content of the discussions and the objectives one is trying to achieve that is essential.

QUESTION (Japanese person, difficult to transcribe)

The President told us that you are going to take joint steps on Japan. Could you tell us what sort of joint steps you are going to take in detail? Mr. President, how will you respond to the statement of the Japanese Government that Japan will agree the limitation of a (quota?) quarter of the exports of her cars to EEC if each country like France abandons their protective measures such as limiting the share of the Japanese car to 3% and if the EEC as a whole demand a quota of the exports of Japanese cars?

PRIME MINISTER

When we have negotiations on trade with a non-Community country, those negotiations, as you know, have to be conducted through the Community. The Community has been keeping a surveillance on Japanese imports in various spheres for some time. We are anxious that any negotiations should be conducted through the Community. If separate countries negotiate with Japan, they can only do it on an industry-to-industry basis and by way of voluntary agreements. That is the way it is conducted at present. For example, both our car industry and our electronics industry have agreements between them and the industries in Japan, but when it comes to negotiating as a country, we can only do it through the Community and we wish negotiations to be carried forward through the Community. The particular point is that Japan tends to concentrate on certain specific industries and that really can have a devastating effect on the industries of our countries and we must put this point to our Japanese friends.

PRESIDENT MITTERRAND

The industrial activity of Japan is very much to be respected. One certainly should not reproach a country which is so dynamic in trying to

conquer outside markets, but the question is to have a balanced world, so that trade does not harm relations between our people.

My sole response would be that which has already been given. We have decided that it is for the EEC to take the initiatives and they have been discussed, but it is for the Community to take the initiative; for the countries not to start getting involved in competitive discussions one between the other. As far as France is concerned, can one say that France is really taking protectionist measures as a sort of a safeguard? Perhaps one might say that France is the only country in that case I can quote as far as some of the countries we referred to, there have been trade attacks, public health measures. There are safeguard measures, but one has to carry out a serious and honest examination of these matters to get a real idea of what it is, but I think there should be an equal opening of the domestic market in Japan with European countries, but once one has said that there are the various questions to be dealt with, but we could make immense progress. We could try to plan trade with the Japanese market. The points of comparison are difficult to get and it is important to have a friendly discussion in this.

QUESTION (ARABIC NEWSPAPER)

What is your reaction towards rapid deployment force, especially Mrs. Thatcher, and what do you say about your ex-Navy Secretary yesterday told me that Britain allowed America to station nuclear submarines in Diego Garcia?

ANSWER

We did not in fact discuss these matters at the bilateral talks and I am not therefore going to go into them. This is a conference about the bilateral talks. Our view on the rapid deployment force remains the same.

If the United States wishes to set one up, we would be willing to make a small contribution to it. Such a force would be available for use at the request of the home country.

QUESTION

Prime Minister, did you discuss the future of Concorde?

PRIME MINISTER

We ourselves did not discuss the future of Concorde. The appropriate Ministers did discuss Concorde and will be continuing their discussions at a meeting later in London. These matters are governed by treaty.

Mr. President, anything to add?

PRESIDENT MITTERRAND

We have merely decided to carry out this examination which is a ritual examination. It goes on year after year, and I think there is another meeting in October, but what we have decided is not to decide anything else, which I think is important. We are very proud of this great supersonic aircraft, but any decisions we take will be joint decisions, so the way in which the situation of Concorde is studied can only be an Anglo-French decision.

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cc: FCO  
HMT  
S/S Ind  
LPS  
TRADE  
TRANS. + CO  
ENERGY  
PUSS/DES  
M/S IND  
PUSS/IND

10 DOWNING STREET

*From the Private Secretary*

11 September 1981

*Dear Brian,*

Visit of President Mitterrand

I enclose a record of the plenary discussion between the Prime Minister and President Mitterrand which took place here earlier today.

I am sending copies of this letter and its enclosure to the Private Secretaries of all the Ministers who attended.

*Yours ever*

*Richard Alexander*

Brian Fall, Esq.,  
Foreign and Commonwealth Office

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*cc France: Oct 79:  
Anglo-French Relations  
Master Set*

RECORD OF PLENARY DISCUSSION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF THE FRENCH REPUBLIC, PRESIDENT MITTERRAND, AT NO. 10 DOWNING STREET, ON FRIDAY 11 SEPTEMBER 1981

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Present

Prime Minister	President Mitterrand
Foreign and Commonwealth Secretary	M. Cheysson
Chancellor of the Exchequer	M. Fiterman
Secretary of State for Industry	M. Chevènement
Lord Privy Seal	M. Chandernagor
Secretary of State for Trade	M. Delors
Secretary of State for Transport	M. Dreyfus
Secretary of State for Energy	M. Bérégovoy, Secretary-General, Elysée
Parliamentary Under Secretary of State for Education and Science	His Excellency M. de Margerie, French Ambassador
Minister of State, Department of Industry	M. Attali, Special Counsellor, Economic Affairs, Elysée
Parliamentary Under Secretary of State for Industry	M. Pontillon, Senator, Prime Minister's Representative
Sir R. Armstrong	M. Vauzelle, Spokesman, Elysée
Sir M. Palliser	M. Vedrine, Counsellor, Foreign Affairs, Elysée
Sir K. Couzens	M. Sautter, Counsellor, Economic Affairs, Elysée
Sir P. Carey	M. Paye, Economic Director, Quai d'Orsay
Sir P. Baldwin	M. Haberer, Director of the Treasury
Sir R. Hibbert	M. Freyche, Director of External Economic Relations
Miss M. Lackey	M. Achard, Secretary-General of the SGCI (European Cooperation)
Mr. J.L. Bullard	M. Dupont, Acting Political Director, Quai d'Orsay
Mr. M. Franklin	M. Grenier, French Embassy
Mr. C. Whitmore	
Mr. B. Ingham	
Mr. M.O'D.B. Alexander	
Mr. D. Gladstone	

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General

Welcoming President Mitterrand, the Prime Minister said that their talks had taken place in a very constructive atmosphere. Both she and the President wished to foster even better Anglo-French relations. They had discussed a wide range of subjects including Community problems. In the latter context, they had agreed to concentrate on trying to solve the big problems - restructuring, the CAP (which was to be considered in November and before which time considerable study would be needed), and the Multifibre Arrangement, Japan. They had also discussed third world problems and Cancun. On East/West relations they had an agreed approach and discussion had been relatively short. President Mitterrand had been very forthcoming and had put forward concrete proposals reflecting his clear desire for close UK/French collaboration.

President Mitterrand expressed his pleasure at meeting in this historic setting. Starting with European Community affairs, he said that he and the Prime Minister held different points of view on many aspects, but they had agreed that we must face up to the problems. It was said that the United Kingdom wanted new Community rules: this chimed in to some extent with his own thinking. The Community as a whole and the CAP in particular needed a full examination. France and the UK might not agree on the things to discuss - nor share the same objectives - but it would suit him well enough if joint studies were to be put in hand on Community problems in general and on the CAP in relation to other areas of Community activity. He did not like treating the budgetary question as a mere accounting exercise: it was indispensable to view it in a wider Community context.

As to the CAP, President Mitterrand said that France stood by the traditional rules: financial solidarity, Community preference and the unity of the market. But they could not allow situations to arise which placed constraints on their allies. If the FRG had

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a problem with surpluses, the UK with the budget, or, conceivably, France with agriculture, and it was not dealt with, an intolerable situation would be created and the Community would not survive. As it was, the Community brought great benefits both to France and to the UK. In regard to surpluses, it was said that France gained too much from the present system and put in too little. This was not his view, but if such differences of outlook were not resolved, the Community would split. Solutions which imposed over-large burdens on any one country or which breached the 1% VAT ceiling had to be avoided. He agreed that something must be done about surpluses, particularly that of milk. Then there was the problem of disruption of Community markets through disorderly movements of goods within it and imports of goods from without. The latter process could lead to domination of the Community by Japanese imports. There were also potential problems with the US which ought to be discussed one day. He instanced soya. He wondered whether it was sensible for the Community to absorb cereals and meat from abroad to an extent which distorted internal competition. All these things needed to be discussed, as did the problems of the textile industries.

President Mitterrand said that the Community must harmonise its approach to Japanese competition. If each member tried to go it alone, the Japanese would invade the Community. The latter was hampered by its own mechanics. The Western belief in free trade meant that private firms were left to draw up their own agreements and the Japanese were often too clever for them. In the process whole areas of European industry could be ruined.

On fish, President Mitterrand said that there had been no detailed discussions. The French were sticking to their previous commitments but were willing to discuss the subject.

Turning to international affairs, President Mitterrand confirmed what the Prime Minister had said about East/West relations. As regards arms control, it was necessary to define the exact point where rearmament ended and arms control negotiations began. One

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could not pursue arms for arms' sake indefinitely, otherwise the balance of armed forces would be the only point of contact between East and West. On the other hand, one could not negotiate from a position of inferiority. On all these points he and the Prime Minister were on the same wave-length.

President Mitterrand said that he and the Prime Minister had had a positive discussion on the third world and Cancun. The West should not promise what we could not delivery. Nor should we give in to third world demands. However, we should show ourselves open to the needs of the third world. The latter would not ask western permission to speak at Cancun: they would say what they wanted to say about global negotiations and we should listen. We should be prepared to offer something more positive than hitherto in certain precise areas; for example, more aid to the LLDC's (an area where the UK was ahead of her Community partners) and energy policy. On the latter, President Mitterrand was prepared to envisage an energy affiliate of the World Bank or any other procedure that would meet third world concerns.

President Mitterrand said that there had been a very positive discussion of bilateral collaboration, with emphasis on early progress. There was an awakening of interest in the relationship. The separate conversations between Ministers had thrown up a number of useful points to be pursued. For example, in scientific research the UK occupied a leading position which had in the past been much envied by France. But the latter had had her successes too and in a number of carefully chosen fields we could now collaborate to mutual benefit and give added impetus to the European relance.

In conclusion, President Mitterrand said that clarity of thought led to clarity of expression. The Prime Minister had no need to fear comparisons on this score and this had greatly helped their conversations.

The Prime Minister then invited Ministers to report on their separate discussions, beginning with foreign affairs.

/ Foreign Affairs

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Foreign Affairs

Lord Carrington said that notwithstanding their frequent meetings on international and Community questions, he and M. Cheysson had agreed that it was useful for the Foreign Ministers to meet from time to time to take stock of bilateral relations. He and M. Cheysson had had a preliminary conversation about this in Paris on 28 May and the two Foreign Ministries had each done some work since then. In this connection, they had confirmed their intention to meet formally once a year, roughly halfway between the annual Summits, starting in the Spring of 1982. They hoped that the results of the present Summit would be such as to lead to future meetings, more frequent and more regular than in the past, between their colleagues round the table and other Ministers not present.

Lord Carrington said that he had informed M. Cheysson that the British side would shortly be making proposals for a step forward in exchanges of civil servants, moving on from the exchanges of trainees, of which we now had 10 years experience, to attachments of officials for periods of several months in both directions. As regards cultural cooperation, senior officials were due to meet at the end of the year. Meanwhile, the two sides would investigate possible solutions to three problems raised by M. Cheysson:

- a) the rates charged on premises of French cultural institutes in Britain;
- b) the imbalance in student numbers and student fees between French and British universities;
- c) how to promote youth exchanges.

International questions discussed included Southern Africa, especially the future activity of the Contact Group of Five on Namibia, and the prospects for progress in the autumn towards implementation of the UN plan. It had been agreed that specialist officials should meet to discuss arms control, disarmament and non-proliferation matters. On the Middle East, M. Cheysson had

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given an account of his recent talks with the Arab leaders, including Prince Fahd. There had been discussion of the Lebanon. Finally, there had been a personal discussion between him and M. Cheysson about Poland.

Lord Carrington said that Community questions were discussed separately between M. Chandernagor and the Lord Privy Seal but that M. Cheysson had given him a preliminary outline of French ideas for the relance and the Community.

M. Cheysson said that he could confirm what Lord Carrington had said about their discussions. He was pleased that Lord Carrington had agreed to study the three questions which he had raised, including the rating of French cultural institutes in the United Kingdom. The French had no desire to close down these establishments and he hoped that a satisfactory solution could be found. He had nothing to add to what had been said about foreign policy issues.

The Prime Minister invited Sir. G. Howe to report on his discussions with M. Delors.

Sir G. Howe said that he had had a full discussion of national economies with M. Delors. The latter had explained the new French policies and given reassurances about the nationalisation of the banks. Problems had arisen in this area but could be resolved. M. Delors' department would consult the Treasury about these. They had discussed the problems of interest rates and exchange rates and their continuing instability. They had agreed that we should approach the United States in a quiet way and show understanding.

Turning to Community issues, Sir G. Howe said that the French understood the UK position on the EMS. They had discussed the implications of the move to the next institutional stage. M. Delors had expressed certain anxieties in the context of the relance. On the CAP, M. Delors had set out his personal views, as he had on the question of reforming the budget. He had been left in no doubt about the importance the UK attached to the implementation of the

/ 30 May Mandate

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30 May Mandate within the timetable foreseen. The French accepted that progress on the mandate was a precondition for progress in other areas in the context of the relance. On trade, they had agreed to keep in step on export credit consensus rates: they had also agreed that the minimum rate should be raised by 2%. It would be important to effect an agreement with the Japanese to ensure that they adopted a correct attitude to the consensus. M. Delors had said that from 1 October the French would raise their rate of interest for the USSR by three quarters of a per cent and that from then on Franco/Soviet agreements would make provision for future changes in the consensus rate.

On insurance, Sir G. Howe said that M. Delors had agreed to hold discussions: he understood UK concerns. He for his part understood the French taxation problem and had agreed to look urgently at alternative taxation solutions.

On international economic affairs, Sir G. Howe said that he and M. Delors had agreed that an energy affiliate could serve a useful purpose by mobilising OPEC resources and indirectly benefiting our two economies. They recognised that the US had a different view and that discussions with the Americans would be needed in due course. In the meantime they would give thought to an initiative by the Community.

Sir G. Howe said that M. Delors had been anxious for the UK to agree to accept the target figure of 0.15% of GNP for aid to LLDC's. He had explained the UK's reservations, which M. Delors understood. However, he was now in a position to say that the UK would accept the target and would agree to the Community doing so at the LLDC Conference in Paris. He and M. Delors had agreed that further consideration should be given to the position of India and Pakistan.

M. Delors said he had two comments on Sir G. Howe's presentation. Discussion of consensus rates had now reached the political level. A solution had been found, but it would be necessary to exercise caution in applying the new consensus. There would continue to be

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problems with big projects. As regards insurance, a real deepening of the Community would require the harmonisation of fiscal policies too.

Turning to the relance, M. Delors said that the French were most concerned to establish a common external financial policy especially vis-a-vis the Japanese. The Community must speak with one voice. The same went for the Multifibre Arrangement. As regards the proposed initiative vis-a-vis the third world, this could not be easily discussed publicly and he stressed the importance of Anglo-French cooperation in financial and monetary affairs.

### Industry

Sir K. Joseph said that he and M. Dreyfus had agreed to stimulate the modernisation of old industries, especially textiles. M. Dreyfus had been a firm ally over steel. They would encourage French and British businessmen to meet more often. Despite M. Dreyfus's scepticism, they had agreed that both governments should encourage the Japanese to open up their markets. The UK still believed in voluntary agreements vis-a-vis the Japanese. M. Dreyfus wanted a 'breathing space' and there might be proposals from the French side covering motors and machine tools. As regards inward investment, M. Dreyfus was open to proposals for foreign participation but insisted that this must lead to genuine Community manufacture, not just the import of foreign technology.

M. Dreyfus confirmed that the French would like to give some of their industries a respite from the Japanese trade offensives. On the bilateral front, he had proposed that there should be intensified cooperation in space, nuclear energy and electronics. He had asked about Japanese investment in the UK. It had been agreed that there should be frequent contacts at both industrial and government level with the accent on concrete follow up.

On the energy front, France wanted to discuss nuclear power plans and wished in particular for cooperation over fast breeder

/ reactors.

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reactors. The french were very interested in UK expertise in gasification of coal.

Transport

Mr. Fowler said that there had been a useful discussion of the Channel link. He had said that the British government were in favour if the French were. They had looked at the feasibility of eight schemes. M. Fiterman had said that the French government approach was positive in principle. Experts and officials were to meet in a month and proceed with a study which would take account of all other interests. It was also agreed that British and French officials would meet to discuss European transport problems in advance of the December Council.

M. Fiterman agreed with all Mr. Fowler had said. It had been agreed that each side should take greater account of each other's interests. He had welcomed the British desire for joint studies of the Channel link. These should be undertaken without delay. It was understood that the British side wished the project to be financed privately while on the French side it would be public. But this should present no obstacle.

Turning to aviation matters, M. Fiterman said he had had a positive discussion with Mr. Marshall. It had been agreed to pursue studies on the Air-bus. They would ask industrialists to examine the best engine for the aircraft. He had accepted an invitation to visit London on 29 October to survey cooperation in this area. They would then discuss the problems of Concorde on which both sides were determined to proceed together.

Mr. Tebbit said that they had agreed an agenda for the Concorde discussions on 29 October. On the new Air-bus project they awaited proposals from industry. The aim was profitable collaboration on both aircraft and engines.

/ Energy

Energy

Mr. Howell said that he had discussed all aspects of civil nuclear power, coal exploration, renewable energy resources and energy conservation with M. Chevènement and M. Dreyfus. He had confirmed the British commitment to an expanded nuclear programme. There would now be expert and official contacts leading up to a ministerial meeting before the end of the year. M. Dreyfus had outlined French plans for a Community energy initiative.

Research and Space

Mr. MacFarlane said that he had agreed with M. Chevènement that there should be meetings between members of Research Councils on both sides. Collaboration so far had been very successful. He instanced Grenoble and CERN.

M. Chevènement said that there was great potential for cooperation between the two countries in research. Liaison had been too loose in the past. There would now be a meeting between leaders of research institutes and meetings at political and expert level on nuclear energy. There had also been discussion of the development of European launchers and the possibilities in the field of military observation satellites. Efforts would now be made to harmonise the separate Franco-German and ESA satellite projects.

Mr. Marshall confirmed that there would now be bilateral discussions about space at official and ministerial level. The problems of the European Space Agency would be sorted out with a view to exploitation of third markets. The two sides would build on the present understanding.

/At this point the Prime Minister and President Mitterrand left to attend the joint press conference/.

Community

Sir I. Gilmour said that he and M. Chandernagor had held a comprehensive exchange of views on a full range of Community issues,

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especially the 30 May Mandate, enlargement and the Common Fisheries Policy. M. Chandernagor had told him of the President's intention to make wide-ranging proposals for the future development of the European Community. The British Government would welcome the opportunity for discussing these in due course. They had agreed that it was important for the future of Europe as a whole that the discussions on the Mandate should be brought to a successful conclusion. Each side had explained their general approach particularly on the Common Agricultural Policy and the effects of the Community budget. It was clear that there were differences to be resolved if decisions on the matters covered by the Commission's report were to be reached at the November European Council. They had agreed on the necessity for work to proceed urgently in the Mandate group with suitable political guidance and that it would be important to keep in close touch during these discussions. There would be regular informal bilateral contacts at official and ministerial level for this purpose.

On enlargement, both sides had reaffirmed their commitment to Spanish and Portuguese accession. They had agreed that application by Spain of VAT on accession was essential. The possibility of resolving differences on tactics over the Spanish Customs Union Declaration/VAT issue should be explored urgently.

On the Common Fisheries Policy, they had welcomed the agreement on bilateral meetings at official and ministerial level before the Council, and agreed on the need to work constructively for progress at the Fisheries Council on 29 September.

M. Chandernagor raised the change in the UK veterinary regime on poultry. The British side had explained the animal health reasons, and said they would be replying to the Commission's letter.

M. Chandernagor said that French ideas for a relance of the Community would be realistic and would build on proposals already made by the Commission and by partners. Given the difficult financial situation of Member States it was necessary to find ways of moving the

/Community

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Community forward at as low a cost as possible. France would strongly prefer all 10 countries to move forward together, but in some areas it might only be possible for two or three to do so. On the 30 May Mandate, he thought that the negotiations should be dealt with at the highest possible level by Ministers who had a margin of negotiating manoeuvre. On the CAP he agreed that ways should be found of insuring greater flexibility and of avoiding surpluses. Progress must be made, and measures taken which did not reduce any further the total number of agricultural workers. On enlargement, there was only one problem: France could not accept that the Acquis Communautaire should be re-negotiated. Spain had to apply VAT. This was a tactical problem and in his discussions with the LPS a potential way round the difficulty had been identified which would enable France to agree to move forward on customs union. He concluded by expressing the hope that the problems that had arisen over poultry imports would be quickly resolved since UK decisions were causing France serious difficulties.

Summing up, Lord Carrington said that many Ministers had referred to courtship and marriage. It was now necessary to beget children and he hoped for some move in that direction by the time of the next Anglo-French Summit.

11 September 1981

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DISTRIBUTION

NIO	Northern Ireland
Treasury; Energy and Trade	Cancun and European Community Matters
Industry	European Community Matters

See Memo to Feo 14. 9. 87.

10 DOWNING STREET,  
WHITEHALL

PRIVATE SECRETARY

.....

We attach a letter which the Prime Minister has received.

It refers to correspondence sent to you on .....

Please arrange for your Department to deal with it as they think fit.

Please arrange for your Department to send a full reply as soon as possible. If you are not responsible for this matter, please transfer the letter to the appropriate Department and let us know. Not writer.

Please co-ordinate any reply with the following Departments, to whom copies have been sent

- ( ) We have not sent an acknowledgement.
- ( ) We have sent a plain acknowledgement.
- ( ) We have sent an acknowledgement, saying that the letter is receiving attention.
- ( ) A copy of the acknowledgement which we have sent is attached.

Correspondence Section

Date:

SUBJECT

CONFIDENTIAL

Matter  
cc Ireland: Pt 10: bit  
Gen PM: Pt 2: North (Brill)  
Env PM: Pt 11: Budget  
(Extracts)  
France: Oct 79: Anglo-French  
Relations

Note of a discussion held in 10 Downing Street on Friday 11 September 1981 at 0945 hours

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Present: Prime Minister  
Mr. Whitmore

President Mitterrand  
M. Vedrine

\*\*\*\*\*

Northern Ireland

The Prime Minister said that she wished to thank President Mitterrand for not raising the question of Northern Ireland with the British Government or taking any other action as a result of the representations which had been made to him. She would like to explain the Northern Ireland situation to him which she believed was not widely understood in France. Northern Ireland was a divided country. Two-thirds of the population were Protestant and gave their allegiance to the United Kingdom: they, the Unionists, wanted Northern Ireland to remain part of the United Kingdom. The minority were Roman Catholic and most, though not all, of them seemed to have some affinity with the Republic of Ireland. Both communities had para-military terrorist groups, the UDA and the IRA. Though the Protestant terrorists had committed terrible crimes in the past, at the moment they were quiescent. Terrorism in Northern Ireland at present was coming from the IRA. When terrorists were caught, they were treated like ordinary criminals and were tried and convicted in the courts of Northern Ireland. All the prisoners in the Maze, whether Catholic or Protestant, had been sentenced by courts of law: they were not interned without trial. The British Government saw them as ordinary criminals who had put innocent lives in danger in pursuit of their own interests.

/Both the majority

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Both the majority and minority communities in Northern Ireland were represented in the British Parliament, and in the most recent by-election in the Province a representative of the hunger strikers had won a seat in Parliament. The problem was that the majority wanted Northern Ireland to remain part of the United Kingdom, whereas the minority preferred to be united with the Republic. It was part of the law of the United Kingdom that there could be no change in the constitutional status of Northern Ireland except with the consent of the majority of the people of the Province. Opinion was tested from time to time by a Border poll. The last had been in 1973 and this had resulted in an overwhelming vote in favour of staying in the United Kingdom. The minority resented this situation, and such was the hostility between the two communities that rather than try to change opinion by persuasion, some members of the minority had resorted to the use of violence as the instrument of change. Successive British Governments had continually made efforts to reconcile the two communities. Various attempts had been made to restore to Northern Ireland responsibility for taking local decisions. But these had all been unsuccessful. The Protestants maintained that democracy meant majority rule and they could not accept that the minority should have any part in government. The minority, on the other hand, argued that since they could not become the majority in the foreseeable future, there should be some kind of arrangement for sharing power. The British Government's latest attempt to bring the two sides together had taken the form of proposing that there should be a council made up of representatives of all sections of the community in Northern Ireland whose role would be to advise the Secretary of State for Northern Ireland, but it had proved impossible to obtain agreement even on this modest measure.

The Prime Minister went on to say that the Government would dearly like to see an end to the hunger strike. It was a complete waste of young lives. The Maze was a very modern prison. Conditions there were amongst the best and most liberal in the world: even so we were constantly trying to improve them. The demands of the

/ protesting prisoners

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protesting prisoners amounted to a demand for prisoner of war status. But they were criminals and not prisoners of war. The Government and its representatives had to keep control of the prison and its régime, and it could therefore not grant the demands of the prisoners. There were signs that there might be a split in the IRA about the future of the hunger strike. Some of its members wanted to go on, while others appeared to want to see the hunger strike stopped. In the last week the families of the two hunger strikers closest to death had asked the authorities for medical help to save the lives of their relatives. The unwillingness of the families to see their husbands and sons die perhaps offered the best hope of bringing the hunger strike to an end.

British troops were in Northern Ireland to protect all members of the community from terrorism: indeed, they were first used on the streets of the Province to safeguard the minority community who undoubtedly at that time were not treated properly by the majority, though they now had equal rights. Nothing would please her more than to bring the two communities together, to restore normal life in Northern Ireland and to withdraw the British Army. But so far we had not found the way to do this. Recently we had tried to improve matters by practising greater practical cooperation across the Border between the Republic and Northern Ireland. The hope was that if the people of Northern Ireland and the people of the Republic lived more closely together, this might break down the hostility between the two communities within Northern Ireland. In the same context it was worth remarking that the British Government had had excellent cross-Border cooperation on security both from Mr. Haughey and now from Dr. Fitzgerald. The British Government continued to say constantly to the terrorists that the whole armoury of democracy was open to them in order to try to persuade the people of Northern Ireland that there should be a change in the constitutional status of the Province. But this approach had not been successful yet.

/ The Prime Minister

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The Prime Minister repeated that she was very grateful to President Mitterrand for resisting the blandishments of those who wanted him to make representations about Northern Ireland. She hoped that her explanation had been of some help to him. The situation was very difficult, but the difficulties were not of the British Government's making.

President Mitterrand said that he was grateful to the Prime Minister for taking the initiative in raising the matter with him. He had had many petitions on the subject but he had never personally received any delegations making representations. The matter raised a great deal of emotion in various quarters in France, both popular and intellectual. But he had not raised the question of Northern Ireland with her before because he regarded it as a matter which related to British sovereignty. He had confidence in the leadership and the people of the United Kingdom and respected their decisions in this area. He would not like to see Anglo/French relations undermined by a French intervention in what he considered to be an internal problem of the United Kingdom. But it was difficult to avoid pressure from journalists, intellectuals and other people who formed public opinion in France. The fact that young people were dying by their own wish and were sacrificing themselves in prison added a new dimension to the problem. It exaggerated the issues and increased antagonism. The result was that the kind of arguments advanced by the Prime Minister were pushed on one side, and the fact of British sovereignty was lost in a cloud of emotional reaction. The matter then went beyond the frontiers of Great Britain and Northern Ireland and had an impact on the world in which we lived. He repeated that since this was a question of British sovereignty, it was the Prime Minister's judgement which mattered and he wanted to make it clear that he would not substitute himself in place of her judgement and the judgement of a neighbouring country and friend of France. Even so he would like to ask whether there were ways of softening the problem. Was the IRA's strategy evolving as one death succeeded

/ another?

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another? It was clearly desirable to try to stop the growth of international opinion on this matter, but he saw the difficulty of doing this since the problem was almost insoluble. The growth of feeling and passion escaped treatment by reason. He was grateful to the Prime Minister for talking to him about Northern Ireland. If the press asked whether he and the Prime Minister had discussed Northern Ireland, he thought that it would be good because of its effect on international opinion that they should say that they had talked about the matter but he would go on to say that the details of their discussion were confidential and he regarded the question as a matter of British sovereignty.

The Prime Minister said that this would be a very helpful response and she would add that she had taken the initiative and had explained the Northern Ireland situation to him.

#### Cancun

The Prime Minister said that she thought that it would be helpful if they had a word about the forthcoming meeting at Cancun. She did not want to see the hopes of the LDC's raised too high before the meeting and then disappointed by the outcome. That would mean that the efforts which the West were making would not get the recognition they deserved. That would be a bad result.

President Mitterrand said that he thought that they could deal with the matter by sticking to figures. The French Government at present gave 0.3% of their GNP in bilateral and multilateral aid. The figure of 0.6% of GNP which was sometimes quoted for French aid was misleading because half of it went to France's overseas departments and territories. France had now decided to increase its bilateral and multilateral aid to 0.7% of GNP by 1986/87. The United Nation's Conference on the LDC's which was going on now in Paris had fixed a figure of 0.15% as the amount of aid to be given to the least developed countries. This would double the

/ amount of aid

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amount of aid going to the least developed countries compared with the rest of the Third World. France thought that this was a fair target, though he did not think that the figure should be regarded as a fixed number. Rather it was something to be aimed for - an indicative value but not an obligatory figure. It would be more difficult for France to move in this direction than for the UK. The UK was already meeting this target but France was behind.

The Prime Minister said that the UK and the FRG had initially opposed this proposal because they did not want to set a new target within the overall pattern. But she had no objection to it. She thought it reasonable to give a proportion of overseas aid to the very worst off countries. The UK would now accept the target, and she believed that the FRG would do the same.

President Mitterrand added that it appeared from all the aid figures which he had seen that the UK was the most generous donor by far. Britain was already meeting the target, and so there should be no budgetary problems for her in adopting the figure of 0.15% of GNP. He agreed that the Germans would now allow themselves to be convinced of the desirability of moving towards this objective, provided it was not treated as a rigid target.

The Prime Minister said that she was not sure how Mexico would arrange the agenda for Cancun. One view was that the agenda should be unstructured and that the meeting should proceed by general discussion. The opposite view was that the agenda should be specific and detailed. She did not want the LDC's to make demands on the West which we could not meet and then for us all to turn on the OPEC countries and demand that they produced more aid. She hoped that the meeting would finish on a constructive and understanding note, though this was not an easy objective in view of the excessive hopes which had already been raised.

President Mitterrand said that whatever the agenda, nothing would stop fundamental questions being raised and nothing would prevent

/ the LDC's

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the LDC's making speeches. There would be a host of demands, and so it would be wise for the West to have two or three arguments ready which would help to reduce the impact of the demands on us. He had certain ideas in this respect.

President Mitterrand continued that a theoretical discussion about the global negotiations had already been started. Much of this discussion turned on language and vocabulary, and these counted for much since they were part of propaganda. The Third World countries would want to discuss global negotiations as a whole. Until recently, however, the United States had been afraid of engaging in a too wide-ranging discussion and were generally opposed to talking about global negotiations. But the industrial countries at Cancun would have to talk about global negotiations. This did not matter, for the meeting lasted only two days, the Third World would talk and there would be no time for replies. It would not be wise to refuse a general discussion or to precipitate a clash at Cancun on this subject. We should avoid making promises, especially promises we could not keep. We should listen to the many Third World countries who would want to express their point of view and by listening to them we would calm them down.

There were one or two areas where we might be able to orientate positively the demands of the Third World. One example was the energy affiliate of the World Bank. This was an important proposal for the Third World, especially for the non oil producers. We must avoid substituting a new organisation for the World Bank or shaking up the World Bank in a way which reduced its effectiveness. But the Third World expected some kind of energy agency to be established in the World Bank. He had discussed this with Mr. Clausen earlier in the week. He was not much in favour of an energy affiliate but preferred to strengthen international arrangements in the field of energy policy by having improved guarantees and loans. If the UK, FRG and France could accept this approach, we should be able to respond positively and not defensively to the demands of the Third World and to avoid a disagreeable clash with them.

/ The Prime Minister

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The Prime Minister said that much depended on the oil-rich countries. Were they prepared to play a bigger part in world institutions in return for making more of their resources available?

President Mitterrand said it would be better if the debate was turned aside and the Third World was led to point the finger at the oil producers rather than at the West. We must try to get the OPEC countries to the front of the stage.

The Prime Minister agreed that OPEC had made the problems of the Third World much worse and that this must be made clear publicly.

President Mitterrand said that when making these remarks, he had forgotten to point out that the UK was an oil producing country. The Prime Minister said that we were not producing as much as we would like. Moreover, it had been one of the conditions of the development of the North Sea, that our oil prices followed world prices. President Mitterrand said that he did not want to pursue this now. He might want to talk about oil policy one day, but it was not an immediate concern.

#### European Community Matters

President Mitterrand said that yesterday they had talked about ways of giving the European Community a new thrust forward. He had been reflecting further on how to give substance to such a development, and one idea was that the Community should borrow on the international markets in the context of policies on energy saving, coal exploitation and new technologies. Such borrowings might also be important to us in steel and textiles, where British and French interests were similar. The Community had a level of credit vis-a-vis the lending countries which the individual member countries did not have, and we should take advantage of this. He envisaged the borrowing being done through the EIB. A development on these lines would be a powerful element in giving the Community

/ a fresh

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a fresh impetus. He would like to see British and French Finance Ministers discuss this idea.

The Prime Minister agreed.

The meeting concluded at 1055 hours.

*taw.*

11 September 1981

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PART

2

ends:-

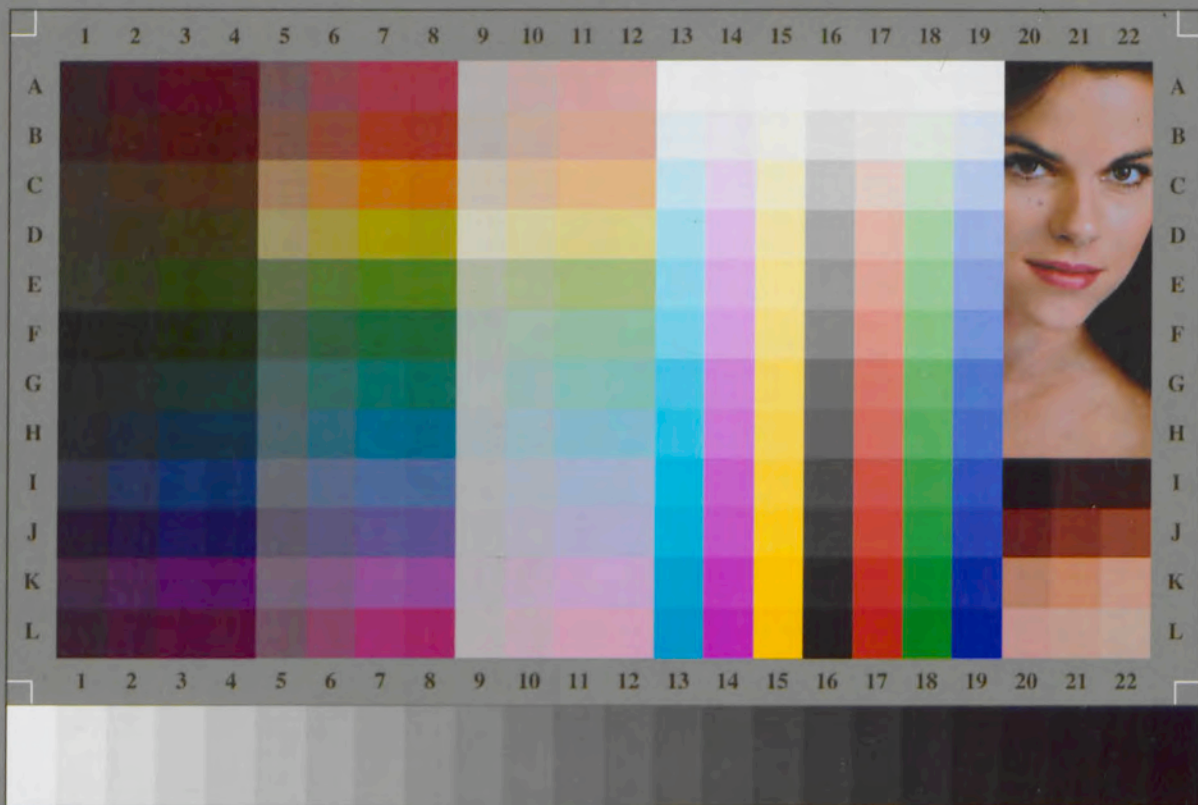
Redraft: LPS report to Plenary 11.9.81

PART

3

begins:-

NFR PM / Mitterand tête-à-tête 11.9.81



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Part 2 of 2

Visit of Pres Mitterand 17 May 1982

BRITISH

FRANCE: VISIT OF  
PRES MITTERAND Part 3

ANNEX 1

LIST OF BRIEFS

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<u>Brief No.</u>	<u>Title</u>
1 and 2 (combined)	Versailles Summit (including International Economic Situation)
3	Community Issues (a) 30 May Mandate and CAP Prices (b) Insurance Directive (c) Common Fisheries Policy
4	Falkland Islands (a) Political/military developments (b) EC measures  NATO Summit and defence/arms control issues
6.	East/West relations
7	Arab/Israel
8	UK economy
9	French economy
10	Aero-engine collaboration
11	Concorde
12 (two briefs)	Channel Fixed Link
13	Fast breeder reactors
14	Other bilateral issues (a) Anglo-French collaboration on space (b) European telecommunications satellite organisation (c) Rating of French cultural premises (d) European transonic wind tunnel
15	French political scene

17.6 → 18.6

4

## NOTE ON FRENCH TAX INCREASES

Foodstuffs 7% → 5½%

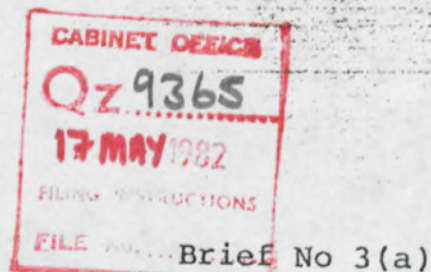
On 12 May The French Council of Ministers announced plans to increase the basic rate of VAT from 17.6% to 18.6%. The rate on essential foodstuffs, however would be cut from 7% to 5½%. A government spokesman said the changes would add only 0.1% to the rate of inflation (14.1% in March).

2. The changes were part of a supplementary budget which will be published later this month and will be debated on 24 and 25 May. The package of measures should increase <sup>revenue</sup> by Fr 11.9 billion, the Council's communiqué said, just sufficient to cover extra expenditure or tax reductions already announced. The latter include a Fr 5 billion reduction in local company tax on private industry and extra investment in the newly nationalised industries of Fr 3 billion.

3. In addition to the balanced budget package another Fr 6 billion worth of investment in the newly nationalised industries will be provided (off-budget) by the newly nationalised banks.

4. The planned budget deficit for 1982 was Fr 95.4 billion (2.6% of GDP), but is more likely to turn out around Fr 120-130 billion (3½% of GDP).

5. There are strong grounds for believing that M Delors, the Finance Minister, opposed the increase in VAT because of its impact on inflation.



PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND  
17 MAY 1982

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30 MAY MANDATE AND CAP PRICES

POINTS TO MAKE

1. Very disappointed at lack of progress in budget negotiation. At same time fully recognise your desire to get CAP prices agreement implemented quickly. Have to recognise that France and Britain have divergent interests, but whole spirit of our last bilateral meeting was that we should seek ways to reconcile such differences.
2. Present problems in Community are escalating into a major crisis which neither of us wants. Surely we can find some way out of this.
3. On budget, problem is tht we have never got down to serious negotiations. Francis Pym went to the last meeting in Belgium with authority to negotiate on figures but never had a chance to do so because noone else was prepared to move from an offer which we could not accept. Noone made any compromise proposal. We remain ready to negotiate. Vitally important for us to get a fair settlement.
4. On CAP, we have no desire to prevent a settlement which meets essential French requirements. We are prepared to agree for example to the help for small milk producers, which you said at last November European Council was essential for you. But we do have continuing objections to some other aspects of the present package and it would add considerably to our net contribution. We

agreed in November that both the CAP and budget decisions should be taken in parallel.

5. All this is why in the Agriculture Council last week we had to exercise our right under the Luxembourg Compromise to prevent the price proposals being approved by majority vote. France was of course originally responsible for the compromise; hope that you will agree with our right to invoke it even if we have conflicting interests in this particular case. Any attempt to override or get round the Compromise would have most serious consequences in the conduct of Community business in all areas, which would I think be as unwelcome to you as to us.


6. Right way to deal with this situationn is to get early agreement on both the budget and the CAP issues. Latest proposal on the budget is to implement 3rd year of 30 May agreement. Our view is that we should continue the present negotiations for a longer term solution. An interim agreement would only prolong those negotiations, but in addition it might not be at all easy to agree on a level of refunds for the 3rd year.

7. If, however, the Commission made a formal proposal based on precise provisions of the 30 May agreement we should obviously have to consider that carefully. The present proposal from MM Thorn and Tindemans of 800 m ecu with no risk sharing cannot be reconciled with the 30 May provisions.

#### DEFENSIVE POINTS

##### CAP/Budget Link

8. UK has major reservations of substance about present prices package. Average increases of over 10% too high, and cost of package even on most optimistic assumptions would be twice original Commission proposals (1450 million ecu compared with 745 million ecu). We have specific reserves on beef, wine and alcohol and overall level of prices. Package not consistent with Mandate guidelines e.g. on aligning Community cereals prices with



those of main competitor countries. Moreover, package would add over 200 million ecu to UK net contribution at present world prices, and more if world prices fell in relation to Community prices. We could not agree to that without a parallel decision on budget settlement.

9. [If pressed to accept 800 m ecu] That would be under half our forecasted net contribution for 1982 and well below level of 30 May agreement. Lump sum solution with no provision for risk sharing inadequate as we learnt from 30 May agreement.

10. "UK got too much in 1980/81" The UK is receiving the amounts specified in the 30 May agreement. We did not propose that form of agreement; we wanted a limit on our net contribution, but you rejected that. It has turned out better than expected not only for the UK; do you want French position "corrected" in some way too? Your net receipts were 900 million ecu higher than expected. Lesson of the outturn is surely the need for comprehensive risk-sharing.

11. [If suggested that UK has not adapted to Community] Massive reorientation of UK trade since accession: 43% of our trade now with Community partners compared with about 30% before. On food trade, 45% now with Community partners compared with 31% in 1972. Bigger changes than for any other Member State. What more can we do? We implement Community preference and common tariff strictly. But in free trading system it is for importer to decide whether or not to accept the cost penalty of the duty or levy on third country imports.

MITTERRAND BRIEFING AMENDMENT - JAPAN

Paragraph 6

The Japanese will be expecting to be under pressure on this. The recent severe down-turn in the Japanese economy should be temporary. It will not make it any easier to get them to take effective action on trade liberalisation or help to persuade them of the need for macro-economic measures to sustain the domestic economy.



Foreign and Commonwealth Office

London SW1A 2AH

14 May, 1982

Dear John.

Prime Minister's Meetings with President Mitterrand and M. Mauroy

I attach the briefs for the Prime Minister's meetings with M. Mauroy in Edinburgh on 15 May and President Mitterrand at No 10 on 17 May. This includes briefing on the Franco-British Council Conference, as requested in your letter of 10 May. (As you know, the Secretary of State can no longer attend the Conference dinner on 14 May, and Mr Hurd will be making a speech in his place). Broadly speaking, briefs 1-7 are for the Prime Minister's use at Monday's talks with President Mitterrand (who will, as you know, now be accompanied by M. Mauroy) and briefs 8-14 for Saturday's meeting with M. Mauroy. However, as the Steering Brief (which covers both meetings) makes clear, there is some agenda overlap.

In order to ensure that it is as up to date as possible, the brief on the Falklands political and military developments (Brief 4(a)) will be finalised later today and brought to Edinburgh tomorrow morning. It will of course be updated first thing on Monday morning. The top copy of the brief on Fast Breeder Reactors has been sent direct from the Department of Energy in order to save time. You will note that there are two briefs No 12 (Channel Fixed Link), one for use during the meeting with M. Mauroy and the other for the talks with President Mitterrand.

In your letter of 12 May you asked about interpreters. Mrs Valerie Anderson will interpret for the Prime Minister's talks with M. Mauroy and at the Edinburgh dinner; Rob Young will interpret at the talks and lunch with President Mitterrand.

Baroness Young has agreed to meet President Mitterrand on arrival on 17 May. It is likely that Mr Hurd will accompany President Mitterrand and M. Mauroy to the airport on departure.

We still await confirmation from the French as to who will be with M. Mauroy at the meeting in Edinburgh. It is however likely to be M. Chandernagor (Minister responsible for European Affairs), the French Ambassador and M. Garcia (M. Mauroy's Diplomatic Adviser).

Yours ever,

(F N Richards)  
Private Secretary

A J Coles Esq  
Private Secretary  
10 Downing Street

PRIME MINISTER

cc: Mr Coles (with enclosures)

FRANCO/BRITISH COUNCIL, 15 MAY

I attach a background note on the Franco/  
British Council Dinner (Flag A). A list of  
British and French delegates (Flag B) and the  
FCO's brief (Flag C).

*ed.*

13 May, 1982

PRIME MINISTER

FRANCO/BRITISH COUNCIL EDINBURGH, SATURDAY

15 MAY

1. On arrival at Hopetoun House you will be met by Lord and Lady Linlithgow.
2. The talks with M. Mauroy will take place in Lord and Lady Linlithgow's private quarters.
3. After the talks at 2000 hrs you will separate from M. Mauroy and be conducted in opposite directions through the public rooms of Hopetoun, to be introduced to delegates and distinguished visitors. You will be accompanied by M. Pontillon and Mr Hadley the Director of the Council. M. Mauroy will be conducted by Sir Philip de Zulueta. The aim will be to introduce mainly the French to you and the British to M. Mauroy. This walk-about will finish by 2020 hrs when it will be announced that guests should walk across to the ballroom. It may take some 20 minutes to get the 300 guests through the very narrow entrance to the ballroom and to their seats. At 2040 hrs the intention is to pipe over the small party of distinguished people who will form about one twelfth of the top table.

After the two loyal toasts at which the two National Anthems will be played M. Mauroy will speak after being introduced by Sir Philip de Zulueta. The Toast Master will then announce you. The dinner might end as late as mid-night.

Television cameras will be present through the speeches.

4. You will be sitting next to M. Mauroy and M. Pontillon.  
(Biographical details attached). *FLAG D.*

13 May, 1982



*Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

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FRANCO-BRITISH CONFERENCE EDINBURGH 14-16 MAY

BRITISH DELEGATES

Professor Eric A Ash	Head of Department of Electronic & Electrical Engineering, University College London.
Jock Bruce-Gardyne MP	Member of Parliament (Conservative) for Knutsford, Economic Secretary, H.M. Treasury.
Sir Richard Butler	President: National Farmers' Union of England and Wales. Vice President of COPA (the European Farmers' Organisation)
Mr Alastair Burnet	Senior newscaster and a director of Independent Television News. Former editor, Economist and Daily Express.
Mr Roderick Cavaliero*	British Council Officer since 1958, service in India, Brazil, Italy. Pre-Council service in Malta.
Mr F I Chapman	Chairman, Wm Collins; Chairman, Radio Clyde; Chairman, Hatchards; Chairman, Harvill Press; Director, Pan Books; Director, Book Tokens Ltd.
Mr Nicholas Colchester	Assistant editor & Foreign editor, Financial Times since 1968.
Mr Donald Dewar, MP	Member of Parliament (Labour) Glasgow, Garscadden. An Opposition spokesman on Scottish affairs.
Mr Geoffrey Drain*	General Secretary, National and Local Government Officers Association Director, Bank of England, Member, National Economic Development Council.
The Rt Hon Lord Duncan-Sandys*	<u>President of Honour</u> , Franco-British Council, former Cabinet minister and Founder of European Movement.
Baroness Elles	Vice-President, European Parliament 1975-1979 Opposition spokesman, Foreign and European Affairs House of Lords. 1979 - Member European Parliament.
Mr Fred Emery	Executive Editor (Home & Foreign) for 'The Times'

\* Member of the Franco-British Council (British Section)

*Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

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BRITISH DELEGATES

- |                              |   |
|------------------------------|---|
| Mr Matthew Evans             | Chairman, Faber & Faber; Deputy Chairman, National Book League, Member of Publishers Association Council.   |
| Baroness Ewart-Biggs         | 1971-1976 In Paris as wife of H.M. Minister British Embassy. 1976-1981 involved in community work in Northern Ireland. 1981 Entered House of Lords.     |
| Sir Derek Ezra*              | Chairman, National Coal Board.  |
| Mr Robin Farrington*         | Director, Whitbread & Company Limited.  |
| Mr Andrew Faulds, MP*        | Member of Parliament (Labour) Warley East. Shadow Minister for the Arts.  |
| Professor Christopher Foster | Director in charge of Economics & Public Policy of Coopers & Lybrand Management Consultancy Services. Visiting Professor, London School of Economics.   |
| Mr Richard Francis           | Managing Director BBC Radio since April 1982; formerly BBC Director News & Current Affairs, and Controller Northern Ireland.                            |
| Mr Michael Franklin          | Permanent Secretary, Department of Trade. (Formerly, Head of European Secretariat, Cabinet Office).   |
| Sir William Fraser           | Permanent Under-Secretary of State to Scottish Office.  |
| Mr Frank Giles               | Editor of The Sunday Times, Director of Times Newspapers Ltd.   |
| Mr David Gladstone           | Head of the Western European Department at the Foreign and Commonwealth Office.   |
| Mr Alan Goodison             | Assistant Under Secretary of State in the F.C.O. responsible on the political side for British relations with the whole of Europe.                      |
| Mr James Hadley*             | Director, Franco-British Council (British Section) Hon. Treasurer Franco-British Society; member of Management Committee of British Institute in Paris. |

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*Franco British Council* BRITISH SECTION

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BRITISH DELEGATES

Mr David Hancock	Professional civil servant since 1957, mainly in H.M. Treasury. Now Head of the European Secretariat at the Cabinet Office.
The Rt Hon Denis Healey, MP	Member of Parliament (Labour) for Leeds East. International Secretary of the Labour Party 1945-51. Secretary of State for Defence 1964-70. Chancellor of the Exchequer 1974-79.
Mr Paul Hodgson*	Head of French Language Services of the BBC.
Mrs Margaret Hook	Chairman, Institute of Directors, Scottish Division.
Mr Alistair Horne*	Author. Fellow of <u>St. Antony's College, Oxford.</u>
Mr Brian Howard*	Joint Managing Director - Marks and Spencer PLC
Lord Hunt of Tanworth	Chairman Banque Nationale de Paris PLC. Formerly Secretary of the Cabinet.
The Rt Hon Douglas Hurd, MP	Member of Parliament (Conservative) for Mid-Oxon. Minister of State, Foreign & Commonwealth Office.
Mr Clive Jenkins	General Secretary, Association of Scientific, Technical and Managerial Staffs.
Professor Douglas Johnson*	Professor of French History and Dean of the Faculty of Arts, University College, London.
Sir Arthur Knight	Non-executive director of Dunlop Holdings Ltd. Former Chairman of Courtaulds Ltd. and of the National Enterprise Board.
Professor J C Laidlaw	Professor of French, University of Aberdeen.

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*Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

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BRITISH DELEGATES

- |                           |  |
|---------------------------|--|
| Mr David Lea*             | Assistant General Secretary, Trades Union Congress.  |
| Dr J E C Macrae           | Head of Cultural Relations Dept of Foreign & Commonwealth Office; formerly Counsellor for Science and Technology, British Embassy, Paris.  |
| Dr Gavin McCrone          | Secretary, Scottish Economic Planning Department and Chief Economic Adviser, Scottish Office.  |
| Professor Donald I MacKay | Professor of Economics, Heriot-Watt University. Senior partner PEIDA, economic & planning consultants.   |
| Mr Tom McNally, MP*       | Member of Parliament (SDP) for Stockport South. Former political adviser to Prime Minister 1976-79.  |
| Mr David Mellor, MP       | Member of Parliament (Conservative) Putney Parliamentary Under-Secretary of State for Energy.  |
| Sir Anthony Meyer, MP*    | Member of Parliament (Conservative) for West Flint. Chairman, Franco-British Parliamentary Relations Group.  |
| Dr Roger Morgan           | Head, European Centre for Political Studies, London. Researcher, author and broadcaster on European questions; formerly University Professor and Deputy Director of Studies, Royal Institute of International Affairs. |
| Mrs Sara Morrison         | Director of The General Electric Co., Abbey National Building Society, IBA Fourth Channel Co., and The Imperial Group. Also Chairman of the National Council for the Employment of Disabled People.                    |
| Mr George Moseley         | Permanent Secretary, Department of the Environment.  |
| Sir Michael Palliser      | Former Permanent Under Secretary of State, Foreign and Commonwealth Office. British Embassy Paris 1956-60 and 1969-71.   |
| Mr G M E Paulson*         | Former H.M. Consul General in Nice.  |
| Mrs Hella Pick            | East-West Affairs correspondent, "The Guardian" Former correspondent at the U.N., Washington, E.E.C.   |

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BRITISH DELEGATES

The Rt Hon Lord Polwarth*	Director and Former Governor, Bank of Scotland. Former Minister of State for Scotland.
Mr Patrick Ramsay	Controller, BBC Scotland.
Mr Edward Rayne*	Chairman & Managing Director, H & M Rayne Ltd. Director, Debenhams Limited. Member of Export Council for Europe 1962-71 and European Trade Committee 1972-
Mr Peter Rees, MP	Member of Parliament (Conservative) for Dover and Deal. Minister for Trade, Dept. of Trade.
Sir Patrick Reilly	H.M. Ambassador in Moscow 1957-60 and in Paris 1965-68. Chairman, Banque Nationale de Paris Ltd. 1969-80. Former President, London Chamber of Commerce & Industry.
The Viscount Ridley	Chairman, Northumberland County Council 1967-1979. President, Association of County Councils 1979-
Mr Bryan Rigby	Deputy Director-General, Confederation of British Industry. Member of British Overseas Trade Board.
Mr Thomas N Risk	Governor, Bank of Scotland.
Mr Lewis Robertson	Chairman, F H Lloyd Holdings plc (Steel founders & producers) formerly Chief Executive, Scottish Development Agency.
Mr John Roper, MP*	Member of Parliament (SDP) for Farnworth (Greater Manchester). Chief Whip Social Democratic Party, House of Commons.
Mrs Jane Small	Secretary, Franco-British Council, British Section

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BRITISH DELEGATES

- |                            |  |
|----------------------------|--|
| The Rt Hon David Steel, MP | Member of Parliament (Liberal) for Roxburgh, Selkirk & Peebles. Leader of the Liberal Party. Rector of the University of Edinburgh.  |
| Mr Robert Stephens         | Diplomatic correspondent and Foreign Editor of "The Observer". Author.   |
| The Lord Strabolgi*        | Member of Labour Government, 1974-79. Opposition Arts Spokesman, House of Lords, since 1981.   |
| Sir James Swaffield        | Director-General, Greater London Council. Local Government work has included regular attendance at CLRAE (Council of Europe).  |
| Lord Thomas of Swynnerton  | Chairman, Centre for Policy Studies. Hugh Thomas, author.  |
| Lord Thomson of Monifieth* | Chairman, Independent Broadcasting Authority; former Chairman, Franco-British Council; former EEC Commissioner and Cabinet Minister.   |
| Sir Charles Villiers       | Chairman, BSC (Industry) Limited. BSC (Industry) is a subsidiary company of the British Steel Corporation for bringing new business to the steel closure sites.                          |
| Mr David Watt              | Director, Royal Institute for International Affairs; Times columnist.  |
| Mrs Patricia Williams      | Editorial Director (History & Social Sciences) Cambridge University Press. Responsible for establishing the joint publishing programme with the Maison des Sciences de l'Homme in Paris. |
| Mr Gordon Wilson, MP       | Member of Parliament (SNP) for Dundee East. Chairman of Scottish National Party.   |
| Lord Windlesham            | Former Managing Director of ATV. Director, "The Observer".   |
| Mr Peregrine Worsthorne    | Associate Editor "The Sunday Telegraph"  |

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BRITISH DELEGATES

The Rt Hon George Younger, MP	Member of Parliament (Conservative) for Ayr. Secretary of State for Scotland.
Sir Philip de Zulueta*	Chairman, Antony Gibbs Holdings Ltd. Former Diplomat and Private Secretary to Prime Minister 1955-63.

In Attendance

Mr Nicholas Armour	French desk, Foreign & Commonwealth Office
Mr Alan Barkley	British Linen Bank
M. Jean-Pierre Gourdon	Political attaché, French Embassy, London

\* Member of the Franco-British Council (British Section)

PARTICIPANTS FRANÇAIS ( 3 MAI 1982)

Maurice ALLEGRE	Directeur du Développement scientifique et technologique et de l'Innovation, Ministère de la Recherche et de la Technologie
Jacques ANDREANI	Directeur des Affaires politiques, Ministère des Relations extérieures
Jean d'ARCY	Président du syndicat national de la vidéo-communication, Président de "International Institute of Communications".
Francis BALLE	Directeur de l'Institut français de presse et des sciences de l'information, Université de droit, d'économie et de sciences sociales de Paris.
François BEDARIDA	Directeur de recherche au CNRS, Directeur de l'Institut d'Histoire du Temps Présent (CNRS)
Pierre BERES	Directeur des Editions Hermann
Jacqueline BEYIOUT	Président-directeur général "Les Echos"
François BILLETDOUX	Président de la Société des Gens de Lettres de France
Henry BORDES-PAGES	Délégué National chargé des questions internationale à la Confédération française de l'encadrement CGC
Michel BOSCHER *	Commissaire-priseur, ancien Député
Raymond BOURGINE	Sénateur de Paris-adjoint au Maire de Paris (CNIP, Centre National des Indépendants et Paysans), Président-directeur général de la Compagnie français de journaux
Christian BOURGOIS	Président-directeur général des Editions Christian Bourgois 10/18. Editeur de Stevenson, Dickens, Kirling, Austen, Eliot, Huxley, Waugh, etc...
Jean-Pierre BOUYSSONNIE	Président de Thomson-CSF
Guy BRAIBANT	Chargé de mission auprès du Ministre d'Etat, Ministre des Transports. Conseiller d'Etat
André CELARIE	Journaliste, correspondant de TFI à Londres
André CHANDERNAGOR	Ministre Délégué auprès du Ministre des Relations Extérieures, chargé des Affaires Européennes
Michel CHARZAT	Député de Paris (S), Président du groupe parlementaire d'étude de la science et de la technologie, membre de la commission permanente des finances et de l'économie de l'Assemblée Nationale, rapporteur de la loi sur la nationalisation

+ membres du Conseil franco-britannique, section française

Jacques CHAUMONT	Sénateur de la Sarthe (RPR), 1er vice-président du Conseil général de la Sarthe, Conseiller général
Adolphe CHAUVIN*	Sénateur du Val d'Oise (UCDP, Union centriste des Démocrates de Progrès) Président du groupe d'amitié France-Grande-Bretagne du Sénat
Henri CORSON	Directeur général de l'Office National Inter-professionnel des Céréales (ONIC), Conseiller auprès du Premier Ministre
Jean COSSON	Conseiller à la Cour de Cassation. Professeur de Droit pénal des Affaires, Doctorat, Université de Paris I (Sorbonne)
Michèle COTTA	Président-directeur général de Radio-France
Geoffroy de COURCEL*	Ambassadeur de France, Ancien Secrétaire général du Ministère des Affaires Etrangères, Ambassadeur de France à Londres (1962-1972), Président de l'association France-Grande-Bretagne
Fernand COUSTEAUX	Rédacteur en chef de "La Dépêche du Midi". Vice-Président de l'Association régionale Presse, Enseignement, Jeunesse
François CROUZET*	Professeur d'histoire de l'Europe du Nord à l'université de Paris-Sorbonne, Directeur du Centre de Recherches sur la civilisation de l'Europe moderne
Jean DANIEL	Directeur, Le Nouvel Observateur
Jacques DARMON	Directeur délégué à la Société Tomson-CSF
Philippe DAUDY*	Ecrivain
Alain DAUVERGNE	Collaborateur du journal Le Point, chargé des affaires européennes
Jean DEFLASSIEUX	Administrateur général du Crédit Lyonnais
Bernard DELAPALME	Directeur Recherche, Développement et Innovation de la Société Nationale Elf Aquitaine
Henry DELISLE*	Député, Conseiller Général, Maire de Mézidon-Canon Président du groupe d'amitié France-Grande-Bretagne à l'Assemblée Nationale
Dominique DENISET	Assistante du secrétaire du Conseil franco-britannique, section française
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Sabine DIDELOT*	Chargée de mission à l'Agence de l'Informatique, Secrétaire de la section française du Conseil
Jean DROMER*	Président-directeur général de la Banque Internationale pour l'Afrique Occidentale, Trésorier de la section française

\* membres du Conseil franco-britannique, section française

Bertrand DUFOURCQ	Directeur d'Europe, Ministère des Relations extérieures
Gaston ESPINASSE	Directeur général de l'Office d'Annonces (O.D'A) filiale du groupe Havas chargée de la régie de la publicité dans les annuaires officiels des abonnés au téléphone
Pierre ESTEVA	Président de l'Union des Assurances de Paris
Danièle EYQUEM	Directrice de l'AFP à Londres
Michel FAU	Président du Centre National des Jeunes Agriculteurs (CNJA)
André FONTAINE	Rédacteur en chef, Le Monde
Jean-Pierre FOURCADE	Ancien Ministre, Sénateur des Hauts-de-Seine (UREI, Union des Républicains et des Indépendants), Conseiller Général, Maire de Saint-Cloud
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Stéphane HESSEL	Ambassadeur de France, délégué interministériel pour les questions de coopération et de développement auprès du Premier Ministre
Paulette HOFMAN	Membre du Conseil économique et social, secrétaire confédéral Force Ouvrière
André JEANSON	
Pierre JOXE	Député de Saône-et-Loire (S), Président du Conseil Régional de Bourgogne
Jean-Luc LAGARDERE	Président-directeur général de Matra
Antoine LAVAL	Vice-Président du Comité économique et social des Communautés Européennes, chargé de mission auprès du Président du Conseil économique et social
Jean-François LEMOINE	Directeur général de Sud-Ouest
Joël LE TAC	Président de l'Institut National de l'Audiovisuel
Roland du LUART	Sénateur de la Sarthe (liste des sénateurs n'appartenant à aucun groupe), Secrétaire du bureau du Sénat, Vice-Président du Conseil général de la Sarthe
Marc MAINDRAULT	Chef de Service à la Direction des relations économiques internationales du CNPF

Christian MARBACH	Directeur général de l'Agence Nationale de Valorisation de la Recherche (ANVAR)
Jean MARIN*	Ancien Président-directeur général de l'Agence France Presse
André MILLER	Président d'Amrep
Jacques MITTERRAND	Président de la Société Nationale Industrielle Aérospatiale (SNIAS)
Jérôme MONOD*	Président de la Société Lyonnaise des Eaux et de l'Eclairage, Président du centre français du commerce extérieur
Georges PEBEREAU	Directeur général de la Compagnie Générale d'Electricité. Administrateur-directeur général de la Cie industrielle des Télécommunications Cit-Alcatel
Michel PECQUEUR	Administrateur général du Commissariat à l'Energie Atomique
Henri PIGEAT	Président-directeur général de l'Agence France Presse
Hervé PINET*	Directeur général de Paribas International
Robert PONTILLON*	Sénateur des Hauts-de-Seine, Conseiller général, Maire de Suresnes, Président du Conseil franco-britannique, section française
Jean-François REVEL	Ecrivain
Alain RICHARD	Député du Val d'Oise (S), Vice-Président de la commission des lois
Pierre RICHARD	Directeur général des Collectivités locales au Ministère de l'Intérieur et de la Décentralisation
Jacques RIGAUD	Administrateur délégué de la Compagnie Luxembourgeoise de Télédiffusion, Conseiller d'Etat, Président du Musée d'Orsay
Michel ROCARD	Ministre d'Etat, Ministre du Plan et de l'Aménagement du Territoire
Robert SCHMELCK	Premier Président de la Cour de Cassation, ancien Président du comité européen pour les problèmes criminels au Conseil de l'Europe, membre de la Cour permanente d'arbitrage de La Haye

\* membres du Conseil franco-britannique, section française

.../...

Christian STOFFAES	Chef du Centre d'Etudes et de Prévision, Ministère de l'Industrie
Michel SUCHOD	Député de la Dordogne (S), Conseiller des Affaires Etrangères
Michel TARDIEU	Directeur de la Rédaction, Le Nouvel Economiste
Georges TAYLOR	Président de l'Union des annonceurs, Conseiller aux affaires internationales de Peugeot S.A.
Jacques THIBAU	Directeur général des Relations Culturelles et Techniques, Ministère des Relations Extérieures
Guy THOMAS	Président de France Régions FR3
Gabriel VENTEJOL	Président du Conseil Economique et Social
Alain VERNAY	Directeur du supplément économique et financier de Figaro
Robert-André VIVIEN	Ancien Ministre, Député du Val de Marne (RPR) Conseiller régional d'Ile de France. Vice-président de l'intergroupe d'étude de l'information de l'Assemblée Nationale

OBSERVATEURS

S.E. M. Emmanuel JACQUIN DE MARGERIE	Ambassadeur de France en Grande-Bretagne
Jean-Pierre GOURDON	Second Conseiller à l'Ambassade de France à Londres
Isabelle COSTA DE BEAUREGARD	Secrétaire adjoint des Affaires Etrangères, Direction Europe, sous-direction Europe Occidentale, Ministère des Relations Extérieures
Philippe PELTIER	Directeur du Cabinet du Ministre Délégué auprès du Ministre des Relations Extérieures, chargé des Affaires Européennes, M. André Chandernagor

MEETINGS BETWEEN THE PRIME MINISTER AND THE FRENCH  
PRESIDENT AND PRIME MINISTER: 15 AND 17 MAY 1982

STEERING BRIEF

BRIEF BY FOREIGN AND COMMONWEALTH OFFICE

#### INTRODUCTION

1. The Prime Minister will be seeing M. Mauroy and President Mitterrand within two days of each other. Originally, M. Mauroy was to have travelled to London on 17 May following the Edinburgh Conference for talks and lunch with the Prime Minister, but has changed his plans since President Mitterrand decided that he himself wished to visit London on 17 May. Accordingly, the Prime Minister will have an hour's discussion with M. Mauroy in Edinburgh before the dinner of the Franco-British Council at which both the Prime Ministers will speak.

2. Outline agendas have been agreed with the French for both meetings. Broadly, the Prime Minister will discuss bilateral and domestic issues with M. Mauroy; and with President Mitterrand the Versailles Summit, Community and international issues.

#### OBJECTIVES

3. British objectives at both meetings will be impress on the French the strength of our commitment to securing just and durable solutions to the problems of the Falkland Islands and of the European Community. We shall wish to seek continuing French support for such measures as we find ourselves obliged to take versus Argentina; at the same time we shall wish to head off a damaging clash with the

/French

French over EC farm prices and the community budget.

4. For his part, President Mitterrand will probably be thinking mainly about the arrangements for the Versailles Summit, to which the French Government attach very great importance; having just seen Chancellor Schmidt in Hamburg (on 14/15 May) he may also try to dictate a solution to the present Community problems on the basis of an agreed Franco/German line. On the Falkland Islands he will be mainly concerned to learn more about HMG's longer term objectives.

5. M. Mauroy, whose constituency is in Lille, may lay particular stress on the need to build a Channel Fixed Link without too much delay. He will also probably wish to discuss the domestic economic situations in Britain and France.

#### STRATEGY AND TACTICS

6. In both meetings, the Prime Minister will wish to take advantage of playing host by leading off on our own chosen subjects. With President Mitterrand, she will wish to give a full exposition of HMG's longer term strategy for resolving the Falklands crisis, given the common Anglo-French interest in discouraging other powers from pursuing territorial claims by means of force. She could express the hope that the French Government will help to keep EC waverers - especially Italy, but also to an extent the FRG - up to the mark. It would be helpful in this context to stress the extent of UK/US collaboration since President Mitterrand is likely to be influenced by US thinking.

7. The Prime Minister may then wish to introduce tenacious EC topics herself via an expression of her gratitude for the French role in securing continuation of the EC import ban on goods from Argentina (if appropriate). She could go on to

/affirm

affirm HMG's dedication to the pursuit of fair and durable solutions to the EC budget problem in accordance with EC rules and principles. Finally, she could invite President Mitterrand to explain his plans for the Versailles Summit, while expressing the hope that an occasion could be found to put across privately to the Japanese an unmistakeable warning about the consequences for EC/Japanese relations if there is no modification of Japanese trading and/or macro-economic policies.

8. With M. Mauroy, the Prime Minister may wish to lead off with an account of HMG's economic policies and invite in return an explanation of French policies. She could then turn to bilateral industrial projects of interest to the UK (see briefs ... and ...) before allowing M. Mauroy to embark on the Channel Fixed Link. *There may be scope thereafter for some discussion of Community issues.*

## PROGRAMME

a) Prime Minister/M. Mauroy

M. Mauroy will arrive in Edinburgh at 1400 hours. He will have an hour's discussion with the Prime Minister at 1900 before they both go to the dinner organised by the Franco-British Council at Hopetoun, at which they will both be delivering speeches. The Prime Minister will fly back to London after dinner, while M. Mauroy will spend the night in Edinburgh, returning to Paris the following day.

b) Prime Minister/President Mitterrand

The French President will fly to Northolt at approximately ~~1800~~ hours on 17 May, arriving at No 10 Downing Street in time for talks at . . . . The President will leave after lunch.

MEETINGS BETWEEN THE PRIME MINISTER AND FRENCH PRESIDENT AND  
PRIME MINISTER

## STEERING BRIEF

## BRIEF BY FOREIGN AND COMMONWEALTH OFFICE

## INTRODUCTION

1. The Prime Minister will be seeing M Mauroy and President Mitterrand within two days of each other. The Prime Minister will have an hour's discussion with M Mauroy in Edinburgh before the dinner of the Franco-British Council at which both the Prime Ministers will speak. M Mauroy will join President Mitterrand for the talks at No 10 on 17 May.
2. Outline agendas have been agreed with the French for both meetings. Broadly, the Prime Minister will discuss bilateral and domestic issues with M Mauroy; and with President Mitterrand the Versailles Summit, Community and international issues.

## OBJECTIVES

3. British objectives at both meetings will be to impress on the French our determination to secure Argentine compliance with SCR 502 on the Falklands and to achieve a settlement of outstanding European Community problems. We shall wish to seek continuing French endorsement for our policy towards Argentina including the maintenance of Community supporting measures for as long as necessary; and to persuade the French of the need for serious negotiations on the Budget with a view to resolving soon the

/increasingly



increasingly serious difficulties on this and on agricultural prices. If time allows, we should also try to put across UK views on the NATO Summit, and endorse the objective of enhanced bilateral defence cooperation.

4. For his part, President Mitterrand will probably be thinking mainly about the arrangements for the Versailles Summit, to which the French Government attach very great importance. Having just seen Chancellor Schmidt in Hamburg (on 14/15 May), he will certainly urge us to break the link we are maintaining with the agricultural price settlement and he may urge us to accept something like the present offer on the Community Budget, perhaps on the lines of the proposal by Messrs Thorn and Tindemans for a one year solution based on a lump-sum refund of 800 million ECU. On the Falkland Islands he will be mainly concerned to learn more about HMG's long-term objectives and may wish to trade solidarity with us over the Falklands for UK 'solidarity' in the Community context. M Mauroy, whose constituency is in Lille, may lay particular stress on the Channel Fixed Link: his line is likely to be that further studies, notably on financing, are needed before the two Governments reach any final decision. He is also keen to touch on other collaborative projects. He wishes to discuss the domestic economic situations in Britain and France.

#### STRATEGY AND TACTICS

5. In both meetings the Prime Minister will wish to take advantage of playing host by leading off on our own chosen subjects. With President Mitterrand it would be advantageous to start with the Falklands. She will wish to give a full exposition of HMG's strategy for resolving the Falklands crisis, given the common Anglo-French interest in deterring the pursuit of territorial

claims by means of force. She could express the hope that the French Government will help to keep EC waverers - especially Italy, but also to an extent the FRG - up to the mark. Although the French are evidently less upset by casualties than some others, President Mitterrand also has a public opinion whom he will want to reassure about our commitment to a negotiated solution. It would be helpful in this context to stress the extent of UK/US collaboration since President Mitterrand is likely to be influenced by US thinking. The Prime Minister will, as appropriate, wish to express her gratitude for the French role in securing continuation of the EC import ban on goods from Argentina.

6. This could lead on to the EC Budget problem. The Prime Minister will want to express our concern at the lack of progress so far and our keenness to get into serious negotiations, which have been frustrated so far by our partners' refusal to move from an offer which we could not possibly accept. She will want to explain to President Mitterrand that we fully understand France's interest in getting an agricultural settlement which meets her needs and have no wish to prevent such a settlement, even though it will add substantially to our budget contribution. We have, for example, made it clear that we will accept measures for small milk producers, which President Mitterrand said at the November European Council were essential for him. What is essential for us, as the Prime Minister made clear in November, is that there should at the same time be a budget settlement at an equitable level. We believe that these interests can be reconciled and we are determined to find a way of doing so. Meanwhile, this raises very important issues for us and this is why we have exercised our right under the Luxembourg compromise to oppose the Presidency's proposal

for a majority vote and will continue to do so. And we hope that France, which was originally responsible for the compromise, will firmly resist any suggestion by other Member States that it be over-ruled or got round in other ways. Finally, the Prime Minister will want to make clear our wish to achieve a lasting solution over a number of years rather than the one year ideas such as Thorn and Tindemans are now proposing. This would be very bad for the Community, which would continue to be plagued by this divisive issue; we must get this question resolved for a reasonable period so that the Community can devote its attention to other matters.

7. The Prime Minister could then invite President Mitterrand to explain his plans for the Versailles Summit, emphasising that we share his concern for frank and direct exchanges with minimum bureaucracy. We hope that an occasion can be found to put across privately to the Japanese the warning that President Mitterrand conveyed during his visit to Tokyo in April about the consequences for EC/Japanese relations if there is no modification of Japanese trading and/or macro-economic policies.

8. If time allows, it would be appropriate for the Prime Minister to underline our hope that the NATO Summit will reaffirm the Alliance's political solidarity, and to welcome President Reagan's announcement of a proposal for the opening of START. The Prime Minister may also wish to say how encouraged we were by the French Defence Minister's meeting with Mr Nott in early April concerning the prospects for bilateral defence collaboration (and trilateral with the Germans). We hope that Mr Hernu's encouraging message can be followed up swiftly.

9. With M Mauroy, the Prime Minister may wish to lead off with an account of HMG's economic policies and invite in return an explanation of French policies. She could then turn to bilateral industrial projects of interest to the UK. This would include Space, where the Prime Minister could welcome collaboration in the stretched European Communications Satellite and underline the increased UK contribution to the Ariance project. This would strike a positive note before any discussion on the Channel Fixed Link. If time allows, the Prime Minister may also wish to express our interest in a mutually satisfactory outcome to the Concorde problem, including the cost-sharing issue, but the subject need not be pressed if the atmosphere is not propitious.

10. On the Falklands and the Community budget, the Prime Minister will want to convey to M Mauroy the same message as to President Mitterrand. The meeting will take place the same afternoon as the Political Committee and COREPER are meeting in Brussels to take a decision on renewal of the import embargo. If no agreement can be reached there will be a special Council of Ministers the following day. The Prime Minister could therefore impress on M Mauroy the importance we attach to renewal of the embargo. On the Community Budget the Prime Minister may also wish to explain in general terms the UK's position. If time permits, she could also express continuing concern about the lack of progress on liberalisation of insurance.

## PROGRAMME

(a) Prime Minister/M Mauroy

M Mauroy will arrive at Edinburgh at 1400 hours. He will have an hour's discussion with the Prime Minister at 1900 before



they both go to the dinner organised by the Franco-British Council at Hopetoun, at which they will both be delivering speeches. The Prime Minister will fly back to London after dinner, while M Mauroy will spend the night in Edinburgh, travelling down to London the following day.

(b) Prime Minister/President Mitterrand

The French President will arrive at Northolt at 1130 hours on 17 May, for talks beginning at No 10 Downing Street at 12 noon. M Mauroy will also be present. The President and the Prime Minister will leave after lunch.

Annexed to this Steering Brief are:

- A Agendas for the two meetings.
- B List of Briefs
- C Notes on the Franco-British Council Conference.
- D Personality Notes
- E Basic Statistics on France



## AGENDAS

Monsieur Mauroy (15 May)

1. UK and French domestic economies
2. Bilateral Collaboration
  - aero-engines
  - fast breeder reactors
  - and other collaborative projects
3. Community Issues (including Argentine sanctions renewal)

President Mitterrand (17 May)

1. Falkland Islands
2. Community Issues (particularly 30 May Mandate)
3. International economic situation and Versailles Summit

## LIST OF BRIEFS

<u>Brief No.</u>	<u>Title</u>
1 and 2 (combined)	Versailles Summit (including International Economic Situation)
3	Community Issues (a) 30 May Mandate and CAP Prices (b) Insurance Directive (c) Common Fisheries Policy
4	Falkland Islands (a) Political/military developments (b) EC measures
5	NATO Summit and defence/arms control issues
6	East/West relations
7	Arab/Israel
8	UK economy
9	French economy
10	Aero-engine collaboration
11	Concorde
12 (two briefs)	Channel Fixed Link
13	Fast breeder reactors
14	Other bilateral issues (a) Anglo-French collaboration on space (b) European telecommunications satellite organisation (c) Rating of French cultural premises (d) European transonic wind tunnel
15	French political scene

FRANCO-BRITISH COUNCIL CONFERENCE: SATURDAY, 15 MAY

Administrative Arrangements

1. Mrs Thatcher is leaving Perth at 1250 in order to reach RAF Turnhouse shortly before M. Mauroy arrives at 1400. The greeting party will meet M. Mauroy on the tarmac and then return to the VIP lounge for about five minutes. Mrs Thatcher will then go to Bute House to spend the afternoon working. She will need to leave for Hopetoun House at 1830 for her talks there with M. Mauroy at 1900. (He will meanwhile have visited an exhibition and given a reception on board a French frigate.) At about - but not later than - 2000 the two Prime Ministers join the Council Reception before going into dinner at 2030. After dinner, Mrs Thatcher will return to London while M. Mauroy stays on for an extra day in Scotland as a guest of HM Government. A copy of the full Conference programme is attached.

Guests at the Dinner

2. Lists of the British and French delegates are attached. Other guests will include the Earl and Countess of Mansfield, Lord and Lady Emslie, Lord and Lady Cameron, the Marquess of Lansdowne, Sir William McEwan Younger and Sir Robin Philipson. At dinner, Mrs Thatcher will have on her right M. Mauroy then Sir Philip de Zulueta, Mme de Margerie, Mr Douglas Hurd and Mme Pontillon. On her left will be Senator Pontillon, Mr George Younger, Lady de Zulueta and M. de Margerie.

/Aims



### Aims and Structure of the Council

3. The FBC was established by the French and British governments - and funded by them - after HM The Queen's State Visit to France in May 1972. Its aim is to bring about contacts at the highest level between the two countries in the political, economic, cultural and scientific fields. To this end, weekend seminars are held twice a year, alternatively in France and Britain, to discuss particular aspects of the Franco-British relationship in these spheres. The FBC also sponsors a variety of other activities, which have included support for the Whitbread-Laurent Perrier Award for the most useful contribution towards Franco-British understanding, a joint history of the two countries etc.

4. The Council is divided into British and French sections, each with its own Chairman. They work closely together on the joint activities. The British Section has an almost full-time director (Mr James Hadley) and a secretary.

### Bordeaux

5. The Bordeaux Conference in September 1980 was the first to be organised by the Franco-British Council. The Edinburgh Conference has been organised on similar lines. Both Prime Ministers addressed a dinner then. Copies of the speeches are attached.

6. Bordeaux put a new spirit into Franco-British relations and Edinburgh will be a valuable occasion to build on this spirit after the changes of government in France. The tangible results of Bordeaux have been less evident as yet but useful ideas were expressed and some have been followed up.

PROGRAMME

FRANCO-BRITISH CONFERENCE

EDINBURGH 14-16 MAY 1982

FRIDAY 14 MAY 1982

- 11.10 British delegates arrive. Edinburgh Airport  
11.30 French delegates arrive Edinburgh Airport  
Coaches to Caledonian Hotel  
12.30 Opening Reception and Luncheon given by  
the Scottish clearing banks at the  
Caledonian Hotel.  
15.00 Coaches depart for Parliament House  
15.20 Coaches arrive Parliament House  
15.45 Opening Plenary Session - Parliament Hall  
17.00 Close of Session  
17.15 Coaches depart for Caledonian Hotel  
18.30 Coaches leave Caledonian Hotel for  
Edinburgh Castle (transfer to mini-buses  
at Castle Esplanade).  
19.00 Government Reception in Great Hall,  
Edinburgh Castle: Host: The Lord Advocate  
20.30 Mini-buses leave for Signet Library  
20.45 Civic dinner given by The Lord Provost  
and Members of Council of the City of Edinburgh  
23.30 Coaches depart for Caledonian Hotel

SATURDAY 15 MAY 1982

- 07.30 Breakfast, Caledonian Hotel  
08.20 Coaches leave for Parliament House  
09.00 Start of Committee Sessions  
10.30 Coffee - Lower Signet Library  
11.00 Resumption of Committee Sessions  
12.30 Luncheon - Upper Signet Library  
14.00 Resumption of Committee Sessions  
15.30 Tea - Lower Signet Library  
15.45 Resumption of Committee Sessions  
17.00 Coaches depart for Caledonian Hotel  
19.00 Coaches depart Caledonian Hotel for Hopetoun House  
19.30 Council Reception and Dinner for The Rt Hon Mrs Margaret Thatcher MP  
and Monsieur Pierre Mauroy at Hopetoun House.  
23.30 Coaches return to Caledonian Hotel

SUNDAY 16 MAY 1982

- 07.30 Breakfast, Caledonian Hotel  
08.30 Coaches depart for Parliament House (all luggage to be stored  
in coaches).  
09.00 Closing Plenary Session - Parliament Hall  
10.00 Coach for ladies leaves Caledonian Hotel for Parliament House  
10.30 Procession of Clergy, Jurists, Councillors to St Giles Cathedral  
11.00 Resumption of Closing Plenary Session  
12.00 Coaches leave for Prestonfield House Hotel from George IV Bridge  
12.30 Farewell Reception and Luncheon at Prestonfield House Hotel  
15.15 Coaches depart for Edinburgh Airport.

PARTICIPANTS FRANÇAIS ( 3 MAI 1982)

Maurice ALLEGRE

Directeur du Développement scientifique et technologique et de l'Innovation, Ministère de la Recherche et de la Technologie

Jean d'ARCY

Président du syndicat national de la vidéo-communication, Président de "International Institute of Communications".

François BEDARIDA

Directeur de recherche au CNRS, Directeur de l'Institut d'Histoire du Temps Présent (CNRS)

Pierre BERES

Directeur des Editions Hermann

Jacqueline BEYTOUT

Président-directeur général "Les Echos"

François BILLETDOUX

Président de la Société des Gens de Lettres de France

Henry BORDES-PAGES

Délégué National chargé des questions internationales à la Confédération française de l'encadrement CGC

Michel BOSCHER \*

Commissaire-priseur, ancien Député

Raymond BOURGINE

Sénateur de Paris-adjoint au Maire de Paris (CNIP, Centre National des Indépendants et Paysans), Président-directeur général de la Compagnie française de journaux

Christian BOURGOIS

Président-directeur général des Editions Christian Bourgois 10/18. Editeur de Stevenson, Dickens, Kirling, Austen, Eliot, Huxley, Waugh, etc...

Guy BRAIBANT

Chargé de mission auprès du Ministre d'Etat, Ministre des Transports. Conseiller d'Etat

André CELARIE

Journaliste, correspondant de TFI à Londres

André CHANDERNAGOR

Ministre Délégué auprès du Ministre des Relations Extérieures, chargé des Affaires Européennes

Jacques CHAUMONT	Sénateur de la Sarthe (RPR), 1er vice-président Conseil général de la Sarthe, Conseiller général
Adolphe CHAUVIN*	Sénateur du Val d'Oise (UCDP, Union centriste de Démocrates de Progrès), Président du groupe d'amis France-Grande-Bretagne du Sénat
Rémy CHEVRILLON	Directeur à la Compagnie Générale d'Electricité
Henri CORSON	Directeur général de l'Office National Inter- professionnel des Céréales (ONIC), Conseiller aux du Premier Ministre
Jean COSSON	Conseiller à la Cour de Cassation. Professeur de Droit pénal des Affaires, Doctorat, Université de Paris I (Sorbonne)
Michèle COTTA	Président-directeur général de Radio-France
Geoffroy de COURCEL*	Ambassadeur de France, Ancien Secrétaire général du Ministère des Affaires Etrangères, Ambassadeur de France à Londres (1962-1972), Président de l'association France-Grande-Bretagne
Fernand COUSTEAUX	Rédacteur en chef de "La Dépêche du Midi". Vice- Président de l'Association régionale Presse, Enseignement, Jeunesse
François CROUZET*	Professeur d'histoire de l'Europe du Nord à l'univer- sité de Paris-Sorbonne, Directeur du Centre de Recherches sur la civilisation de l'Europe moderne
Jean DANIEL	Directeur, Le Nouvel Observateur
Jacques DARYON	Directeur délégué à la Société Tomson-CSF
Philippe DAUDY*	Ecrivain
Alain DAUVERGNE	Collaborateur du journal Le Point, chargé des affaires européennes
Jean DEFLASSIEUX	Administrateur général du Crédit Lyonnais
Bernard DELAPALME	Directeur Recherche, Développement et Innovation de la Société Nationale Elf Aquitaine
Henry DELJISLE*	Député, Conseiller Général, Maire de Mézidon-Canon Président du groupe d'amitié France-Grande-Bretagne à l'Assemblée Nationale
Dominique DENISET	Assistante du secrétaire du Conseil franco- britannique, section française
Pierre DESGRAUPES	Président-directeur général d'Antenne 2
Sabine DIDELOT*	Chargée de mission à l'Agence de l'Informatique, Secrétaire de la section française du Conseil
Jean DROMER*	Président-directeur général de la Banque Interna- tionale pour l'Afrique Occidentale, Trésorier de la section française

\* membres du Conseil franco-britannique, section française

.../...

Bertrand DUFOURCQ	Directeur d'Europe, Ministère des Relations extérieures
Gaston ESPINASSE	Directeur général de l'Office d'Annonces (O.D'A) filiale du groupe Havas chargée de la régie de la publicité dans les annuaires officiels des abonnés au téléphone
Pierre ESTEVA	Président de l'Union des Assurances de Paris
Danièle EYQUEM	Directrice de l'AFP à Londres
Michel FAU	Président du Centre National des Jeunes Agriculteurs (CNJA)
André FONTAINE	Rédacteur en chef, Le Monde
Jean-Pierre FOURCADE	Ancien Ministre, Sénateur des Hauts-de-Seine (UREI, Union des Républicains et des Indépendants), Conseiller Général, Maire de Saint-Cloud
Claude FREJACQUES	Membre de l'Institut, Président du Centre National de la Recherche Scientifique
Marius-François GUYARD*	Professeur à l'Université de Paris-Sorbonne, ancien Recteur de l'Académie de Lyon
Stéphane HESSEL	Ambassadeur de France, délégué interministériel pour les questions de coopération et de développement auprès du Premier Ministre
Paulette HOFMAN	Membre du Conseil économique et social, secrétaire confédéral Force Ouvrière
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Jean-François LEMOINE	Directeur général de Sud-Ouest
Joël LE TAC	Président de l'Institut National de l'Audiovisuel
Roland du LUART	Sénateur de la Sarthe (liste des sénateurs n'appartenant à aucun groupe), Secrétaire du bureau du Sénat, Vice-Président du Conseil général de la Sarthe
Marc MAINDRAULT	Chef de Service à la Direction des relations économiques internationales du CNPF

\* membres du Conseil franco-britannique, section française

.../...

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Robert-André Vivien	Ancien Ministre, Député du Val de Marne (RPR) Conseiller régional d'Ile de France. Vice Président de l'intergroupe d'étude de l'information de l'Assemblée Nationale.

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George TAYLOR

14-16 Mai 1982

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14-16 Mai 1982

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Guy THOMAS

Robert-André VIVIEN

# *Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

2 Clarendon Close London W2 2NS Telephone 01-262 8959

## FRANCO-BRITISH CONFERENCE EDINBURGH 14-16 MAY

### BRITISH DELEGATES

- |                                |   |
|--------------------------------|---|
| Professor Eric A Ash           | Head of Department of Electronic & Electrical Engineering, University College London.   |
| Jock Bruce-Gardyne MP          | Member of Parliament (Conservative) for Knutsford, Economic Secretary, H.M. Treasury.   |
| Sir Richard Butler             | President: National Farmers' Union of England and Wales. Vice President of COPA (the European Farmers' Organisation)                                |
| Mr Alastair Burnet             | Senior newscaster and a director of Independent Television News. Former editor, Economist and Daily Express.  |
| Mr Roderick Cavaliero*         | British Council Officer since 1958, service in India, Brazil, Italy. Pre-Council service in Malta.  |
| Mr F I Chapman                 | Chairman, Wm Collins; Chairman, Radio Clyde; Chairman, Hatchards; Chairman, Harvill Press; Director, Pan Books; Director, Book Tokens Ltd.          |
| Mr Nicholas Colchester         | Assistant editor & Foreign editor, Financial Times since 1968.  |
| Mr Donald Dewar, MP            | Member of Parliament (Labour) Glasgow, Garscadden. An Opposition spokesman on Scottish affairs.   |
| Mr Geoffrey Drain*             | General Secretary, National and Local Government Officers Association Director, Bank of England, Member, National Economic Development Council.     |
| The Rt Hon Lord Duncan-Sandys* | President of Honour, Franco-British Council, former Cabinet minister and Founder of European Movement.  |
| Baroness Elles                 | Vice-President, European Parliament 1975-1979 Opposition spokesman, Foreign and European Affairs House of Lords. 1979 - Member European Parliament. |
| Mr Fred Emery                  | Executive Editor (Home & Foreign) for 'The Times'   |

\* Member of the Franco-British Council (British Section)

# *Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

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## BRITISH DELEGATES

Mr Matthew Evans	Chairman, Faber & Faber; Deputy Chairman, National Book League, Member of Publishers Association Council.
Baroness Ewart-Biggs	1971-1976 In Paris as wife of H.M. Minister British Embassy. 1976-1981 involved in community work in Northern Ireland. 1981 Entered House of Lords.
Sir Derek Ezra*	Chairman, National Coal Board.
Mr Robin Farrington*	Director, Whitbread & Company Limited.
Mr Andrew Faulds, MP*	Member of Parliament (Labour) Warley East. Shadow Minister for the Arts.
Professor Christopher Foster	Director in charge of Economics & Public Policy of Coopers & Lybrand Management Consultancy Services. Visiting Professor, London School of Economics.
Mr Richard Francis	Managing Director BBC Radio since April 1982; formerly BBC Director News & Current Affairs, and Controller Northern Ireland.
Mr Michael Franklin	Permanent Secretary, Department of Trade. (Formerly, Head of European Secretariat, Cabinet Office).
Sir William Fraser	Permanent Under-Secretary of State to Scottish Office.
Mr Frank Giles	Editor of The Sunday Times, Director of Times Newspapers Ltd.
Mr David Gladstone	Head of the Western European Department at the Foreign and Commonwealth Office.
Mr Alan Goodison	Assistant Under Secretary of State in the F.C.O. responsible on the political side for British relations with the whole of Europe.
Mr James Hadley*	Director, Franco-British Council (British Section) Hon. Treasurer Franco-British Society; member of Management Committee of British Institute in Paris.

\* Member of the Franco-British Council (British Section)

*Franco British Council* BRITISH SECTION

2 Clarendon Close London W2 2NS Telephone 01-262 8959

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BRITISH DELEGATES

Mr David Hancock	Professional civil servant since 1957, mainly in H.M. Treasury. Now Head of the European Secretariat at the Cabinet Office.
The Rt Hon Denis Healey, MP	Member of Parliament (Labour) for Leeds East. International Secretary of the Labour Party 1945-51. Secretary of State for Defence 1964-70. Chancellor of the Exchequer 1974-79.
Mr Paul Hodgson*	Head of French Language Services of the BBC.
Mrs Margaret Hook	Chairman, Institute of Directors, Scottish Division. Executive Chairman, Barr Wallace Arnold Trust Ltd.
Mr Alistair Horne*	Author, Fellow of St. Antony's College, Oxford.
Mr Brian Howard*	Joint Managing Director - Marks and Spencer PLC
The Lord Hunt of Tanworth	Chairman Banque Nationale de Paris PLC. Formerly Secretary of the Cabinet.
The Rt Hon Douglas Hurd, MP	Member of Parliament (Conservative) for Mid-Oxon. Minister of State, Foreign & Commonwealth Office.
Mr Clive Jenkins	General Secretary, Association of Scientific, Technical and Managerial Staffs.
Professor Douglas Johnson*	Professor of French History and Dean of the Faculty of Arts, University College, London.
Sir Arthur Knight	Non-executive director of Dunlop Holdings Ltd. Former Chairman of Courtaulds Ltd. and of the National Enterprise Board.
Professor J C Laidlaw	Professor of French, University of Aberdeen.

\* Member of the Franco-British Council (British Section)

*Franco-British Council* BRITISH SECTION

Franco-British Conference, Edinburgh, 14-16 May 1982

2 Clarendon Close London W2 2NS Telephone 01-262 8959

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BRITISH DELEGATES

- |                           |  |
|---------------------------|--|
| Mr David Lea*             | Assistant General Secretary, Trades Union Congress.  |
| Dr J E C Macrae           | Head of Cultural Relations Dept of Foreign & Commonwealth Office; formerly Counsellor for Science and Technology, British Embassy, Paris.  |
| Dr Gavin McCrone          | Secretary, Scottish Economic Planning Department and Chief Economic Adviser, Scottish Office.  |
| Professor Donald I MacKay | Professor of Economics, Heriot-Watt University. Senior partner PEIDA, economic & planning consultants.   |
| Mr Tom McNally, MP*       | Member of Parliament (SDP) for Stockport South. Former political adviser to Prime Minister 1976-79.  |
| Mr David Mellor, MP       | Member of Parliament (Conservative) Putney Parliamentary Under-Secretary of State for Energy.  |
| Sir Anthony Meyer, MP*    | Member of Parliament (Conservative) for West Flint. Chairman, Franco-British Parliamentary Relations Group.  |
| Dr Roger Morgan           | Head, European Centre for Political Studies, London. Researcher, author and broadcaster on European questions; formerly University Professor and Deputy Director of Studies, Royal Institute of International Affairs. |
| Mrs Sara Morrison         | Director of The General Electric Co., Abbey National Building Society, IBA Fourth Channel Co., and The Imperial Group. Also Chairman of the National Council for the Employment of Disabled People.                    |
| Mr George Moseley         | Permanent Secretary, Department of the Environment.  |
| Sir Michael Palliser      | Former Permanent Under Secretary of State, Foreign and Commonwealth Office. British Embassy Paris 1956-60 and 1969-71.   |
| Mr G M E Paulson*         | Former H.M. Consul General in Nice.  |
| Mrs Hella Pick            | East-West Affairs correspondent, "The Guardian"<br>Former correspondent at the U.N., Washington, E.E.C.  |

\* Member of the Franco-British Council (British Section)

*Franco British Council* BRITISH SECTION

2 Clarendon Close London W2 2NS Telephone 01-262 8959

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BRITISH DELEGATES

The Rt. Hon. Lord Polwarth*	Director and Former Governor, Bank of Scotland. Former Minister of State for Scotland.
Mr Michael Posner	Chairman, Social Science Research Council.
Mr Patrick Ramsay	Controller, BBC Scotland.
Mr Edward Rayne*	Chairman & Managing Director, H & M Rayne Ltd. Director, Debenhams Limited. Member of Export Council for Europe 1962-71 and European Trade Committee 1972-
Mr Peter Rees, MP	Member of Parliament (Conservative) for Dover and Deal. Minister for Trade, Dept. of Trade.
Sir Patrick Reilly *	H.M. Ambassador in Moscow 1957-60 and in Paris 1965-68. Chairman, Banque Nationale de Paris Ltd. 1969-80. Former President, London Chamber of Commerce & Industry.
The Viscount Ridley	Chairman, Northumberland County Council 1967-1979. President, Association of County Councils 1979-
Mr Bryan Rigby	Deputy Director-General, Confederation of British Industry. Member of British Overseas Trade Board.
Mr Thomas N Risk	Governor, Bank of Scotland.
Mr Lewis Robertson	Chairman, F H Lloyd Holdings plc (Steel founders & producers) formerly Chief Executive, Scottish Development Agency.
Mr John Roper, MP*	Member of Parliament (SDP) for Farnworth (Greater Manchester). Chief Whip Social Democratic Party, House of Commons.
Mrs Jane Small	Secretary, Franco-British Council, British Section

\* Member of the Franco-British Council (British Section)

*Franco British Council* BRITISH SECTION

2 Clarendon Close London W2 2NS Telephone 01-262 8959

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BRITISH DELEGATES

The Rt Hon David Steel, MP	Member of Parliament (Liberal) for Roxburgh, Selkirk & Peebles. Leader of the Liberal Party. Rector of the University of Edinburgh.
Mr Robert Stephens	Diplomatic correspondent and Foreign Editor of "The Observer". Author.
The Lord Strabolgi*	Member of Labour Government, 1974-79. Opposition Arts Spokesman, House of Lords, since 1981.
Sir James Swaffield	Director-General, Greater London Council. Local Government work has included regular attendance at CLRAE (Council of Europe).
The Lord Thomas of Swynnerton	Chairman, Centre for Policy Studies. Hugh Thomas, author.
The Rt.Hon. Lord Thomson of Monifieth	Chairman, Independent Broadcasting Authority; former Chairman, Franco-British Council; former EEC Commissioner and Cabinet Minister.
Sir Charles Villiers	Chairman, BSC (Industry) Limited. BSC (Industry) is a subsidiary company of the British Steel Corporation for bringing new business to the steel closure sites.
Mr David Watt	Director, Royal Institute for International Affairs; Times columnist.
Mrs Patricia Williams	Editorial Director (History & Social Sciences) Cambridge University Press. Responsible for establishing the joint publishing programme with the Maison des Sciences de l'Homme in Paris.
Mr Gordon Wilson, MP	Member of Parliament (SNP) for Dundee East. Chairman of Scottish National Party.
Lord Windlesham	Former Managing Director of ATV. Director, "The Observer".
Mr Peregrine Worsthorne	Associate Editor "The Sunday Telegraph"

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BRITISH DELEGATES

The Rt Hon George Younger, MP	Member of Parliament (Conservative) for Ayr. Secretary of State for Scotland.
Sir Philip de Zulueta*	Chairman, Antony Gibbs Holdings Ltd. Former Diplomat and Private Secretary to Prime Minister 1955-63.

Observers

Mr Nicholas Armour	French desk, Foreign & Commonwealth Office
Mr Alan Barkley	British Linen Bank
M. Jean-Pierre Gourdon	Political attaché, French Embassy, London
Miss Diana Geddes	The Times, Paris.

\* Member of the Franco-British Council (British Section)

EDINBURGH CONFERENCE

COMMITTEE A

1. Chairman Sir Anthony Meyer, MP
2. Rapporteur Dr Roger Morgan
3. Sir Richard Butler
4. The Rt. Hon. Lord Duncan-Sandys
5. Baroness Elles
6. Mr Fred Emery
7. Baroness Ewart-Biggs
8. Mr Frank Giles
9. Mr A C Goodison
10. The Rt. Hon. Denis Healey, MP
11. The Lord Hunt of Tanworth
12. The Rt. Hon. Douglas Hurd, MP
13. Mr David Lea
14. Mrs Hella Pick
15. Mr John Roper, MP
16. The Rt. Hon. David Steel, MP
17. The Lord Thomas of Swynnerton
18. Mr David Watt

EDINBURGH CONFERENCE

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10. Sir Arthur Knight
11. Mr David Mellor, MP
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4.                     Professor Chris Foster
5.                     Sir William Fraser
6.                     Mr David Gladstone
7.                     Professor Donald Mackay
8.                     Dr Gavin McCrone
9.                     Mr Tom McNally, MP
10.                    Mr George Moseley
11.                    Sir Michael Palliser
12.                    Sir Patrick Reilly
13.                    Viscount Ridley
14.                    Mr Lewis Robertson
15.                    Mr Robert Stephens
16.                    Sir James Swaffield
17.                    Sir Charles Villiers
18.                    Mr Gordon Wilson, MP

EDINBURGH CONFERENCE

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1. Chairman           The Rt. Hon. Lord Thomson of Monifieth
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8.                    Mr Richard Francis
9.                    Mr Alistair Horne
10.                  Professor Douglas Johnson
11.                  Professor James Laidlaw
12.                  Dr John Macrae
13.                  Mr Patrick Ramsay
14.                  The Lord Strabolgi
15.                  Mrs Patricia Williams
16.                  The Rt. Hon. Lord Windlesham
17.                  Mr Peregrine Worsthorne

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

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

/ The stream of

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.

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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/ 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

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## 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 Brit~~ 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.

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/ 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 <sup>all</sup> 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,

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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, <sup>allegedly,</sup> 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.

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/ 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.

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/ 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.

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/ 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."

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.

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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.

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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.

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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."

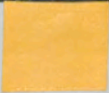
France and Great Britain know that beyond the differences arising from their geographic situation, their history and their own interests, they have always belonged on the side of freedom.

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



PERSONALITY NOTES

MITTERRAND, FRANCOIS  
PRESIDENT OF THE REPUBLIC

Born 1916 in Charente. Son of a railway official. Trained as a lawyer in Paris. Wounded in action during the French campaign, he was a prisoner of war 1940-2. He escaped characteristically at the third attempt, settled in the unoccupied part of France and played an active part in the Resistance, which included missions to London and Algiers, 1943. His opponents have questioned his Resistance record but General de Gaulle was sufficiently satisfied with him in 1944 to appoint him Secretary General for Prisoners and Deportees. At the end of the war M. Mitterrand became Deputy for the Nièvre, an area of North Central France that he represented in the National Assembly, and briefly in the Senate until his election as President. Under the Fourth Republic M. Mitterrand was a member of several administrations, some of them far from left-wing. When he first took office, he was the youngest Minister to be appointed since the 19th century. Among his Ministerial posts his principal ones were Minister for Overseas France (1950-51), and Minister of the Interior (1954-55). M. Mitterrand was one of the few French politicians to oppose General de Gaulle's return to power in 1958, mainly because he considered that the latter had been imposed on France by the armed forces.

Since 1958 M. Mitterrand has been the de facto leader of the Opposition. His political fortunes have ebbed and flowed but he has never given up his attempt to create a majority that would allow the Left to accede to power. He ran unsuccessfully for President in 1965 and 1974. From 1971 until the beginning of 1981, when he gave up the post to run for the Presidency, M. Mitterrand was First Secretary of the renovated Socialist Party (PS). Under his leadership the PS has grown to become the dominant force on the Left of French politics. M. Mitterrand, the supreme party tactician, has the distinction of having held the warring factions of  
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the PS together during its long period of opposition and of difficult relations with the Communist Party (PCF).

M. Mitterrand has always maintained that the only way the Socialists could hope to come to power was with the support of those voters who had traditionally supported the PCF. From 1972-7 he took the PS into alliance with the PCF, but the alliance collapsed before the 1978 legislative elections when M. Mitterrand rejected the PCF's attempts to dictate the terms of the revision of the Common Programme of Government which had been drawn up in 1972. Since then, relations between M. Mitterrand and the PCF at leadership level have been strained. But M. Mitterrand has never abandoned his belief that the PS could not afford to turn its back on PCF voters.

M. Mitterrand is not a doctrinaire Socialist. Keen on books and painting, addicted to writing and reputedly pleasure loving, he seems to be mostly a humanist with egalitarian instincts and a sense of public responsibility. He is on the side of the under-dog and is concerned about the welfare of people in general, but he is by nature aloof. He has few personal friends and is not much inclined to share confidences. His unrivalled stature within the PS has created a court like atmosphere where those in favour rise fast, but those who cross him are excluded from his counsels. There is no doubt about his understanding of the elements of power and his ability and willingness to use them.

During the election campaign M. Mitterrand managed to appear very calm and self-possessed. There was a good deal of art in this, but also a fair amount of nature. He has remained a tough and ruthless politician capable of biting criticism of his opponents. But this side of his character has been little in evidence recently. On the whole he succeeded in presenting a reassuring image to the electorate.

/M. Mitterrand

CONFIDENTIAL

M. Mitterrand has three brothers. One brother, General Mitterrand, is President of Aérospatiale, the nationalised aircraft company, one is President of Havas and one a professor at the Sorbonne. He is married to a retiring wife, who had a good Resistance record. She spends a good deal of her time at the Mitterrands' country cottage in the Landes near Bordeaux. They have two sons, one of whom was elected a PS Deputy in 1981.

CONFIDENTIAL

MAUROY, PIERRE

Prime Minister

Born 1928 in Northern France. Son of a school teacher of working class origins. Became a technical college teacher. National Secretary of Jeunesses Socialistes and active in union affairs specialising in technical education 1950-58. Founder of the Clubs Leo Lagrange, a national organisation of socialist social clubs 1951. Secretary of the powerful socialist federation of Northern France since 1961. Assistant Secretary-General of the Fédération de la Gauche 1965-68. Assistant Secretary-General of the Socialist Party (SFIO) 1966-69. Vice-President of the Conseil Général of the Department du Nord 1967-73. Most senior National Secretary of the reformed Socialist Party (PS) 1971-79. Member of the Management Committee of the PS 1971-81. Mayor of and PS Deputy for Lille since 1973. President of the Nord Pas-de-Calais Regional Council. MEP 1979-80. Official spokesman for M. Mitterrand during the Presidential election campaign 1981. Appointed Prime Minister after M. Mitterrand's election.

M. Mauroy, like M. Guy Mollet before him, incarnates the grass roots working class tradition of Northern French socialism. Born into a socialist family, from an early age he was a Party activist. Although he had earlier fallen out with M. Mollet, Secretary-General of the Socialist Party (SFIO), over the conduct of the war in Algeria, he appeared in the late 1960s to be groomed by M. Mollet for the succession. When the Socialist Party was reformed in 1971, M. Mauroy played an important part in securing the leadership for M. Mitterrand. From 1971 until 1979 he was the de facto number two in the Party. However, at the PS Congress of Metz in 1979 the Mauroy faction (Action Socialiste) was excluded from the Party leadership when M. Mauroy resisted the attempts of M. Mitterrand's supporters to eliminate M. Rocard from the Party. (M. Mauroy and M. Rocard had first become acquainted in Jeunesses Socialistes in the early 1950s.) In the early part of 1980, M. Mauroy favoured

/M. Rocard's

M. Rocard's candidatre for the PS's nomination for the Presidential election. But once M. Mitterrand had made it clear that he intended to stand for the Presidency, M. Mauroy rallied to him in order to preserve the unity of the Party. The reconciliation with M. Mitterrand was marked by his appointment as the candidate's official spokesman during the election campaign.

M. Mauroy's large frame and common touch, his patience and solidity, suggest that as Prime Minister he will be an effective complement to the reserved and aloof M. Mitterrand. As an administrator he has successfully combined the role of Mayor of Lille and that of a leading figure in the PS nationally. Unlike M. Mitterrand he has the reputation of working well as a member of a team.

By conviction, he is pro-European and favoured British entry into the EC. Having his political base in Northern France he is particularly sensitive to the problems of the coal-mining and textile industries. M. Mauroy has so far shown himself to be undoctinaire and pragmatic in his approach to Government. On the personal plane, he is pleasant and approachable.

He paid a successful visit to the UK in 1978 as a COI Category I sponsored visitor. He was received by Ministers and trade union leaders, who were struck by his sympathetic attitude to Britain.

He speaks little or no English. Married, one son.

ROCARD, MICHEL

Minister of State for the Plan and Regional Development  
(Ministre d'Etat, Ministre du Plan et de l'Aménagement du  
Territoire)

Born 1930. Son of Professor Yves Rocard CBE, a distinguished nuclear physicist. Studied literature and entered the Ecole Nationale d'Administration (ENA) Inspecteur des Finances 1958. Head of the Economic Budget Division in the Planning Department in the Ministry of Finance 1965. Secretary General of the Commission des Comptes et des Budgets Economiques 1965-67. Resigned from Government service in 1967 to stand (unsuccessfully) in legislative elections as PSU (Parti Socialiste Unifié) candidate. Again a parliamentary candidate 1968. Secretary General of the PSU 1967-73. Presidential candidate May 1969. Elected PSU Deputy for the Yvelines in by-election October 1969. Lost the seat in March 1973. Joined Socialist Party 1974. Member of the National Secretariat 1975-9. PS Deputy for the Yvelines since 1978.

M. Rocard made his name as a national figure during the May events of 1968. His party was the only one to be identified with the student movement, and its leaders occupied key positions in the main student and teacher organisations. He broke with the PSU in 1974 after its failure to amalgamate with the Socialist Party. Since then he has risen swiftly in the Socialist Party. During the past seven years, Rocard has moderated his leftist image. He is an advocate of the introduction into French industry and government of autogestion (in industry, workers' control; in government, decentralisation). This is the last remaining link between the Rocard of the late 1960's and the present day. On economic policy he is one of the moderates within the Government.

At the PS Congress at Metz in 1979 a re-alignment of forces within the Party left M. Rocard and his ally M. Mauroy in the minority. Both remained members of the Executive Bureau of

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the Party but lost their places as National Secretaries. In 1980 Rocard made an unsuccessful bid for the PS's nomination for the 1981 Presidential election. Subsequently he played no formal part in M. Mitterrand's campaign, although on the eve of the second round he was asked to appear on television to defend M. Mitterrand's economic policies from M. Giscard's accusations that they were extremist.

M. Rocard remains one of France's most popular politicians. Opinion polls taken after M. Mitterrand's victory suggested that he would have been the most popular choice of the electorate as a whole for the post of Prime Minister. But his past rivalry with M. Mitterrand and his political position fairly far to the right of M. Mitterrand's socialist coalition gave little real prospect of his being put in charge of the Government. In his Ministerial post he has the chance to put into practice his ideas about economic self-management and decentralisation but he already has to combat the tendency of his Ministerial colleagues to exclude him from their deliberations.

In 1980 he visited the UK as a COI Category I sponsored visitor. He met FCO Ministers and representatives of the CBI and the TUC.

Rocard speaks good English. He is divorced and remarried (to a slightly self-effacing sociologist). He has two children by each marriage.

CHANDERNAGOR, ANDRE

Minister attached to the Minister of External Relations, with responsibility for European Affairs. (Ministre délégué auprès du Ministre des Relations Extérieures, chargé des affaires européennes)

Born 1921 in the Department of Vienne. Studied law. Entered administrative service of France's Overseas Territories. Graduated from ENA 1952. Entered Conseil d'Etat. Member of M Mollet's Private Office at the Matignon and Private Secretary to the Minister for French Overseas Territories 1956-8. PS Deputy for the Creuse 1958-59 and since 1962. President of the French section of the IPU 1968-73. Member of the Management Committee of the PS 1969-79. President of the Departmental Council of the Creuse since 1973. President of the Regional Council of Limousin since 1974.

A man of moderation, M Chandernagor is a member of M Mauroy's faction within the PS. As a Minister, M Chandernagor has responsibility for the coordination of French policy towards the Community. Under delegation from the Prime Minister he is in charge of the SGCI, the inter-ministerial committee for Community cooperation.

He is married with one son and two daughters. One of his daughters graduated top of her class at ENA. In 1981, she published a highly praised biography of Mme de Maintenon, mistress of Louis XIV.

M. EMMANUEL (BOBBIE) JACQUIN DE MARGERIE

M de Margerie was born on Christmas Day 1924. He has a degree in Law, and also studied at the Ecole Nationale d'Administration. He served as Second Secretary in London from 1955-59 before going to Moscow. He was Counsellor in Tokyo from 1967-70 and then in Washington from 1970-72. He was in charge of European Affairs in the Central Administration from 1972-74 and then Director of French Museums from 1975-77. He has been Ambassador at Madrid since November 1977.

M de Margerie and his wife cut quite a dash on the social scene in Madrid and were particularly well known and liked in cultural circles. They are both very fond of Britain and, at one time, he used to come over every year for Cruft's Dog Show. He enjoys the eccentric and is rather un-French in his love of originality and character as distinct from intellect. He has a very good sense of humour.

M de Margerie is a shrewd political operator with a remarkable memory. He does not lack for cut and thrust when it comes to the defence of French interests but he was, in Madrid, one of the most active members of the European Community Group where he showed himself to be a very cooperative and forthcoming colleague.

His wife is a biologist of some distinction. She comes from an old French protestant banking family.

Robert PONTILLON

Senator, President of the French Section of the Franco-British Council

Born in Paris in 1921

Deported to Germany in 1943. Escaped in 1944 and joined the Czech resistance.

Law degree. Journalist.

He was Director General of the French Overseas Radio Diffusion Society (SORAFOM), 1957-1962. He then spent a year at the French equivalent of our Royal College of Defence Studies. From 1964-77 he was Director of the educational activities of the Thomson-CSF Company. He is still heavily involved in the audio-visual and communications field.

M Pontillon has been involved with international affairs in the French Socialist Party. He was President of the Union of Socialist and Social Democrat Parties of the European Community, 1977-1980. He is Mayor of Suresnes and has been Senator for the Hauts-de-Seine since 1977. He is Vice-President of the Socialist Group in the Senate and a member of the Foreign Affairs and Defence Committee.

M Pontillon is attached to the Prime Minister's Office and his wife is M Mauroy's private secretary.

M Pontillon is a fairly impulsive man and tends to launch new business as each thought occurs to him. This can make him difficult to pin down. His enthusiasm may not necessarily be matched by the necessary action.

M Pontillon speaks moderate English.



ANNEX E

BASIC STATISTICS ON FRANCE

Population and Land AreaFRANCE

(a)	Land Area	547,026 km <sup>2</sup>
(b)	Population (1980)	53.7 mill
(c)	Population Growth Rate (1975-1980)	0.4 % p.a.

2. Economic(i) Gross Domestic Product1980

(a)	Total	651,100 US \$mill
(b)	Growth Rate (1975-1980)	3.2 % p.a.
(c)	Position in Total <u>GNP</u> League Table	<u>1978</u> 5th (of 176)
(d)	Per Capita	12,121.8 US \$
(e)	Position in Per Capita <u>GNP</u> League Table	16th (of 176)

1979(ii) Overseas Finance

(a)	Exchange rates	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>Currency</u>
	£1 Sterling =	8.5733	8.6446	9.0253	9.8250	Francs
	US \$1 =	4.9134	4.5128	4.2545	4.2260	Francs

(b)	<u>Balance of Payments</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>
	(US \$ million)					
	Exports	53929	61203	74585	94448	107515
	Imports	-58521	-63912	-73869	-96054	-119489
	Invisibles & Transfers (Net)	-1287	-269	3079	3123	4164

	Current Account	-5879	-2978	3795	1517	-7810
	Capital Account	732	121	-3568	232	8137
	Balancing Item	2103	3539	2775	1858	5729

	Overall Balance	-3044	682	3000	3607	6056
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(c) International Reserves

		<u>1977</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>US \$mil</u>
	Total Reserves	5872	9278	17579	27340	
	Months of Imports covered	0.83	1.10	1.62	2.0	

iii) Foreign Trade

<u>) Main Exports</u>	<u>1975</u>	<u>1980</u>	%
Foodstuffs	15.0	15.5	
Fuel Products	2.7	4.1	
Chemicals	9.7	11.9	
Machinery and transport equipment	36.6	33.1	
Miscellaneous manufactures	30.6	30.5	

<u>(b) Main Export Markets</u>	<u>1975</u>	<u>1980</u>	%
FRG	16.3	16.0	
Italy	9.5	12.5	
Belgium/Luxembourg	10.0	9.3	
UK	6.4	7.0	
Netherlands	5.2	4.9	

<u>(c) Main Imports</u>	<u>1975</u>	<u>1980</u>	%
Manufactures	57.3	56.9	
Foodstuffs	11.4	9.3	
Oil	22.9	26.6	

<u>(d) Main Import Sources</u>	<u>1975</u>	<u>1980</u>	%
FRG	18.8	16.2	
Italy	8.8	9.4	
USA	7.6	8.0	
Saudi Arabia	5.5	6.5	
Belgium/Luxembourg	9.5	5.4	
UK	4.8	5.4	

<u>(e) UK Trade with:</u>	<u>1975</u>	<u>1980</u>	
Total UK Exports	1164.4	3651.5	£ mill
Real Growth of Exports (five years ending)	4.0	10.1	% p.a.
Position in UK Export League Table	3rd	4th	(of 152) (of 151)

v) Development Aid - NOT APPLICABLE

<u>(a) Reported Air Receipts</u>	<u>19</u>	<u>19</u>	US \$mill
From: DAC Countries on a bilateral basis			
(of which, UK)	( )	( )	
Multilateral Organisations			

(b)	<u>Aid per Head</u>			<u>19</u>	<u>19</u>	US \$
	(i)					
	(ii) All LDC's					
(v)	<u>Inflation</u>	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	
	Consumer Price Index	9.1	10.7	13.3	12.7	% (on March 1980)
(vi)	<u>Overseas Debt</u>	<u>19</u>	<u>19</u>	<u>19</u>		%
	(a) Debt Service Ratio					
	(b) Overseas Debt/Exports	NOT APPLICABLE				
	(c) Overseas Debt/GNP					
(vii)	<u>Overseas Direct Investment</u>	<u>1976</u>	<u>1977</u>	<u>1978</u>	<u>1979</u>	£ mill
	(a) UK Investment in France	78.6	98.0	68.8	82.0	
	(b) Position in UK League Table	na	na	na	na	(of )
	(c) French Investment in UK	84.8	89.2	155.2	49.4	

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

VERSAILLES SUMMIT

(INCLUDING INTERNATIONAL ECONOMIC SITUATION)

POINTS TO MAKE

Arrangements for the Summit

1. Summit should consist of frank and direct exchanges between Heads of State or Government and bureaucracy should be kept to a minimum. Glad to know that this is President Mitterrand's view also. Welcome suggestion of a short declaration.

International Economic Situation

2. Major economies (US, Japan, Germany) have had significant success in reducing inflation. Prospect now is for recovery of output in industrial countries. Essential to stick to non-inflationary policies and improve efficiency of our economies if output recovery is to be sustained and not thrown away in new surge of inflation.

3. Within broad strategy, important for countries to tackle domestic problems vigorously and co-operate internationally. Convincing reduction of US budget deficit essential if interest rates to be eased, but



other countries with high deficits also need to curb them if they are to benefit. Protectionist pressures a worry. Japan's undue reliance on external sector needs to be replaced by better domestic growth if trade imbalances not to be increased.

#### International Monetary Matters

4. Will certainly be useful if agreement can be reached at Versailles for initiative on improved coordination between the five countries whose currencies are included in the SDR, and who have a special responsibility to the world to maintain value of their currencies.

#### Japan

5. Need to put maximum pressure on Japanese (consistent with avoiding a breach) to modify trading and economic policies.

#### Impact of Technology

6. Theme of technology is a useful one to introduce into Summit discussions. Development of technologies should be primarily a response to the operation of markets. Doubts about general policy of promoting development through dirigiste methods. Prime need is to encourage adaptability and get people to welcome change. Advanced countries have to move up-market and rid themselves of fears that new developments in technology will mean increased unemployment.

Trade

7. Need for any Summit declaration to take more cautious approach to GATT Ministerial than US would appear to favour. Premature to endorse new tariff round with developing countries, as proposed by US at OECD Ministerial.

8. Share French concern about pressure on industry resulting from recession, but important that Summit should re-affirm determination to resist protectionist pressures.

Energy

9. Energy need not be first priority at Versailles. But despite falling oil prices, we must continue efforts to conserve energy, develop new resources and reduce dependence on imported oil. We could accept energy affiliate of World Bank if it can be got off the ground with full OPEC participation.

East/West Economic Relations

10. Agree that this should not appear to be a Summit devoted entirely to East/West issues, but feel must go some way towards meeting American concern. Our officials are working closely together.

North/South

11. Global Negotiations without US meaningless. Share view that latest (Bedjaoui) text is useful basis for negotiation, but as it stands does not adequately protect competence of specialised fora.

ESSENTIAL FACTSArrangements for the Summit

1. As host, President Mitterrand will be anxious to make a success of the Versailles Summit, and has already discussed it with a number of other participating Heads of State or Government.

2. He regards the Summit as above all a Summit for Heads of State and Government, and particularly wishes to avoid excessive bureaucracy. He proposes a short declaration to replace the rather lengthy communiqué of previous summits.

International Economic Issues

3. The United States, Japan and Germany now all have inflation rates in single figures. The UK is following close behind, but progress in other major countries, including France, has been disappointing. The OECD, in common with most forecasters, expects output in industrial countries to recover later this year and approach 3 per cent pace during next year. The UK, along with the US and Germany attaches particular importance to the maintenance of the broad thrust of counter-inflationary policies and efforts to improve the structure of our economies followed in recent years. We shall be seeking a renewed firm commitment to this strategy at Versailles. Ministers at OECD and IMF Interim Committee meetings have just done this.

4. Within the broad strategy, however, some important policy imbalances have arisen with both domestic and international implications. Reduction of the US budget deficit for next year and beyond is essential if pressure on both domestic and world interest rates is to be eased. Recent efforts at a compromise between the Administration and Congress are welcome, but we remain sceptical about whether the end-result will be adequate. Pressure, therefore, on the Americans should be maintained. At the same time, other countries with high deficits need to curb them. This includes France, Italy and many of the smaller OECD countries. The case of Japan is special. Lax monetary policy and unduly stringent fiscal policy, together with the closed nature of the economy, have led to a low yen rate and depressed domestic demand which threatens to lead to large current surpluses (\$20 billion in 1983), and worsening trade tensions. We shall be looking for firm French support in tackling the Japanese at Versailles.

International Monetary Matters

5. French proposals that already incorporate UK and US ideas will be discussed further between personal representatives on 14-16 May: it is not yet clear whether this will be a runner for Versailles. So far there seems general agreement (except from the Japanese) that there could be scope for an attempt at some more formal policy coordination between the five SDR countries (the French have described this as 'tri polar': \$, yen and 'EMS') involving the



IMF Staff also, and encompassing commitments to:-

- (a) Long term and underlying policy convergence in reducing inflation (the American emphasis); and
- (b) within that to exploit what scope there is for increased stability between the five currencies (the French emphasis).

The UK formulation of a special responsibility of the five SDR countries to maintain the value of their currencies both provides the cement to hold these two approaches together, and implies that if there is a conflict the fight against inflation should take priority.

#### Japan

6. Most Summit countries share our concern and that of the French on the effects of the pattern of Japanese trade and the need for them to adjust their policies. The Japanese will be expecting to be under pressure on this, but the recent severe downturn in the Japanese economy will not make it any easier to get them to take effective action.

7. President Mitterrand visited Japan in early April.

#### Impact of Technology

8. This subject has been introduced in response to French desire to have a subject for medium term reflection at the Summit. President Mitterrand will be writing a paper himself, to be introduced on the Saturday morning. He appears to have in mind to:-

- (a) stress that the world is facing a new industrial revolution;

- (b) say that as a result there are choices to be made by society eg more centralisation or more de-centralisation, increasing or decreasing the North/South gap;
- (c) identify action points eg international co-operation in technology developments, training the young.

9. The French stress Government action in this field and underplay the role of the private sector. Their ideas foreshadow additional funds and new institutions. There is already a good deal of technical cooperation through international bodies, technical associations and the like. New thinking rather than new institutions is needed.

#### Trade

10. The French appear to share our view that the American approach to the trade aspect of the Summit seems dangerously over-simplistic. The Americans are exerting repeated pressure to get the Summit to endorse proposals for both the agenda and the outcome of the GATT Ministerial Meeting in November. We believe that for the Summit to endorse this would produce an adverse reaction from countries not represented. The Americans have floated the idea of a new round of tariff negotiations with developing countries which we think they will want endorsed at Versailles and pursued at the GATT Ministerial Meeting. We remain of the view that the proposal is premature.

11. Previous summits have strongly re-affirmed commitment to the open trading system and determination to resist protectionist pressures. The French now appear to be wavering on this. There are also disturbing protectionist pressures within the USA.

#### Energy

12. French share our view that there should be no complacency and that conservation efforts should continue. They are strong advocates of the need for an energy affiliate of the World Bank, which the Americans resist.

#### East/West Economic Relations

13. The Americans are pressing Summit partners to agree on mechanisms to limit the volume of future flows of official credit and officially guaranteed credit to the Soviet Union, on grounds of financial prudence and political sense. While we agree generally with their analysis, their proposals raise difficult problems of implementation and burden-sharing. The French, as hosts, are also anxious that the Summit should not appear to be focussing primarily on East/West issues; but the Americans attach importance to getting decisions in this area. Summit Economic Directors are discussing the American proposals, and some alternative control mechanism suggested by the FRG, in Paris under French chairmanship on 14 May.

#### North/South

14. Eight Community partners are prepared to accept, as it stands, the text for launching Global Negotiations



produced on 31 March by the G77 spokesman, Ambassador Bedjaoui. We see the text as the best so far on offer, but need some improvement in the protection it gives to the specialised fora. The Germans have given us hesitant backing, but Herr Genscher is now known to support the text. The Americans are hostile to the Bedjaoui text and are working on an alternative (which is likely to be rejected by the G77).

15. Strong Community pressure to endorse Bedjaoui text is led by the French. Some members of the Community suspect the Americans of deliberately playing for time, and feel that despite protestations to the contrary, they may have decided to write off Global Negotiations. Community partners are anxious not to be associated with American temporising or wrecking tactics.

Foreign and Commonwealth Office

12 May 1982

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND  
17 MAY 1982

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30 MAY MANDATE AND CAP PRICES

POINTS TO MAKE

1. Very disappointed at lack of progress in budget negotiation. At same time fully recognise your desire to get CAP prices agreement implemented quickly. Have to recognise that France and Britain have divergent interests, but whole spirit of our last bilateral meeting was that we should seek ways to reconcile such differences.
2. Present problems in Community are escalating into a major crisis which neither of us wants. Surely we can find some way out of this.
3. On budget, problem is tht we have never got down to serious negotiations. Francis Pym went to the last meeting in Belgium with authority to negotiate on figures but never had a chance to do so because noone else was prepared to move from an offer which we could not accept. Noone made any compromise proposal. We remain ready to negotiate. Vitally important for us to get a fair settlement.
4. On CAP, we have no desire to prevent a settlement which meets essential French requirements. We are prepared to agree for example to the help for small milk producers, which you said at last November European Council was essential for you. But we do have continuing objections to some other aspects of the present package and it would add considerably to our net contribution. We

agreed in November that both the CAP and budget decisions should be taken in parallel.

5. All this is why in the Agriculture Council last week we had to exercise our right under the Luxembourg Compromise to prevent the price proposals being approved by majority vote. France was of course originally responsible for the compromise; hope that you will agree with our right to invoke it even if we have conflicting interests in this particular case. Any attempt to override or get round the Compromise would have most serious consequences in the conduct of Community business in all areas, which would I think be as unwelcome to you as to us.

6. Right way to deal with this situation is to get early agreement on both the budget and the CAP issues. Latest proposal on the budget is to implement 3rd year of 30 May agreement. Our view is that we should continue the present negotiations for a longer term solution. An interim agreement would only prolong those negotiations, but in addition it might not be at all easy to agree on a level of refunds for the 3rd year.


7. If, however, the Commission made a formal proposal based on precise provisions of the 30 May agreement we should obviously have to consider that carefully. The present proposal from MM Thorn and Tindemans of 800 m ecu with no risk sharing cannot be reconciled with the 30 May provisions.

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#### DEFENSIVE POINTS

##### CAP/Budget Link

8. UK has major reservations of substance about present prices package. Average increases of over 10% too high, and cost of package even on most optimistic assumptions would be twice original Commission proposals (1450 million ecu compared with 745 million ecu). We have specific reserves on beef, wine and alcohol and overall level of prices. Package not consistent with Mandate guidelines e.g. on aligning Community cereals prices with



those of main competitor countries. Moreover, package would add over 200 million ecu to UK net contribution at present world prices, and more if world prices fell in relation to Community prices. We could not agree to that without a parallel decision on budget settlement.

9. [If pressed to accept 800 m ecu] That would be under half our forecasted net contribution for 1982 and well below level of 30 May agreement. Lump sum solution with no provision for risk sharing inadequate as we learnt from 30 May agreement.

10. "UK got too much in 1980/81" The UK is receiving the amounts specified in the 30 May agreement. We did not propose that form of agreement; we wanted a limit on our net contribution, but you rejected that. It has turned out better than expected not only for the UK; do you want French position "corrected" in some way too? Your net receipts were 900 million ecu higher than expected. Lesson of the outturn is surely the need for comprehensive risk-sharing.

11. [If suggested that UK has not adapted to Community] Massive reorientation of UK trade since accession: 43% of our trade now with Community partners compared with about 30% before. On food trade, 45% now with Community partners compared with 31% in 1972. Bigger changes than for any other Member State. What more can we do? We implement Community preference and common tariff strictly. But in free trading system it is for importer to decide whether or not to accept the cost penalty of the duty or levy on third country imports.

## PRIME MINISTER'S MEETING WITH M. MAUROY

15 MAY 1982

INSURANCE DIRECTIVEOBJECTIVE

1. To underline our aim of liberalisation, if opportunity arises.

POINTS TO MAKE

2. We remain committed to securing agreement on non-life services directive.

3. French Ministers promised cooperation on the Directive in return for the option of putting VAT on insurance. Despite a lot of progress on VAT during our Presidency, France remains obstructive on the Directive as a whole. Hope France will start to deliver her half of the bargain.

ESSENTIAL FACTS

4. The French have made it a precondition of acceptance of the Insurance Services Directive that they should have the option of charging VAT on insurance. M. Delors (Finance Minister) told the Chancellor of the Exchequer last year that, given VAT, France would raise no more significant problems. Despite opposition from the Commission and other Member States, we therefore got the Community to do a lot of work on VAT during our Presidency.

5. But little progress has since been made on that or other aspects of the Directive, not least because of French intransigence. It may yet prove difficult to agree on VAT, and we could understand French reluctance to concede the rest of the Directive in advance of that. But the present obstructiveness is poor reward for our efforts and could lead one to doubt the good faith of M. Delors' offers.



6. Finance Ministers will be discussing the directive at their informal meeting in Brussels on 17 May, and the Chancellor expects to speak in this sense to M. Delors.

## PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

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COMMON FISHERIES POLICYPOINTS TO MAKE [if raised]

1. We remain determined to play a constructive part in the negotiations for a revised common fisheries policy and hope progress can be made in the near future.

ESSENTIAL FACTS

1. Negotiations for a revised CFP have been going on for several years. The original policy was agreed by the Six shortly before the opening of our accession negotiations. Derogations were agreed in 1972 to take account of UK interests. These derogations expire at the end of 1982, but there was explicit provision in the 1972 arrangements for a forward-looking review before the end of the period. The French have sometimes taken the line that when the derogations expire, the principle of equal access will apply, which will enable the French and other Community vessels to fish right up to British beaches. Although there may strictly be some legal justification for this view, we do not accept that this would in fact happen.
2. The main outstanding questions are quotas and access to waters, on which we are awaiting new Commission proposals. On access, our position remains that we must have a basically exclusive 12 mile belt, though we recognise that some account will have to be taken of some particularly sensitive historic rights enjoyed by other Member States. We also need a genuine preference outside 12 miles at North of Scotland, though we are flexible as to how

/this



this might be achieved so as to minimise the effects on French and other interests. At recent bilateral meetings of officials, agreement on access to UK waters has been reached with the Dutch, the Belgians and the Germans and is close with the Irish. Substantial progress has also been made at recent meetings between UK officials and the French Fisheries Director. These are to be followed up by an early meeting between Mr Walker and M le Pensec, the French Fisheries Minister.

3. On timing, a Fisheries Council was due to be held on 18 May, but has now been postponed because the Commission's new proposals on quotas and access are not yet ready. The Council is now likely to be held in the first week in June.



BRIEF NO 4(a)

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

FALKLAND ISLANDS

POINTS TO MAKE

WE ARE CONTINUING TO MAKE EVERY EFFORT TO REACH A PEACEFUL SOLUTION

1. Intensive and urgent talks continue in New York. Secretary-General's initiative now seems only available way forward. We are giving him full support and cooperation. Ready to show all possible flexibility consistent with our basic principles.

NEGOTIATIONS AT CRITICAL STAGE

2. Some progress made. But we cannot yet be sure of Argentine willingness to negotiate seriously. Argentina's objective may simply be to exploit international concern at hostilities in order to achieve unconditional ceasefire, leaving them in possession of Islands and free to resupply their garrison.

/ CEASEFIRE



CEASEFIRE MUST BE LINKED TO WITHDRAWAL OF FORCES

3. This is a prerequisite for us. Argentina is aggressor and must end its unlawful occupation. We for our part ready to withdraw Task Force from area of Falkland Islands parallel with properly monitored withdrawal of Argentine forces.

ARGENTINES HAVE ACCEPTED FORMULA ON NON-PRE-JUDGEMENT OF SOVEREIGNTY IN NEGOTIATIONS

4. Hopeful sign. But contrary statements by Costa Mendez and other Argentine spokesmen. Also considerable problems on

- a) Interim administration: we accept UN administration but there must be continuing role for elected representatives of Islanders. Argentina wants to secure uncontrolled Argentine access during interim period - this unacceptable.
- b) Target date for completion of negotiations. Essential that if no agreement reached by target date, UN administration will not be withdrawn leaving dangerous vacuum.
- c) Arrangements for withdrawal and verification. Must guard against a re-introduction of Argentine forces.

/ VITAL



VITAL TO KEEP UP PRESSURES ON ARGENTINA

5. With negotiations at critical stage, essential to maintain strategy of diplomatic, economic and military pressures (see separate brief on EC sanctions). Any slackening of pressure will increase prospect of long and damaging confrontation.

APPRECIATE ANXIETIES ON DEVELOPMENT OF CONFLICT

6. Not of our seeking. Have throughout made clear need to protect Task Force. Using minimum force consistent with that. Last week has demonstrated sustained Argentine threat. Military pressures essential element in creating conditions for negotiated settlement. If Argentines remain intransigent, we have to keep further military options open.

GRATEFUL FOR FRENCH SUPPORT THROUGHOUT CRISIS

7. Realize problems for you. But continued solidarity very important if wrong signals are not to be given to Argentina and prospects for peaceful solution diminished.

(If raised) LIEUTENANT COMMANDER ALFREDO ASTIZ

8. We have held back Astiz as you requested. We hope you will tell us as soon as possible what further legal enquiries you wish to make. As the French Government will realize, the

/ Geneva



Geneva Convention circumscribes what we can do with Astiz who enjoys POW status. As we must conform to the strict letter of the Convention we may not in the event be able to let you interview Lieutenant Commander Astiz against his will. There are, of course, our own forces to think about. We do not want them to be held back by the Argentine authorities as a reciprocal gesture.

#### ESSENTIAL FACTS

##### FRENCH ATTITUDE TO THE FALKLAND ISLANDS CRISIS

1. The French have been to the fore in supporting us over the crisis. On 9 May M Cheysson publicly reaffirmed France's complete solidarity with Britain. The latest French opinion polls show overwhelming support for us, and even suggest that nearly 40% of Frenchmen would wish to continue this support even if this meant France would run the risk of direct involvement in the conflict.
2. French support stems from belief in the need to support a close friend and ally, from the principles involved and, partly, from the possession of overseas territories.
3. French Ministers have made some play with the apparent illogicality of Britain's insistence on Community solidarity over the Falklands while making trouble for the Community, as they see it, over agricultural price fixing.



A 4. M Cheysson answered questions on the Falklands in the National Assembly on 12 May.

5. On 29 April the Swedish Embassy asked if the Swedish authorities could question Lieutenant Commander Astiz, captured in South Georgia, about his alleged involvement in the abduction, torture and death of a Swedish girl in Buenos Aires in 1977. On 12 May Mr Cheysson's office told our Embassy in Paris that the French Government wished formally to ask HMG not to transfer Astiz into ICRC protection as they wished to consider criminal proceedings against him in connection with the killing of two French nuns.

6. Both Governments have been informed of the decision to hold Astiz at Ascension. The French Government have been asked to hasten their legal investigations. It has been made clear that holding Astiz does not pre-judge any action by HMG; it is designed to give us time to reconsider the implications of the approaches.

7. Our present intention is to ask Astiz whether he would be prepared to answer questions put by the French and Swedish Governments. If he refuses, we should have no alternative but to send him on to Uruguay.

8. Under the Geneva Convention we are allowed to hold POWs until the end of hostilities but we are not allowed to subject

/ them



them to any coercion as regards questioning, since they need only to give their name, rank and number. We shall not therefore be able to force Lieutenant Commander Astiz to answer questions put to him about his past.

9. In any case we do not wish to set a precedent for the Argentine authorities to follow should any of our own Forces fall into Argentine hands. We should prefer them to be repatriated as soon as possible as happened over the Royal Marines captured on the Falkland Islands and in South Georgia.

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FM PARIS 131636Z MAY 82

TO IMMEDIATE FCO

TELEGRAM NUMBER 483 OF 13 MAY 1982

FALKLANDS: FRENCH ATTITUDE

1. ANSWERING QUESTIONS YESTERDAY (12 MAY) IN THE NATIONAL ASSEMBLY, CHEYSSON MADE THE FOLLOWING POINTS ABOUT THE FALKLANDS:

(I) FRANCE'S SOLIDARITY WITH BRITAIN STEMMED FROM CONDEMNATION OF THE INVASION OF A TERRITORY BY FORCE. THE INVASION HAD BEEN FOLLOWED BY THE ADOPTION OF SCR 5φ2 WHICH WAS MANDATORY AND WHICH CALLED FOR IMMEDIATE ARGENTINE WITHDRAWAL. AS LONG AS RESOLUTION 5φ2 WAS NOT APPLIED FRANCE WOULD CONTINUE TO CONDEMN THE ARGENTINE INVASION.

(II) FRANCE'S SOLIDARITY WITH BRITAIN DID NOT MEAN FRENCH RECOGNITION OF ANYONE'S SOVEREIGNTY OVER THE FALKLANDS. IT WAS ESSENTIAL THAT IN THE NEGOTIATIONS THE QUESTION OF SOVEREIGNTY SHOULD NOT BE PREJUDGED.

(III) NEW CLASHES WERE LIKELY TO ARISE DESPITE THE FRENCH GOVERNMENT'S SOLEMN APPEAL FOR A CEASEFIRE ON 5 MAY.

(IV) BOTH SIDES (SIC) WERE IN FACT PREJUDGING THE SOLUTION TO THE PROBLEMS OVER SOVEREIGNTY. ARGENTINA HAD MADE CONCESSIONS, BUT BRITAIN WAS INSISTING THAT THE WISHES OF THE FALKLANDS INHABITANTS SHOULD BE TAKEN INTO ACCOUNT: THIS WAS TANTAMOUNT TO PREJUDGING WHAT WOULD HAPPEN WHEN SOVEREIGNTY CAME TO BE DISCUSSED. AS THE ARGENTINES WERE REFUSING TO ACCEPT THIS BRITISH DEMAND, THE NEGOTIATIONS HAD NOT REACHED A CONCLUSION.

(V) TOGETHER WITH ITS EC PARTNERS FRANCE STOOD BY RESOLUTION 5φ2 BUT FRANCE WOULD CONSIDER RESOLUTION 5φ2 TO HAVE BEEN APPLIED ONCE THE ARGENTINES STARTED WITHDRAWING THEIR FORCES. AFTER THAT, FRANCE WOULD INSIST MORE ON OTHER ASPECTS: CESSATION OF HOSTILITIES, ORGANISATION OF A COMPLETE WITHDRAWAL OF FORCES, AND THE OPENING OF NEGOTIATIONS.

(VI) RENEWAL OF THE EC BAN POSED A SERIOUS PROBLEM GIVEN THAT SOME PEOPLE TENDED TO LINK THIS TOPIC WITH OTHERS OVER WHICH EUROPEAN SOLIDARITY WAS SINGULARLY LACKING. IT WOULD THEREFORE BE DANGEROUS TO FORECAST WHAT WOULD HAPPEN.

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2. MINISTER ASKED THE DIRECTOR FOR AMERICAN AFFAIRS IN THE QUAI THIS AFTERNOON FOR SOME CLARIFICATION OF CHEYSSON'S REMARKS, WHICH INTER ALIA DID NOT CORRECTLY DESCRIBE THE BRITISH POSITION AND WHICH APPEARED, ODDLY, TO ENVISAGE A PARTIAL WITHDRAWAL OF ARGENTINE FORCES BEFORE A CEASEFIRE. DORIN ADMITTED THAT THE REMARKS SUMMARISED IN PARA 1 (IV) AND (V) ABOVE WERE HARD TO INTERPRET AND SUGGESTED THAT TOO MUCH SHOULD NOT BE READ INTO THEM. THEY WERE NOT PART OF CHEYSSON'S PREPARED WRITTEN STATEMENT. HE MAINTAINED THAT CHEYSSON FIRMLY SUPPORTED BRITAIN AND SAID THAT OVERALL CHEYSSON'S REMARKS HAD BEEN INTERPRETED AS DISAGREEABLE FOR ARGENTINA. (IN FACT, THEY APPEAR TO BE A TYPICAL EFFORT BY CHEYSSON TO APPEAL TO DIFFERENT AUDIENCES AT THE SAME TIME.)
  
3. MIFT CONTAINS FULL TEXT IN FRENCH OF THE REMARKS SUMMARISED IN PARA 1 (IV), (V) AND (VI) ABOVE.

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## PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

## FALKLAND ISLANDS: SUPPLEMENTARY BRIEF

## POINTS TO MAKE

Most important to renew EC Import Embargo

1. Disappointed that yesterday's Council at Luxembourg failed to decide on renewal. Essential that decision taken this evening. Would greatly welcome continuation of staunch French support. At this critical stage disastrous to have any slackening of pressures on Argentines. Failure to renew sanctions for further month would give entirely wrong signal. [As appropriate]. Should be no linkage between this and the mandate or other EC questions.

Our Efforts at Negotiated Solution Undiminished

2. Detailed consideration over weekend of negotiating alternatives and strategy. Sir A Parsons will see UN Secretary-General today with full knowledge of Government's position. Want to see peaceful settlement and ready to be flexible, consistent with our basic principles. But Argentine aggression must not be allowed to succeed.

Outcome of Negotiations still uncertain

3. Argentina's representatives have accepted formula on non-prejudgement of sovereignty question. However, contrary statements in Buenos Aires, by President Galtieri and other spokesmen. Impossibility of trusting Argentine good faith a main difficulty. Other considerable problems remain. Agreement may not be attainable.

Exocet Missiles

4. I understand that no decision has been made on the date of despatch of four missiles ordered from SNIAS (Aerospatiale) by

/Peru.

SECRET

Peru. Any delay is helpful in case the missiles should eventually find their way to Argentina. But I feel very strongly that shipment should be withheld in present circumstances. I hope that you will agree.

Emergency Unit

Foreign & Commonwealth Office

17 May 1982

SECRET

## PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

## FALKLAND ISLANDS : EC MEASURES

## POINTS TO MAKE

1. Very much welcomed the consistent solidarity shown by our Community partners over the Falklands. Grateful for support consistently expressed by French Government.
2. (If appropriate) Argentines are still maintaining their intransigent attitude. Their objective is to spin out negotiations and try to secure a ceasefire which does not require a withdrawal of their forces.
3. Only counter to this is determined maintenance of pressure on all fronts, political and economic as well as military, until this produces the right effect. Any relaxation on any of these fronts is likely to encourage Argentines to believe that they will succeed if they can hold out long enough. To weaken the non-military pressures and leave the whole weight on the military ones would therefore make it more difficult to achieve a peaceful solution.
4. EC's and member states' measures - especially import ban - impressed the world with their vigour and the solidarity they showed in response to Argentine oppression. Important event

/with

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with far-reaching implications for development of EC foreign policy cooperation which we should strengthen. Conversely set back now would be very damaging.

5. By maintaining pressure EC import ban will therefore continue to play crucial part in ultimate success of negotiations. (If appropriate) At Villers-le-Temple Foreign Ministers agreed in the light of events to take a political decision by 16 May on renewal of that ban. Strongly urge that France should agree to extension of import ban.

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## ESSENTIAL FACTS

1. At the informal meeting of Foreign Ministers at Villers-le-Temple on 8-9 May Ministers endorsed the principles they adopted at beginning of Falklands crisis. They condemned Argentine aggression and supported early implementation of UN SCR 502; they supported the efforts of the UN Secretary General and stressed need for negotiating solution. On EC import ban, it was decided that a political decision on the renewal would be taken, if circumstances required, by 16 May, ie at last moment before expiry of present ban at midnight that day.
2. Belgian Presidency are convening meeting of Political Committee on Saturday afternoon (15 May) followed by meeting of COREPER that evening (and possibly again on Monday 17 May) to draw up the implementing regulation for a renewal of embargo. This would then be approved as an 'A point' by ECOFIN Council on 17 May. Presidency are also making provision for a special Foreign Affairs Council on afternoon of Sunday 16 May should this prove necessary (ie if Political Directors and COREPER cannot agree).
3. French position so far has been one of fairly robust support, particularly in public. They are probably willing to be persuaded that renewal is necessary. But they, like other EC partners, are concerned about the casualties sustained and on 5 May French Cabinet issued a statement calling for immediate cessation of hostilities and separation of forces.

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4. Main problems over renewal of import embargo are likely to come from Irish (who have already expressed opposition to renewal, although there have been some indications they may join consensus), and from Italians (who are influenced by domestic public opinion and by large Italian community in Argentina). Danes also may cause problems over modalities of renewal.

5. Decision to impose embargo was taken under Article 113 of EEC Treaty (Common Commercial Policy). As Article 113 decisions are taken by qualified majority vote, unwillingness of one or two Member States to renew does not necessarily prevent renewal, providing 2 big Community states (or one big and two small) are not involved, and providing those opposing renewal are prepared to be voted down without invoking Luxembourg compromise. Greece for instance voted against but did not veto trade measures against Soviet Union in March. Danes have however made clear that they want political decision by the Ten by consensus to renew. They also dislike use of Article 113, because of strong Danish political objections to regarding economic sanctions as ordinary trade measures. In Danish view such measures should be taken under Article 224 which allows Member States to take national action - which may be coordinated - in event inter alia of war or an international emergency constituting a threat of war. Danes only accepted very reluctantly use of Article 113 to impose embargo, and may now resist its use to renew embargo.

6. We have made clear that use of Article 113 is essential. Decisions taken under Article 113 mean uniform action in

/each

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each Member State (a point to which other Member States attach importance); and most important it means immediate implementation of the embargo in all Member States. Action under Article 224 would require each Member State to take individual legislative measures to renew embargo, which would mean unacceptable delays and awkward debates in national parliaments.

European Community Department  
(External)

12 May, 1982

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BRIEF NO 5

PRIME MINISTER'S MEETING WITH M. MITTERRAND

17 MAY 1982

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NATO SUMMIT AND DEFENCE/ARMS CONTROL ISSUES

POINTS TO MAKE

(i) NATO Summit

1. Aim should be to reaffirm political solidarity of Alliance at highest level. Key elements in UK view:

a) Conduct of East/West relations: should not prove contentious. But over-ambitious to expect agreement on detailed approach to economic relations with East post-Poland.

b) Defence: recognise special position of France. But Summit should emphasise need for Alliance to put conventional defence resources to better use. Requirement not only urgent in itself, but Summit focus on this a way of demonstrating Alliance determination to raise nuclear threshold if possible.

c) Arms Control: Alliance commitment to arms control a necessary condition for popular support for defence effort. Summit should exploit INF, START and new MBFR initiative to best advantage.

/(ii) Defence

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(ii) Defence Cooperation

2. Useful meeting between M. Hernu and Mr Nott on 1 April. Welcome proposal for more bilateral consultations on defence questions and for expansion of trilateral Defence Ministers meetings to cover defence issues generally as well as procurement.

(iii) Arms Control:

START

3. Warmly welcome Reagan proposal. US intention to seek significant reductions, particularly in the most destabilising systems, bold but realistic. To extent that will involve greater Soviet than American reductions in land-based missiles and destructive power, only reflects Soviet build up in these areas. Timing and approach very valuable in run-up to UNSSD II.

4. Agree on importance of US keeping Allies informed. But see no need for special machinery for this.

ESSENTIAL FACTS

(i) NATO Summit

1. Broad agreement on elements in NATO Summit declaration:

a) Americans attach importance to linkage in approach to Versailles and Bonn summits.

Desirable in principle, but timing very tight to achieve agreement on, eg. American proposal to limit volumes of official credit for Soviet Union;

b) UK has favoured summit initiative to study ways of maximising cost-effectiveness of defence effort. Importance of problem recognised by

/Allies

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Allies. But little support for UK proposal for independent review of it. Americans have proposed separate 'Charter' on defence matters besides summit declaration (although if French can agree to this other Allies prefer to include substance of 'Charter' in main Summit declaration). Whatever documents issue, we want clear reference in them to need for Alliance efforts to make better use of defence resources, which was purpose of proposed review;

c) next round of Intermediate Range Nuclear Forces (INF) negotiations opens on 20 May. With announcement of date for Strategic Arms Reductions Talks (START) and new Western Mutual and Balanced Force Reductions (MBFR) initiative imminent, Alliance well placed to demonstrate importance it attaches to arms control.

(ii) Defence Cooperation

2. At their meeting on 1 April, M. Hernu told Mr Nott that, in his view, the first step in strengthening European defence efforts was to improve consultations between France, the FRG and the UK, both bilaterally and by expanding the agenda of the existing trilateral Ministerial meetings on equipment collaboration. The next of these is scheduled for September. If the trilateral meetings are expanded in this way, the agenda will need careful preparation to ensure that procurement issues remain a main feature.

(iii) Arms Control: START

3. On 9 May President Reagan announced his proposal to President Brezhnev that strategic arms reductions talks should begin before the end of June. The US approach would concentrate on the most destabilising 'first strike' systems ie. large, accurate ICBMs (such as the Soviet SS17, 18 and 19). First phase negotiations would seek significant

/reductions

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reductions in the number of warheads by at least one third (from their current level of 7,000 plus) to equal ceilings, with no more than 50% of the residue to be deployed on land-based systems. A second phase would aim at lower and equal levels of destructive power, or 'throw-weight'.

4. Like France, the main UK interest is to ensure the exclusion of the UK independent strategic nuclear deterrent. This is fully supported by the US and the rest of the Alliance.

5. The Soviet Union will criticise the absence of proposals on 'retaliatory' systems, eg. bombers. They will not like US ideas for Phase II, since Soviet 'throw-weight' is very much greater than American and more concentrated in their heavy ICBMs. Phase I would also involve greater reductions in Soviet than in American land-based systems (although substantial reductions in US submarine-launched systems would be required). But the Soviets will find it hard to counter the proposal that roughly comparable and significant reductions in warhead numbers is a good starting point. The US can be expected to secure firm Alliance backing.

6. Have been some indications that French would like new NATO body in which Americans would consult Allies on developments in START and INF. But Americans see no need for arrangements for consultations on START on lines set up for INF (the SCG).

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## PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

EAST/WEST RELATIONS

Points to MakeUS/Soviet Relations

1. Welcome President Reagan's 9 May speech. Should give West initiative in East/West relations, and helpful with public opinion on eve of President's European visit.

Summitry

2. Also welcome possibility of Haig/Gromyko meeting next month and Reagan/Brezhnev Summit in October. Important to keep channels of communication open with Russians; impress Western views on them.

Prospects Uncertain

3. Next few months particularly significant. Possible Haig/Gromyko and Reagan/Brezhnev meetings, resumption of INF talks and possible START talks likely between them to determine East/West climate for remainder of Reagan's current term. If Polish situation does not deteriorate, some progress may be possible. Important that Alliance gives maximum support to enable Reagan to build on 9 May Speech and retain political and public initiative.

Poland

4. Recent demonstrations revealed underlying discontent with regime's policies. Jaruzelski's dilemma remains; any relaxation will permit resurgence of popular opposition; but continuation of martial law offers no lasting solution to Poland's problems and is merely storing up trouble. Unless regime introduces system more responsive to popular pressure, further unrest likely and economic recovery will be further postponed.

/Poland:Western Policy

Poland : Western Policy

5. Western measures having an effect. Important to maintain firm and united Western line. Recent relaxation of martial law insufficient to warrant any change of policy at present.

Economic Assistance (If raised)

6. No question of new credits for Poland. Rescheduling of 1982 official debt repayments remains under review. May be necessary soon to consider whether to call Poles to account.

Essential FactsPresident Reagan's 9 May Speech

1. On 9 May President Reagan delivered a major speech at Eureka College, Illinois, calling for the beginning of START negotiations and putting forward a 5-point programme for East/West relations. The latter consisted of: military balance, economic security, regional stability, arms reductions and dialogue. The Russians are unlikely to find much that is attractive in the speech, but they will be conscious that it is a well-judged initiative coming on the eve of the President's visit to Europe and his attendance at the NATO summit next month.

Summitry

2. President Reagan has made it clear that he is prepared to hold a Summit meeting with President Brezhnev later this year, as long as it is carefully prepared, has the prospect of a successful outcome, and fits into the overall context of US/Soviet relations. The likely venue and timing for such a meeting is a European neutral country (Austria, Finland, Ireland and Switzerland have all been mooted), next October. Haig and Gromyko have already met, most recently in January this year, and there is a possibility



that they will meet again in June in New York, in the margins of the UN Special Session on Disarmament.

#### Situation in Poland

3. Mass unofficial demonstrations occurred in Warsaw and other Polish cities on 1, 3 and 4 May in support of Solidarity and in protest against martial law. 2,269 people were arrested and a further 211 interned. Demonstrations followed the announcement by the Polish Government on 28 April of some relaxations to martial law including the release of 1,000 detainees. Fundamentals of martial law however remain, including detention of some 2,000 people and a number of restrictions have been reimposed following the recent disturbances. Solidarity have called for a 15 minute general strike on 13 May, exactly five months after the imposition of martial law.

#### Western Policy

4. Copy of statement of Heads of Government and State of Ten on Poland on 31 March at Annex A.

#### Economic Assistance

5. Agreement to reschedule 1981 commercial debts with the Banks signed on 6 April. Meeting of Creditor Governments (not including New Zealand) on 18 March agreed there should be no change in present policy to suspend credits and 1982 rescheduling negotiations 'for the time being'. But our present refusal to reschedule is hurting us and benefitting the Poles (who are obtaining de facto 100% relief). May soon be necessary to reappraise decision in consultation with partners.

## II. EAST-WEST RELATIONS.

(a) The Heads of State and of Government noted that the situation in Poland continued to place a strain on East-West relations, and thus to affect the relations of the Ten with Poland, and the U.S.S.R., which bore a clear responsibility in this situation .

The Ten recalled their earlier statements on the grave consequences of the present situation in Poland for security and cooperation in Europe, and for East-West relations as a whole. They renewed their call to the Polish authorities with the minimum delay to end the state of martial law, release those arrested and resume a genuine dialogue with the Church and Solidarity.

The Ten also noted with concern the recent statements of the Polish authorities on the possibility of the departure of detainees from the country. The Ten rejected any attempt to place pressure on those concerned. They would interpret such a policy as a further deterioration of the situation in Poland, and a grave breach of fundamental human rights.

(The Greek delegation has reserved its position on the section of the first sentence which indicates that the Polish situation affects the relations of the Ten with the U.S.S.R.)



BRIEF NO. 7

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:  
17 MAY 1982

## ARAB/ISRAEL

POINTS TO MAKE

1. New situation after Sinai: fresh thinking may be needed. Essential to keep in close touch with Americans, especially on ways of broadening peace process to include Palestinians.
2. Interested to know what impression you gained of President Reagan's thinking on Arab/Israel during your visit to Washington in March.
3. European Policy. Statement at June Council probably required. Should not aim too high; adhere to Venice principles as basis for progress and express continuing determination to help in search for peace with parties concerned.

ESSENTIAL FACTS

4. The key to further progress on the Palestinian question lies with the Americans. They are clearly determined to continue with the autonomy talks during 1982, but are also seriously considering ways of broadening the Camp David process thereafter. We are already encouraging them in this. The

/Israelis



Israelis seem determined to offer the Palestinians no more than limited autonomy even in the longer term: this is incompatible with self-determination, which is a vital element in the Egyptian position.

5. We aim to keep our European partners generally informed of our exchanges with the Americans, but influence on US thinking is probably not best exerted through the Ten. We wish, however, to keep alongside the French if possible. We were told that President Mitterrand was going to speak to President Reagan about the Palestinian problem during the former's visit to Washington on 12 March, but the French have never told us what transpired.

6. We have entered a new period with the return of Sinai and a statement on the Middle East at the June European Council may be required. We believe that the Venice principles are still a valid basis for Europe diplomacy and that the Europeans cannot remain inactive. But we share the French reluctance to launch any new initiative.

PRIME MINISTER'S MEETING WITH M MAUROY

15 MAY 1982

UK ECONOMY

Brief by HM Treasury

Points to make

(i) Main objectives of policy are to achieve, over a period, a sustained improvement in the economy through reduction of inflation and promotion of enterprise and initiative. This year's Budget, is a further step in attaining these objectives.

(ii) Reduction of inflation requires adherence to responsible and balanced monetary and fiscal policies. Our economy's entrenched problems mean success takes time to achieve. There are now the first signs of improved economic performance.

(iii) Government is equally concerned both with reducing inflation and unemployment. These are complementary not competitive objectives; unemployment will not be reduced by relaxing struggle against inflation.

## Background

(i) Basic tenets of economic policy set out in medium term financial strategy (MTFS). Government's commitment to the main thrust of these policies is unchanged. Completely untrue to say Government has failed to achieve MTFS. Main objective is reduction in inflation, and progress here has been good (inflation halved during the last two years with further reductions confidentially expected to continue).

(ii) The Government has not pursued MTFS inflexibly (1982-83 planned public expenditure some £5 billion higher than earlier envisaged - in part reflecting additional measures to help the unemployed; monetary targets were raised and indicators extended in 1982 MTFS).

(iii) 1982 Budget further stage in MTFS. Budget measures were directed at helping business and will cost over £1 billion in 1982-83. PSBR in 1982-83 forecast to be about the same proportion of GDP as 1981-82 outturn -  $3\frac{1}{2}$  per cent.

(iv) Total spending on special employment and training measures will be nearly £1½ billion in 1982-83; and over the next 3 years the Government will spend almost £4 billion to bring training arrangements up to date. The total number of people covered by special employment and training measures in Great Britain is estimated to be 560,000, with a direct affect on the unemployment register of around 325,000.

Less than half young people in Great Britain go into full time education or apprenticeship after compulsory school. This compares with 80 per cent in France. The Government is giving a lead in the

reform of training for apprenticeships, better vocational preparation for young people outside apprenticeship and wider opportunities for adult retraining. The new Youth Training Scheme to be introduced in September 1983 will cost £1 billion in its first full year. The Youth Opportunities Programme will cost £700 in 1982-83 as courses are improved and lengthened.

(v) Implementing policies to improve supply side (many of the following are in marked contrast to French policy): lifting of controls on pay and prices, dividends, foreign exchange movements; tax changes to restore incentives and encourage enterprise and initiative (particularly directed at small businesses); Enterprise Zones; 1980 Competition Act strengthened law on monopolies and restrictive trade practices; encouragement of housing and labour mobility; new industrial relations legislation (1980 Employment Act, 1982 Employment Bill); specific measures to help small firms (eg Loan Guarantee Scheme, tax changes, Business Opportunities Programme); encouragement of new technology; privatisation and strengthened financial disciplines in nationalised industries.

(vi) Inflation halved since its peak in spring 1980. Pay settlements showed a return to realism in the last pay round. Evidence of further reduction in the current round. Single figure inflation likely in the coming months. Further progress expected to 7½ per cent by mid 1983.

(vii) Activity has recovered since the spring of 1981 (but has been sluggish since the autumn). Prospect is for continued (but gentle) recovery - 1½ per cent in 1982 and 2 per cent in year to the first half of 1983. During last year manufacturing productivity (output per man) rose by 10 per cent, unit wage costs in manufacturing rose

very little (about 3 per cent) and competitiveness improved by over 10 per cent. Further reductions in pay settlements essential if improvement in industrial competitiveness to continue. Company finances, liquidity and profitability have improved but form a difficult base. Unemployment is still rising but at very much slower rate (at just  $\frac{1}{4}$  that a year ago during Jan-Apr). Short time working has been dramatically cut; overtime and vacancies increasing.

12 May 1982

## PRIME MINISTER'S MEETING WITH M MAUROY

15 MAY 1982

## FRENCH ECONOMY

## POINTS TO MAKE

1. Note President Mitterrand's decision that FY83 Budget deficit should be held at or below 3% of GDP. Does this pose difficult choices on priorities? Will expenditure be trimmed or revenues increased?
2. Congratulate Government on success in restraining growth in money supply last year below growth in nominal GDP. Note non-accommodating target for this year. What prospects for reducing inflation?
3. Success of French economic strategy crucially dependent on level of wage settlements? What prospects in this field?

## ESSENTIAL FACTS

The Economy

1. GDP rose last year by 0.3%, and the OECD forecasts it should rise again about 2½% this year (the fastest of the major 4 West European countries). Industrial production fell below last year's average level, in January and February. Unemployment is 10½% of the labour force - just less than 2 million people - and given France's rising labour force GDP might have to grow faster than 3% per annum for unemployment to begin falling again. Growth in the labour force comes from there being more men and women aged between 25 and 54 and from higher participation rates among women (as France moves towards British levels).

2. France is the only major industrial country in which consumer price inflation has risen significantly in the last year - from  $12\frac{1}{2}\%$  last March to  $14.1\%$  this March. Earnings in manufacturing industry are rising at about  $15\%$ , but another important push to industry's labour costs will come from the reduction in the working week (from 40 to 39 hours) and the introduction of a fifth week of paid holiday.

3. The current account deficit on the Balance of Payments amounted to  $1\frac{1}{2}\%$  of GNP last year and may widen in 1982. Interest rates were gradually reduced until the franc came under heavy pressure in the middle of March, when they had to be raised sharply to keep the franc within the EMS. Although the latest indicators show France is as internationally competitive as Germany, with inflation  $9\%$  higher a devaluation of the franc within the EMS looks likely later this year if French industry (and GDP growth) is not to be held back by the exchange rate.

#### Economic Policy

4. The Government's announced monetary target for 1982 is  $12\frac{1}{2}\%$ - $13\frac{1}{2}\%$  growth which should be less than the growth in nominal GDP. Growth of M2 last year was  $11.4\%$ , above M Barre's target ( $10\%$ ) but below the growth in nominal GDP ( $12.6\%$ ).

5. When it became clear that the budget deficit for 1982 would be nearer  $3\frac{1}{2}\%$  of GDP than the planned  $2\frac{1}{2}\%$ , President Mitterrand decreed that the deficit for 1983 should not exceed  $3\%$  of GDP. There are no reports of major revenue-gaining proposals being considered, yet M Mauroy announced further tax concessions and subsidies for loans to industry on 16 April.

6. The French do not publish figures for their PSBR but our calculations show that the French PSBR this year is very much larger than ours. The social security budget (which is not part of the government's formal budget) moved from surplus in 1980

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to substantial deficit in 1981. The deficit will probably increase further this year and next unless announced plans are changed.

7. The reduction in the working week and the increase in paid holidays enacted in January were part of the manifesto commitments. In April M Mauroy agreed to freeze firms' social contributions until July 1983 and not to legislate further reductions in the working week (the manifesto said to 35 hours) until 1984.

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## PRIME MINISTER'S MEETING WITH M. MAUROY

15 MAY 1982

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AERO-ENGINE COLLABORATIONPOINTS TO MAKE

1. Welcome continuing contacts between Rolls-Royce and SNECMA. Would like to see the two companies actively explore possibilities for collaboration. But must be for companies to decide - commercial viability essential. [If RJ 500 is raised] Rolls-Royce have decided to pursue negotiations with Pratt & Whitney on the RJ 500 project. However SNECMA involvement in the RJ 500 is still a possibility, and Rolls-Royce remain anxious to explore ideas for collaboration in other areas.

ESSENTIAL FACTS

2. President Mitterrand indicated at the September 1981 Summit meeting that he would welcome co-operation between Rolls-Royce and SNECMA (the main French engine manufacturer), and that there might be French Government pressure on SNECMA to achieve this. Since then there have been periodic contacts between Rolls and SNECMA, but no evidence of the pressure which the President hinted at. However, the French Minister of Transport made clear at his meeting with

/Mr Lamont ....

Mr Lamont on 6 May that the French Government remain interested in co-operation.

3. The French would prefer the two companies to work together with SNECMA's US associate General Electric on an engine for the new generation of 150-seater aircraft, including Airbus Industrie's new project, the A320. Rolls-Royce are developing such an engine, the RJ 500, in 50/50 partnership with a Japanese consortium. However, Rolls (who are negotiating also on behalf of their Japanese partner) are now close to bringing in Pratt & Whitney not GE as the third party. Mr Lamont has warned the French of this and Rolls have formally told SNECMA. SNECMA could still take part in the RJ 500 through Pratt & Whitney's shareholding in the company, and there are other possibilities for Anglo/French collaboration particularly on the military side, for example, the M 88 engine for combat aircraft.

4. Our interest is to encourage Rolls-Royce in their contacts with SNECMA, in the hope that the two companies will identify a joint activity which will add a strand to the Anglo-French relationship. But it must be for Rolls' commercial judgement whether to go ahead. Aero-engine collaboration for political reasons is likely to do more harm than good in the long run.

(Maritime, Aviation and  
Environment Department)

## PRIME MINISTER'S MEETING WITH M. MAUROY

15 MAY 1982

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CONCORDEPOINTS TO MAKE

1. We welcome Mr Lamont's agreement with M. Fiterman that we must work together to decide on the project's future. Our officials can now see if we can find common ground, including a satisfactory solution to the cost sharing dispute.

[If M Mauroy proposes cancellation] We shall certainly consider this carefully, in the co-operative spirit which has marked the Concorde venture. We would need to reach agreement on the cost sharing dispute.

ESSENTIAL FACTS

2. At the September 1981 Summit the Prime Minister and President Mitterrand gave their blessing to the French proposal for joint Anglo-French studies on the future of the Concorde project, the first time the two Governments had been able to agree on this since the signature of the 1962 Treaty. The studies were completed in April. They suggest that for the UK indefinite continuation would be the cheapest option, and for the French phased run down leading to termination of services on 1 April 1984.

/3. However,

3. However, E(EA) decided on 20 April that the Anglo-French calculations were inconclusive, and that the British objective should be to end in service support for Concorde on a basis agreed with the French Government and as a simultaneous decision of the two Governments. They also agreed that at his meeting with his French colleague M. Fiterman on 6 May Mr Lamont should not reveal this position, in the hope that the French themselves would propose cancellation and offer HMG a better chance of a favourable settlement of the cost sharing dispute. (We consider that the French owe us over \$100 million under the equal sharing provisions of the 1962 agreement, and there has recently been pressure from the Select Committee on Industry and Trade to reach a settlement.)

4. At the Ministerial meeting neither side admitted a preference for cancellation. But agreement was reached that whatever decision might be taken on the future of the project neither side would place the political responsibility for this on the other. The Ministers agreed to meet again in early July.

5. The Department of Industry are now proposing to E(EA) that the intervening period should be used to reach agreement with French officials on termination of Government support. It may be necessary to leave the cost sharing dispute to be settled by arbitration. There may still be difficulties; British Airways may wish to run Concorde services without Government support and in that case the French Government would be unlikely to withdraw support from Air France.

/6. The



6. The Department of Industry would be grateful if the Prime Minister could speak on the lines suggested, particularly on cost sharing, if a suitable opportunity arises. Equally they accept that it may not prove possible to deal with this matter in the time available.

(Maritime, Aviation and  
Environment Department)

## PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND

17 MAY 1982

## CHANNEL FIXED LINK

Points to Make(Introduction)

1. Have now had the benefit of discussing this subject with M. Mauroy.
2. Very important subject. Strong emotional overtones. Have approached in good faith, keeping your Minister and officials informed throughout. You have done the same. Hope we can continue in similar spirit.
3. Hope this subject will not become an irritant in British-French relations.
4. Would be interested to hear your views. Suggest we think over what both sides have to say this weekend, then get in touch again soon, through Ministers and officials.

(Points for Use as Necessary)

5. At Press Conference after 1981 Summit, I said we would wish the project to be financed privately but that we would be very happy if we could reach an agreement acceptable to both sides.
6. On the same occasion, our Ministers of Transport agreed that advantages should outweigh the costs.
7. On your side, you have been anxious to avoid a repetition of 1975. In effect, you wanted firm assurances that the project, once started, would be completed.
8. In the studies we commissioned, officials tried to reconcile our positions e.g. through the idea of a binational company.
9. British Ministers have now considered the Report on the studies, against criteria of private financing and economic advantage.

10. Tended to the view that the economic case for a fixed link was not convincing and that a high degree of public sector involvement might be unavoidable. Questionable whether project justified high priority in allocation of national resources.

11. Particularly doubtful about rail only link. Current difficulties with British Rail necessarily make us cautious about committing large new resources to a rail-only scheme. Drive-through options might be worth further study, though they raise formidable legal and technical questions.

12. In good faith, we thought it right to inform your people of this reaction. Officials met in Paris on 10 May.

13. We would be prepared to consider further studies on the drive-through options, subject to agreement on timing and finance. But I understand those options are unattractive to you.

14. No wish to rush into a hasty decision. But if we cannot reconcile our differing viewpoints, we may have to recognise that although both sides acted in good faith throughout, it was impossible to agree a basis for proceeding further.

15. If so, I hope we can agree to accept that position without recrimination, public or private. Ideally there should be a joint statement, but separate agreed statements would do.

#### Essential Facts

16. By the time the Prime Minister sees President Mitterrand, she will already have seen M. Mauroy, with whom she will no doubt have discussed the subject of the Fixed Link. Depending on what passed at that earlier meeting, the Prime Minister may wish to give

/greater

greater emphasis to one or other of the objectives in paragraphs 21 and 22 below.

17. 'E' Committee on 4 May agreed that no further work should be done on a rail-only link. Drive-through links might merit further study, although there were some major difficulties there too. Subject to tactical considerations, the Government's preference for this type of option should be indicated to the French: if they would not accept it, they might have to bear some of the responsibility for terminating discussions. It would be important to avoid French charges of bad faith.

18. Officials met French officials in Paris on 10 May and spoke as instructed by 'E'. The French expressed surprise and disappointment. They would react strongly against any early announcement that we had decided against a rail only link. In their view the Report on the Joint Studies provided no grounds for a negative decision. They did not appear interested in a drive-through option. The British would have to take sole responsibility if discussions were terminated now: a joint statement would be difficult for the French to agree. Moreover, since the French had no commitment to a public statement matching Mr Howell's need to report to Parliament, French officials clearly believe they can afford to wait for us to make the first move and then comment on it - by implication, adversely.

19. Unlike M. Mauroy, President Mitterrand has been more circumspect on his public pronouncements on the Fixed Link. But in private he has let it be known that the British attitude on the

/Fixed ....



Fixed Link will be an important touchstone of Anglo/French relations in what may otherwise be a bad year.

20. Depending on what passed on 15 May in the Prime Minister's discussions with M. Mauroy, President Mitterrand may himself decide to raise the subject of the Channel Fixed Link with the Prime Minister.

21. In that case the Prime Minister's immediate objectives in discussion with President Mitterrand would be:-

- (a) to explore the depth of French feeling on this subject;
- (b) to emphasise that we have acted in good faith throughout;
- (c) to emphasise our earnest hope that this subject will not become an irritant in Anglo/French relations (whilst perhaps hinting that if the French seek to gain domestic political advantage from seeking to put the blame on us we shall not take things lying down);
- (d) to suggest that both sides should think over the views expressed this weekend and get in touch again, through Ministers and officials, in the near future and before any final decisions are taken.

/22. If



22. If President Mitterrand does not respond favourably to this line, or if the Prime Minister feels the need to answer criticism of our position either from President Mitterrand or M. Mauroy, she may wish:-

- (a) to rehearse our side of the case, and in particular the two main principles on which we have approached the studies:  
private financing and economic advantage;
- (b) to remind the French that important differences remain between the two sides on the role of government in ensuring completion;
- (c) if all else fails, to hint that if discussions on a Fixed Link were terminated because the respective national criteria had proved impossible to reconcile, then the French could not escape their share of the responsibility, nor could they escape from the consequences of their unwillingness to consider seriously the drive-through options.



## PRIME MINISTER'S MEETING WITH M. MAUROY

15 MAY 1982

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CHANNEL FIXED LINKPOINTS TO MAKE(Introduction)

1. Very important subject. Strong emotional overtones. Have approached in good faith, keeping your Minister and officials informed throughout. You have done the same. Hope we can continue in similar spirit.
2. Hope this subject will not become an irritant in British-French relations.
3. Would be interested to hear your views. Suggest we think over what both sides have to say this weekend, then get in touch again soon, through Ministers and officials.

(Points for Use as Necessary)

4. At Press Conference after 1981 Summit, I said we would wish the project to be financed privately but that we would be very happy if we could reach an agreement acceptable to both sides.
5. On the same occasion, our Ministers of Transport agreed that advantages should outweigh the costs.
6. On your side, you have been anxious to avoid a repetition of 1975. In effect, you wanted firm assurances that the project, once started, would be completed.

/7. In ....



7. In the studies we commissioned, officials tried to reconcile our positions e.g. through the idea of a binational company.
8. British Ministers have now considered the Report on the studies, against criteria of private financing and economic advantage.
9. Tended to the view that the economic case for a fixed link was not convincing and that a high degree of public sector involvement might be unavoidable. Questionable whether project justified high priority in allocation of national resources.
10. Particularly doubtful about rail only link. Current difficulties with British Rail necessarily make us cautious about committing large new resources to a rail only scheme. Drive-through options might be worth further study, though they raise formidable legal and technical questions.
11. In good faith, we thought it right to inform your people of this reaction. Officials met in Paris on 10 May.
12. We should be prepared to consider further studies on the drive-through options, subject to agreement on timing and finance. But I understand those options are unattractive to you.
13. No wish to rush into a hasty decision. But if we cannot reconcile our differing viewpoints, we may have to recognise that although both sides acted in good faith throughout, it was impossible to agree a basis for proceeding further.
14. If so, I hope we can agree to accept that position without recrimination, public or private. Ideally there should be a joint statement, but separate agreed statements would do.

/ESSENTIAL FACTS

ESSENTIAL FACTS

15. 'E' Committee on 4 May agreed that no further work should be done on a rail-only link. Drive-through links might merit further study, although there were some major difficulties there too. Subject to tactical considerations, the Government's preference for this type of option should be indicated to the French: if they would not accept it, they might have to bear some of the responsibility for terminating discussions. It would be important to avoid French charges of bad faith.

16. Officials met French officials in Paris on 10 May and spoke as instructed by 'E'. The French expressed surprise and disappointment. They would react strongly against any early announcement that we had decided against a rail link. In their view the Report on the Joint Studies provided no grounds for a negative decision. They did not appear interested in a drive-through route. The British would have to take sole responsibility if discussions were terminated now: a joint statement would be difficult for the French to agree. Moreover, since the French had no commitment to a public statement matching Mr Howell's need to report to Parliament, French officials clearly believe they can afford to wait for us to make the first move and then comment on it - by implication, adversely.

17. M. Mauroy is Mayor of Lille and was previously Chairman of the Northern Regional Council; he has spoken publicly in favour of the Fixed Link. He can be expected to take a tough line in Edinburgh.

/18. In view



18. Indications are that M. Mauroy will be briefed to say that the French Government is not yet fully convinced that the project is economically viable; it would therefore like further studies to be completed, notably on financing, before the two governments reach any final conclusions; but in the meantime the French Government would find it difficult to associate itself with a negative appraisal of the Joint Study Group's Report.

19. It therefore seems unlikely that discussion on this subject can be avoided at Edinburgh. In that case, the Prime Minister's immediate objectives in discussion with M. Mauroy might be:-

- (a) to explore the depth of French feeling on this subject;
- (b) to emphasise that we have acted in good faith throughout;
- (c) to emphasise our earnest hope that this subject will not become an irritant in Anglo/French relations (whilst perhaps hinting that if the French seek to gain domestic political advantage from seeking to put the blame on us we shall not take things lying down.);
- (d) to suggest that both sides should think over the views expressed this weekend and get in touch again, through Ministers and officials, in the near future and before any final decisions are taken.

20. If M. Mauroy does not respond favourably to this line, or if the Prime Minister feels the need to reply to criticism of our position, she may wish:-

- (a) to rehearse our side of the case, and in particular the two main principles on which we have approached the studies: private financing and economic advantage;

/(b) to remind



- (b) to remind the French that important differences remain between the two sides on the role of government in ensuring completion;
- (c) if all else fails, to hint that if discussions on a Fixed Link were terminated because the respective national criteria had proved impossible to reconcile, then the French could not escape their share of the responsibility, nor could they escape from the consequences of their unwillingness to consider seriously the drive-through options.

(Maritime, Aviation and  
Environment Department)



## PRIME MINISTER'S MEETING WITH M. MAUROY

15 May 1982

## FAST BREEDER REACTORS

Points to Make

- We aim to take decisions on fast reactor policy before the summer recess. Considering all options, but international collaboration particularly attractive.
  
- Pleased to hear that positive progress now being made to establish scope for possible Anglo/French collaboration. Hope this can be maintained, so that fullest possible understanding of the scope for collaboration can be reached by the end of June, as a basis for early Governmental decisions.

/If Raised/

- Grateful for the intergovernmental agreement tabled by your officials. But premature in our view to sign anything until full scope and details of collaboration are known, and we have reached policy decision.

Essential Facts

1. The French lead the France/German/Italian consortium 'SERENA' which is developing fast reactor technology. Their 'Super Phenix' - Europe's first commercial scale fast reactor - is at an advanced stage of construction.
  
2. Following earlier negotiations in 1979, recent Ministerial discussions (starting with the last Anglo/French summit) have confirmed the interest of the Mitterrand Administration in extending the collaboration to include the UK. Talks to clarify possible arrangements are in train at official and industry (UKAEA/French CEA) levels. The French are aware that the UK is also having similar talks with the Americans, with a view to enabling Ministers to consider fast reactor policy options by the summer.



3. Recently French officials tabled a draft intergovernmental agreement. Whilst a basis for further discussion it contains few specific details. The French initially suggested that detailed negotiations could follow its signature. They have now accepted however that a pre-requisite is to achieve a detailed understanding of the full terms for a collaborative deal. At a meeting in Paris on 6 May they agreed to expedite industry level discussions - which have been moving rather slowly because of delay on the French side - with a view to reaching initial conclusions by the end of June.

Department of Energy

12 May 1982

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PRIME MINISTER'S MEETING WITH M MAUROY: 15 MAY 1982

OTHER BILATERAL ISSUES  
ANGLO-FRENCH COLLABORATION  
ON SPACE

Points to Make

1. Glad to note further collaboration in space on the stretched European Communications Satellite; and on Ariane IV.

Essential Facts

2. Development of a stretched European Communications Satellite (ECS) is to be undertaken as a joint Anglo-French Government/Industry project. The aim is to make ECS more competitive in the market for smaller satellites. The basic design phase will be completed at the end of July. A decision on further development will be taken in September. Prime contractor for ECS is British Aerospace.
3. The UK has subscribed to the Ariane IV programme for the development of the next generation launcher. Our contribution is 3.5%.

ENERGY, SCIENCE AND SPACE DEPARTMENT

12 MAY 1982

PRIME MINISTER'S MEETING WITH M MAUROY: 15 MAY 1982

OTHER BILATERAL ISSUES  
EUROPEAN TELECOMMUNICATIONS  
SATELLITE ORGANISATION

Points to Make (Defensive)

1. Regret that European industry (Tel-space of France) did not win the first Eutelsat contract for earth station equipment. We are in favour of preference for European industry within Eutelsat. We shall watch negotiations with Melco (Japan) carefully.

Essential Facts

2. At the 21st session of the Eutelsat Council, consisting of European PTTs and including British Telecom, it was decided to open negotiations with Melco (Japan) for the procurement of earth station equipment. The alternative offer from Tel-space (France) was rejected. The Japanese bid was for 7MAU, the French for 12MAU. After the bids were opened, the French bid was substantially reduced. Subsequently, the French have tried to have the procurement procedure re-opened. We have been unable

/to



to support them because of the too large difference in the rival bids and the need to observe the procurement procedures scrupulously. However, we have told the French that we shall be watching Eutelsat's negotiations with the Japanese carefully. If they are not satisfactory, the matter could be reconsidered.

ENERGY, SCIENCE AND SPACE DEPARTMENT

12 MAY 1982

PRIME MINISTER'S MEETING WITH M MAUROY: 15 MAY 1982

OTHER BILATERAL ISSUES

RATING OF FRENCH CULTURAL PREMISES

Points to Make [Defensive]

1. Sympathetic to French predicament. But need to consider whole picture of taxes, not just rates.
2. We await reactions to proposals put to the Quai during April.
3. Our objections in principle to a bilateral agreement (like 1965 one with Italians) were explained at meeting of officials on 11 March. We continue to believe seeking charitable status would be helpful way forward but have noted French objections.

Essential Facts

1. Problem is regularly raised: most recently by M Cheysson with Lord Carrington on 15 March and by French Ambassador with Sir M Palliser on 24 March.
2. The possibility, mooted on 15 March, of trying to find an EC solution was discounted by the Ambassador.
3. Taking into account all taxes paid by each side on premises and employees, we believe the imbalance to be greatly less than the French maintain.
4. Informal proposals towards a compromise solution were put to the French Embassy to be transmitted to the Quai d'Orsay on 14 April. We have not yet had any reaction.
5. A bilateral agreement mutually waiving local taxes on cultural

/institutes



institutes would require legislation (and would mean our having to meet French rating bills). There would be no balance of advantage in such an agreement with the French, as there was in the case of the Italians in 1965. Charitable status would provide the French with mandatory 50% rating relief with the possibility of further relief at the discretion of the local authority.

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BRIEF NO 14(d)

PRIME MINISTER'S MEETING WITH  
PRESIDENT MITTERAND: 17 MAY 1982

EUROPEAN TRANSONIC WINDTUNNEL

Points to Make (if raised)

1. UK fully recognises the importance of the European Transonic Windtunnel. We hope to reach a decision before the next meeting of the Steering Committee on 25 May.

Essential Facts

2. The UK, France, Germany and The Netherlands signed a Memorandum of Understanding in 1978 for the 3 year design phase of a European Transonic Windtunnel. The implication was that successful completion of this phase would lead to a joint agreement to complete the project.

3. France and Germany have confirmed their commitment and each has made a bid for location of the facility in its own territory. Holland also intends to participate. The UK decision is outstanding.

4. Total costs of the project are about £115m (1982 prices) over the next 11 years. The UK share would be £29m. DOI and MOD are discussing funding. We hope for a final decision by 25 May.

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BRIEF NO 15

PRIME MINISTER'S MEETING WITH M. MAUROY

15 MAY 1982

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FRENCH POLITICAL SCENE


ESSENTIAL FACTS

1. President Mitterrand and his Government have now settled down to the hard grind of implementing the President's election promises, though not as swiftly as many Socialist supporters had hoped. The honeymoon is definitely over but the President and, to a lesser extent, his government retain the confidence of the majority of the population. The Socialist majority in the National Assembly rules out any serious threat to their legislative programme. The Opposition remains disunited but morale is improving. The Communist Party has been effectively muzzled and the desire of the four Communist Ministers to be seen as loyal and effective members of the government remains evident. However, the Communist-controlled major union confederation, the CGT, have shown themselves less willing to follow the government's line.

2. The Socialists won none of the four by-elections on 17 January and they lost seats in the cantonal elections of mid-March when the Opposition took 1147 seats to the majority's 798. The Socialist Party as such lost only 7 but the Communists suffered badly, losing a fifth of their seats. On the Right, the Gaullists nearly doubled their representation though the Giscardians retain more seats. The immediate effect of these results has been the slowing down of the government's plans for decentralisation.

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3. The Opposition has been quick to exploit such contentious issues as law and order (where the interministerial squabbles have been carried on in public), the role of private education and the easing of government control of the media. The government have also found itself under attack from the union side for pushing through legislation reducing the working week to 39 hours - in practice, some employees lost privileges already negotiated with their employers.

4. The impression is that of a government under increasing pressure, even from its own supporters. It is not yet of a magnitude to discourage the government from pursuing its declared policies but the tactical approach shows an increasing understanding of the political realities.

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