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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%

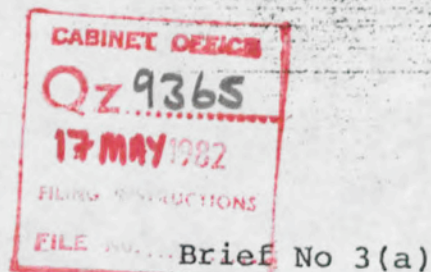
On 12 May The French Council of Ministers announced plans to increase the basic rate of VAT from 17.6% to 18.6%. The rate on essential foodstuffs, however would be cut from 7% to 5½%. A government spokesman said the changes would add only 0.1% to the rate of inflation (14.1% in March).

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

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*	<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)

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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)

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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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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.   |

\* Member of the Franco-British Council (British Section)

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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

\* Member of the 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"  |

\* Member of the Franco-British Council (British Section)

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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
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 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
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
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

\* membres du Conseil franco-britannique, section française

.. / ...

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
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Jean-Pierre GOURDON	Second Conseiller à l'Ambassade de France à Londres
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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 FRANCAIS ( 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 BEYTOU	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
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Jean DROMER*	Président-directeur général de la Banque Interna- tionale pour l'Afrique Occidentale, Trésorier de la section française

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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
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Michel ROCARD

## CONFÉRENCE D'EDIMBOURG

14-16 Mai 1982

COMMISSION D

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~~Jacques THIBAU~~

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

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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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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.

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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.  |

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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

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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

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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
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EDINBURGH CONFERENCE

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9. Mr Clive Jenkins
10. Sir Arthur Knight
11. Mr David Mellor, MP
12. The Hon Mrs Charles Morrison
13. Mr Edward Rayne
14. Mr Peter Rees, MP
15. Mr Bryan Rigby
16. Mr Thomas Risk

EDINBURGH CONFERENCE

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1. Chairman           The Lord Polwarth
2.                    Mr Donald Dewar MP
3.                    Mr Geoffrey Drain
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

COMMITTEE D

1. Chairman           The Rt. Hon. Lord Thomson of Monifieth
2. Rapporteur        Mr Paul Hodgson
3.                    Mr Roderick Cavaliero
4.                    Mr Ian Chapman
5.                    Mr Nicholas Colchester
6.                    Mr Matthew Evans
7.                    Mr Andrew Faulds, MP.
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 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/wholly on its own. We all know this. It is why France and Britain and the other present and future members of the European Community have resolved, in the words of the Treaty of Rome, to pool their resources to preserve and strengthen peace and liberty, and to ensure the economic and social progress of their countries by common action.

/ The European Community

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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

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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.

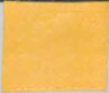


In the dark days in which Free France, resisting and fighting, stood at the side of Great Britain, the lone defender of the world's freedom, General de Gaulle declared at Oxford on 25 November 1941: "Great peoples such as ours have great duties to the future."

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 undoctrinaire 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 GNP 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

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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 sloer 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  $1\frac{1}{3}\%$  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

MAY 1982

12 1 2 3  
4 5 6 7 8 9

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

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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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