

S
812

PREM 19/1760

PART 3 TOP SECRET

Confidential Filing

Anglo - French Relations.

FRANCE

Part 1: Oct 1979

Part 3: July 1985

421

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
11.7.85		6.6.86					
12.7.85		16.6.86					
16.7.85		19.6.86					
25.7.85		28.7.86					
26.7.85		29.7.86					
30.7.85		4.8.86					
1.8.85		7.8.86					
2.8.85		2.8.86					
3.8.85		2.9.86					
4.8.85		3.9.86					
28.10.85		9.9.86					
5.12.85		10.9.86					
28.10.85		17.9.86					
8.11.85		25.9.86					
4.4.86		29.9.86					
17.4.86		30.9.86					
19.4.86		7.10.86					
25.4.86		21.10.86					
26.4.86		23.10.86					
29.4.86		3.11.86					
1.5.86		23.10.86					
11.5.86							
29.5.86		PTG					
5.6.86		6003					

PREM 19/1760

PART 3 ends:-

CDP to fco 23/10/86

PART 4. begins:-

CDP to PM 3/11/86



file
bc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 October, 1986.

**POSSIBLE VISIT TO FRANCE
BY THE PRINCE AND PRINCESS OF WALES**

Thank you for your letter of 23 October about the invitation to the Prince and Princess of Wales to visit France. The Prime Minister will reply to Monsieur Chirac in the terms you propose. I agree that Sir Patrick Wright should forward the invitation to Their Royal Highnesses' Household, and that we should try to obtain their agreement in principle to a visit in time for the Prime Minister to inform the French Government at the time of the bilateral summit.

(C.D. Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

ea



Foreign and Commonwealth Office

London SW1A 2AH

23 October 1986

Dear Charles,

Possible Visits to France by
TRH The Prince & Princess of Wales

Thank you for your letter of 6 October about the letter from M. Chirac to the Prime Minister inviting Their Royal Highnesses to visit France.

This is not a new initiative: background rests with Tony Galsworthy's letter of 16 June. Chirac's current invitation appears to be the formal follow-up foreshadowed in that letter. Since June the Royal Visits Committee (RVC) has endorsed the recommendation that Their Royal Highnesses visit France in 1988, and the Embassy in Paris are working on an outline programme to be discussed at the next RVC meeting at the end of the year. But there is nothing new to say to the French yet. I suggest therefore that the Prime Minister send for the moment only a brief acknowledgment to Chirac (I enclose a draft); that Sir Patrick Wright, who is already in touch with Their Royal Highnesses' household about this visit, forward the invitation to Sir John Riddell; and that we aim to secure Their Royal Highnesses' agreement in principle to visit France in 1988 in time for the Prime Minister to give the news to the French at the bilateral Summit on 21 November.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM:
Prime Minister

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO:
M. Jacques Chirac

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

~

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your letter of 30 September conveying the French Government's most cordial invitation to Their Royal Highnesses The Prince and Princess of Wales to pay an official visit to France.

CAVEAT.....

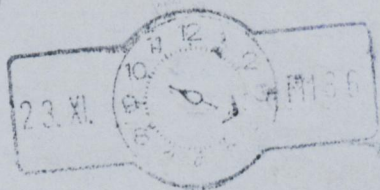
I know that Their Royal Highnesses look forward to making such a visit and agree with you that it would serve as a conspicuous demonstration of the ^{very} ~~ever~~ close links of friendship ^{between} ~~which~~ bind our two countries. Their Royal Highnesses hope to respond to your invitation as soon as consideration of their future programme permits.

Enclosures—flag(s).....

FRANCE

RELATIONS

PTZ



PRIME MINISTER

Seen by PM 7/10

VISIT OF PRESIDENT MITTERRAND

President Mitterrand has opted to come on 16 October which was one of the dates you offered. He will arrive at 1245 and deaprt at 1500. He will have only one official from his Office with him. I assume you will want me to take a note. I am arranging lunch for five (which includes the interpreter). We are not planning any announcement until the beginning of next week, i.e. only two or three days before the visit itself.

Charles Powell

7 October 1986



✓
✓ e p c.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

6 October 1986

You kindly sent me the letter to the Prime Minister from M. Chirac inviting the Prince and Princess of Wales to visit France, which the French Ambassador left with the Foreign Secretary on 3 October. I should be grateful for advice on how this invitation should be conveyed to the Prince and Princess of Wales and, if appropriate, for a draft letter from the Prime Minister.

BF //

(CHARLES POWELL)

GA

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

ms

celc

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

30th September, 1986

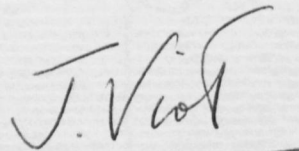
Already seen.
CDP
30/9.

Dear Prime Minister,

I have now received through the diplomatic bag the enclosed letter addressed to you by Monsieur Jacques Chirac, Premier Ministre.

You will remember that the text of this letter was sent to you on Wednesday 24th September.

Yours sincerely,



Jacques VIOT

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

Le Premier Ministre

Madame le Premier Ministre,

Je tiens à vous mettre au courant d'un problème de personne dont l'importance ne vous échappera pas et que M. BALLADUR a déjà évoqué auprès du Chancelier de l' Echiquier.

Jacques de LAROSIERE vient de nous faire part de son intention de quitter la Direction Générale du Fonds Monétaire International dans les mois qui viennent. Il considère en effet qu'il est de l'intérêt de l'Institution de procéder à partir de maintenant au renouvellement du Directeur Général : à ses yeux l'ouverture de sa succession dans la dernière année de son mandat (de mai 1987 à mai 1988) risque de porter préjudice à l'efficacité de l'action du "managing director".

Le Fonds s'apprête en particulier à aborder à partir du début de 1987 la négociation quinquennale du relèvement des quote-parts. M. de LAROSIERE pense que cette négociation, qui durera au moins trois ans, devrait être engagée par l'homme qui aura la responsabilité future de l'Institution.

Je sais que vous attachez beaucoup d'importance, comme moi, à cette fonction de responsable du FMI, surtout dans la conjoncture présente. Il est essentiel de trouver un candidat de très haute qualité.

A cet égard, parcourant les noms possibles pour cette importante fonction, j'ai songé pour ma part à Michel CAMDESSUS, le Gouverneur de la Banque de France, ancien président du Comité Monétaire européen, et ancien président du Club de Paris, dont l'autorité internationale est grande, notamment auprès des pays en voie de développement, et qui me paraît avoir toutes les qualités nécessaires de rigueur, d'intelligence et de compétence.

J'ajoute qu'il me paraît avoir également les qualités humaines qu'il faut pour traiter les problèmes délicats qui se posent à cette grande Institution internationale.

Je me suis assuré que Michel CAMDESSUS était prêt à assumer ces très importantes responsabilités si un consensus était réuni sur son nom.

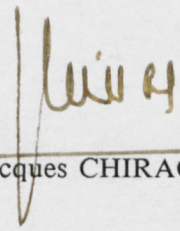
./.

Madame Margaret THATCHER
Premier Ministre
du Royaume-Uni

Je tenais absolument, avant la réunion de Washington où se retrouveront nos Ministres des Finances, à m'ouvrir auprès de vous de cette question qui me tient à coeur.

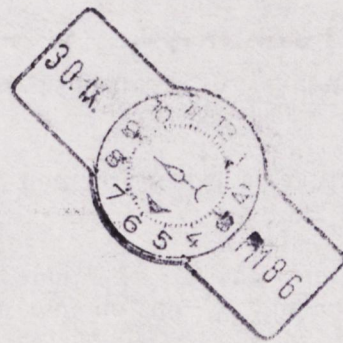
J'adresse le même message à M. Bettino CRAXI et à M. Helmut KOHL.

Veillez agréer, Madame le Premier Ministre, l'expression de ma haute considération, *de vos respectueux hommages*
et de mon très cordial souvenir.


Jacques CHIRAC

IRVING THRODING

EXTRA



CCB/HP
PC

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

ml

29 September 1986

Dear Charles,

*Prime Minister
A nice, sensible
low-key man: a pity
he is going. CDP
29/9*

French Ambassador's Farewell Call on the Prime Minister:
17.30 on 30 September

Thank you for your letter. There are no points the PM need raise. What follows may be useful by way of background.

M. Viot is due to leave London next month, having reached retirement age (65), after slightly less than two years as Ambassador. There have been some positive developments during his posting: better cooperation in the Community after the Fontainebleau European Council; an improvement in the bilateral relationship over defence matters; and the Channel Tunnel agreement. M. Viot's own style has been low-key, but we have always found him sensible, effective and likeable. Earlier this year he was awarded the distinguished title of 'Ambassadeur de France'.

Current major French concerns are terrorism and UNIFIL. Although it is now over a week since the last terrorist incident in Paris, the police have made little progress towards identifying those responsible. The TREVI meeting on 25 September (called at French and German suggestion) made useful headway. The French appear to have found it valuable. The Prime Minister might make it clear to M. Viot that we believe there is room for still further multilateral cooperation at the political level, eg among the Summit Seven.

UNIFIL, particularly the French contingent, has recently come under deliberate attack, and four French soldiers have been killed in the last month. The French have called on the UN to review UNIFIL's role and have threatened to withdraw their contingent; they drafted a UN Security Council Resolution last week calling on the Secretary-General to improve UNIFIL's security on the ground and report within 21 days (14 October). We sympathise with their difficulties, and voted for their Resolution.

The 1986 Anglo/French Summit is fixed for 21 November in Paris. The French have not yet put forward proposals on participation, but it is already clear that M. Chirac's office expect him to be involved as well as President Mitterrand.

/M. Viot

CONFIDENTIAL



M. Viot will return to chair a Committee of Enquiry into the structure and organisation of the French diplomatic service. The French have maintained more overseas posts than the UK (306 against 205 in 1983) and have taken pride in this. Recently they have started to economise. They thus have a structural manpower problem with up to eighty Under Secretaries en disponibilite at any one time. They attach a particular importance to "cultural diplomacy", which will receive 37% of the Quai's 1987 budget, nearly twice the proportion provided in the UK on the British Council, BBC external services and overseas student support.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

PS The need to staff French Embassies to cover their expanded visa role will doubtless be one of his preoccupations.



lto SM

10 DOWNING STREET

From the Private Secretary LONDON SW1A 2AA 29 September 1986

BS/

The French Ambassador is to pay a farewell call on the Prime Minister at 1730 tomorrow (30 September). I should be grateful for a brief note by this evening of any points which you would want her to raise with M. Viot.

C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

file
CONFIDENTIAL

DA



10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 September 1986

I have seen a copy of Paris telegram 954 about the proposed visit to London of M. Francois Bujon de l'Estang, the French Prime Minister's Diplomatic Adviser. I would very much like to see M. Bujon while he is here and should be grateful if some provision could be made in the programme, once a date is fixed for him to visit London.

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

ECU

CONFIDENTIAL
FM PARIS
TO IMMEDIATE FCO
TELNO 954

Confidential

OF 261552Z SEPTEMBER 86

[COVAR]

PRE-SUMMIT TALKS WITH FRENCH PRIME MINISTER'S DIPLOMATIC ADVISER
(TELECON RENWICK/GARSDALE ALSO REFERRED)

1. BUJON DE L'ESTANG (CHIRAC'S COUNSELLOR FOR DIPLOMATIC AFFAIRS, DEFENCE AND AID COOPERATION) HAS TOLD US THAT HE WOULD LIKE AN OPPORTUNITY TO DISCUSS COMMUNITY DOSSIERS, DIPLOMATIC TOPICS AND BILATERAL COOPERATION WITH BRITISH OFFICIALS FAIRLY SOON TO HELP PREPARE FOR THE BILATERAL SUMMIT IN NOVEMBER AND THE EUROPEAN COUNCIL THE FOLLOWING MONTH. HE SEEMS VERY READY TO GO TO LONDON AND WOULD WISH TO BE ACCOMPANIED BY ONE OR TWO OTHER OFFICIALS. BUJON'S ORIGINAL MESSAGE IN FACT REFERRED TO A WISH TO DO THIS 'WITH HIS BRITISH OPPOSITE NUMBER', BUT HE KNOWS LONDON WELL ENOUGH TO REALIZE THAT THERE IS NO SUCH EXACT EQUIVALENT.

2. SINCE YESTERDAY'S TELECON UNDER REFERENCE, MINISTER HAS SPOKEN PERSONALLY TO BUJON. THE LATTER SAID HE WOULD BE VERY HAPPY WITH A DAY-LONG WORKING VISIT TO LONDON DURING WHICH HE COULD SEE BOTH THOSE CONCERNED ON THE COMMUNITY SIDE (EG WILLIAMSON, BRAITHWAITE, RENWICK) AND THOSE CONCERNED WITH POLITICAL AND BILATERAL ISSUES (EG DEREK THOMAS, MALLABY, RATFORD). IT IS ALSO CLEAR THAT HE WOULD BE DELIGHTED IF IT PROVED POSSIBLE TO ADD CHARLES POWELL (WHOM HE KNOWS) TO THOSE ATTENDING THE LUNCH WE WOULD PRESUMABLY WISH TO OFFER.

3. ON DATES BUJON COULD MANAGE A DAY IN THE WEEK BEGINNING 20 OCTOBER (HE SPECIFICALLY SUGGESTED 23 OCTOBER), OR 10 OR 12 NOVEMBER, OR EVEN 17 OR 18 NOVEMBER (WHICH HE DID NOT THINK TOO CLOSE TO THE SUMMIT). OTHER DAYS AROUND THIS PERIOD ARE MUCH BLOCKED BY THE NEED TO ACCOMPANY CHIRAC ABROAD, EG TO POLYNESIA AND LOME.

4. BUJON IS VERY MUCH HIS OWN MAN AND PLAYS A KEY ROLE IN THE FORMULATION OF POLICY AT MATIGNON. WE SHOULD NOT ASSUME THAT HE SEES HIS OWN TALKS AS FORMING PART OF A COORDINATED PATTERN WITH OTHERS WE SHALL BE HAVING OVER THE NEXT MONTH OR SO (EG RENWICK'S VISIT TO PARIS ON 8 OCTOBER, OR CONTACTS SUGGESTED BY BOSSON'S CABINET). I SHOULD LIKE US TO BE ABLE TO GO BACK TO BUJON HERE SOON WITH A FIRM PROPOSAL. GRATEFUL FOR INSTRUCTIONS.

FRETWELL

YYYY

PCLNAN 5294
EUROPEAN POLITICAL
WED

Confidential

Mrs. Ryder

①

Could you please give me a time - 15 minutes - this week. I suggest right at the beginning of a day so as not to interfere with speech work.

PRIME MINISTER

The French Ambassador is leaving London on 10 October. He has asked if he can pay a brief farewell call. I know it is a very busy time, but I think you ought to receive him briefly. Agree to a fifteen minute call? - It will have to be a little longer than that.

CDP

Yes
not

(CHARLES POWELL)

CDP.
1730
19E 30 Sept.

26 September 1986



file 1/6
cc for PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

25 September 1986

I enclose a copy of a reply from M. Chirac to a recent letter from the Prime Minister about the terrorist incidents in France.

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

1/6

Confidential

CONFIDENTIAL

FM PARIS

TO DESKBY 241700Z FCO

TELNO 946

OF 241517Z SEPTEMBER 86

AND TO IMMEDIATE HOME OFFICE

INFO ROUTINE WASHINGTON, BONN, ROME, UKMIS NEW YORK

INFO SAVING TO BEIRUT, DAMASCUS, TEHRAN, TEL AVIV, UKDEL NATO

INFO SAVING RABAT, TUNIS, OTHER EUROPEAN COMMUNITY POSTS, BAGHDAD

HOME OFFICE FOR PS/S OF S)

MY TELNOS 935 AND 937 (NOT TO ALL): TERRORISM IN FRANCE

SUMMARY

1. NO MORE BOMBS SINCE 17 SEPTEMBER, BUT PUBLIC ANXIETY CONTINUES. COHERENCE OF FRENCH MIDDLE EAST POLICY QUESTIONED. CONTROVERSY OVER THE HISTORY OF NEGOTIATION WITH TERRORISTS (BY THIS GOVERNMENT AS WELL AS ITS PREDECESSORS). THE MEETING OF EC INTERIOR MINISTERS TOMORROW COULD BE USED TO TEST HOW FAR THE FRENCH ARE REALLY PREPARED TO MEND THEIR WAYS.

DETAIL

2. IN SPITE OF CONTINUED THREATS FROM THE COMMITTEE OF SUPPORT FOR MIDDLE EAST PRISONERS, THERE HAVE BEEN NO MORE INCIDENTS IN PARIS SINCE 17 SEPTEMBER. THE PRESS HOWEVER IS STILL FULL OF ARTICLES ON TERRORISM, AND PUBLIC ANXIETY HAS BEEN DEMONSTRATED BY REDUCED NUMBERS OF PEOPLE IN POTENTIAL TARGET AREAS SUCH AS THE CHAMPS ELYSEES AND EVEN THE CANCELLATION OF SOME PUBLIC EVENTS. WITH 2300 EXTRA POLICEMEN IN THE CAPITAL, SECURITY PRECAUTIONS ARE TIGHTER ALL ROUND.

3. THERE IS NO SIGN OF A POLICE BREAKTHROUGH. THEY HAVE FOUND ANOTHER ARMS CACHE, BUT NOT NECESSARILY CONNECTED WITH THE BOMBINGS. 8 OUT OF 9 FARL SUSPECTS WHOM THEY HAD NAMED HAVE SINCE TURNED UP IN LEBANON, BUT THE PRESS HAS GENERALLY REFRAINED FROM RIDICULING POLICE EFFORTS ON THIS ACCOUNT, AND THE POLICE HAVE BEEN BRIEFING EXTENSIVELY ON WHAT THEY KNOW OF THE PAST MOVEMENTS AND ACTIVITIES OF THE 9, IN ORDER TO GIVE CREDENCE TO THEIR SUSPICIONS. MOST OBSERVERS NOW CONCLUDE THAT THE FARL WERE NOT OPERATING ALONE, BUT HAD THE SUPPORT OF ONE OR MORE MIDDLE EAST GOVERNMENTS, AND POSSIBLY MEMBERS OF ACTION DIRECTE. GIVEN THE FARL'S PAST LINKS WITH THE FPLP, THE FINGER IS POINTED PARTICULARLY AT SYRIA. (GEMAYEL ALMOST SAID AS MUCH IN A LE MONDE INTERVIEW YESTERDAY, BUT WITHOUT NAMING NAMES). THE ATTACKS ON UNIFIL HAVE CONTRIBUTED ALSO TO SUSPICION OF IRAN.

4. ALL THIS HAS RAISED SERIOUS QUESTIONS ABOUT THE COHERENCE OF FRENCH POLICY TOWARD THE MIDDLE EAST, WITH SEASONED COMMENTATORS VOICING SOME TRENCHANT CRITICISMS FROM BOTH RIGHT AND LEFT OF

Confidential

CENTRE: AND IMPLYING THAT SUCCESSIVE GOVERNMENTS HAVE TRIED TO BE TOO CLEVER BY HALF IN THEIR ATTEMPTS TO KEEP ON GOOD TERMS WITH WARRING STATES AND CONFLICTING FACTIONS. UNLESS HIS SPEECH AT THE UN TODAY HAS SOMETHING NEW, THERE IS HOWEVER AT PRESENT NO SIGN THAT CHIRAC INTENDS TO CHANGE DIRECTION, EG OVER THE NEGOTIATIONS WITH IRAN. AS FOR SYRIA, CONTACTS CONTINUE: AURILLAC, MINISTER FOR COOPERATION WAS IN DAMASCUS YESTERDAY FOR TALKS WITH KHADDAM. BUT IT WOULD NOT BE ENTIRELY SURPRISING IF FRANCE WERE TO LEAN MORE TOWARD THE IDEA OF AN INTERNATIONAL PEACE CONFERENCE ON THE MIDDLE EAST, AS MITTERRAND IS NOW REPORTED TO HAVE DONE FOLLOWING TALKS IN PARIS WITH JORDAN'S PRIME MINISTER YESTERDAY.

5. THE OTHER SUBJECT OF CRITICISM HAS BEEN THE HISTORY OF FRENCH GOVERNMENT DEALS WITH TERRORISTS. SOME NOW ARGUE THAT THIS HAS ENABLED THE TERRORISTS TO BUILD UP BASES IN FRANCE AND CONVINCE THEM THAT THE GOVERNMENT CAN BE BLACKMAILED. THERE ARE PERSISTENT STORIES THAT THE SOCIALIST GOVERNMENT PROMISED IN APRIL 1985 TO RELEASE ABDALLAH IN RETURN FOR PEYROLLES, A FRENCH OFFICIAL TAKEN HOSTAGE IN LEBANON. DUMAS HAS DENIED THIS. ONE FRENCH NEWSPAPER TODAY HOWEVER PUBLISHES A CIRCUMSTANTIAL ACCOUNT OF THE NEGOTIATIONS LEADING UP TO THE RELEASE OF PEYROLLES, IN WHICH THE ALGERIAN GOVERNMENT WAS DEEPLY INVOLVED. IT SUGGESTS THAT ABDALLAH WAS TO BE RELEASED AFTER COMPLETING A SHORT SENTENCE ON A MINOR CHARGE. THE DISCOVERY SOON AFTERWARDS OF EVIDENCE LINKING HIM TO THE MURDER OF AN AMERICAN DIPLOMAT IN PARIS IN 1982 CAUSED COMPLICATIONS. NEVERTHELESS THAT EVIDENCE WAS NOT CONCLUSIVE, AND IT SEEMS THAT ABDALLAH WAS LIKELY NOT TO BE BROUGHT TO TRIAL ON THE MURDER CHARGE BUT TO BE RELEASED AFTER COMPLETING ONLY 2 YEARS IN PRISON. TODAY'S CANARD ENCHAINE (SATIRICAL WEEKLY) CLAIMS THAT CHIRAC TOO ORDERED CONTACTS WITH FARL REPRESENTATIVES IN MADRID IN MAY AND JUNE 1986 TO INFORM THEM OF THIS PLAN. A SENIOR OFFICIAL OF THE US DEPARTMENT OF JUSTICE (DAVID EPSTEIN) IS SAID TO HAVE CALLED ON CHIRAC ON 21 JULY AND URGED HIM NOT TO LET ABDALLAH GO. THERE HAVE BEEN PERSISTENT RUMOURS OF DIVISION OVER THIS ISSUE WITHIN CHIRAC'S GOVERNMENT DURING THE SUMMER, WITH PASQUA TEMPTED TO RELEASE ABDALLAH BUT OTHER MINISTERS ARGUING AGAINST. THERE IS STILL, HOWEVER, A CIVIL ACTION OUTSTANDING AGAINST ABDALLAH, RELATING TO THE ASSASSINATION IN 1982 OF THE U.S. DEFENCE ATTACHE.

6. FOR THE MOMENT THE RELEASE OF ABDALLAH SEEMS EXCLUDED BY EVENTS. PUBLIC OPINION EXPECTS THE GOVERNMENT TO TAKE A FIRM LINE. CHIRAC'S MEASURES HAVE SO FAR BEEN WELL RECEIVED: BUT HE WOULD PROBABLY HAVE TO GO FURTHER IF THERE WERE ANOTHER BOMBING AND NO ARRESTS. A DEMONSTRATION BY THE FRONT NATIONAL IN PARIS ON 22 SEPTEMBER WAS NOT VERY WELL ATTENDED, BUT THE GOVERNMENT IS VERY CONSCIOUS OF THE NEED NOT TO LET ITSELF BE OUTFLANKED ON THE RIGHT. THE SOCIALISTS SEEM LACKING IN DIRECTION. PUBLIC OPINION WOULD NOT UNDERSTAND A CAMPAIGN OF CRITICISM AGAINST THE GOVERNMENT, BUT THE SOCIALIST PARTY IS NERVOUS THAT CHIRAC HAS SO OBVIOUSLY TAKEN OVER THE REINS OF POWER AND LEFT MITTERRAND ON THE SIDELINES. ONE FORMER MINISTER (BEREGOVY) HAS EVEN SPOKEN OF THE POSSIBLE USE OF THE PRESIDENT'S EMERGENCY POWERS UNDER ARTICLE XVI OF THE CONSTITUTION: BUT OTHERS (RIGHTLY) REGARD THIS AS EXCESSIVE. MEANWHILE MITTERRAND HAS RISEN IN THE OPINION POLLS TOGETHER WITH CHIRAC.

CONFIDENTIAL

7. AGAINST THIS BACKGROUND, THE MAIN FRENCH OBJECTIVE AT THE EMERGENCY MEETING OF THE EC INTERIOR MINISTERS TOMORROW IS PRESENTATIONAL - TO DEMONSTRATE TO THE ELECTORATE THAT FRANCE IS COOPERATING CLOSELY WITH HER EUROPEAN PARTNERS. IN SPITE OF REPEATED APPROACHES, THE FRENCH HAVE NOT COME UP WITH ANY SPECIFIC PROPOSALS WHICH THEY WANT TO SEE DISCUSSED. AND DESPITE THEIR TOUGH LANGUAGE WHEN THEY CAME INTO OFFICE, AND SOME PRACTICAL MEASURES SINCE THEN (EG THE EXPULSION OF SUSPECTED ETA TERRORISTS), THERE MUST REMAIN A QUESTION MARK OVER THIS GOVERNMENT'S DETERMINATION TO REJECT BACKSTAIRS DEALS WITH TERRORISTS AND GENUINELY TO COOPERATE IN COMMON ACTION AGAINST THEM. THE MEETING TOMORROW MAY OFFER AN OCCASION TO TEST WHETHER THEY ARE WILLING TO GO ALONG WITH MEASURES SUCH AS:-

- (A) THE RATIFICATION OF THE EUROPEAN CONVENTION ON THE SUPPRESSION OF TERRORISM, ON WHICH THE SIGNALS HERE REMAIN AMBIGUOUS.
- (B) A CLEAR AGREEMENT BY ALL EUROPEAN COUNTRIES TO RESIST TERRORIST BLACKMAIL.
- (C) AN AGREEMENT NOT TO GIVE POLITICAL ASYLUM TO NATIONALS OF OTHER EC MEMBER STATES (PANDRAUD HIMSELF HAS SAID THAT SUCH ASYLUM CAN NO LONGER BE JUSTIFIED).
- (D) GREATER FLEXIBILITY OVER CONTACTS ON TERRORISM BETWEEN THE TWELVE AND THIRD COUNTRIES (ESPECIALLY THE US).
- (E) THE RAPID SWAPPING OF INFORMATION ABOUT SUSPECTED TERRORISTS.

IT MIGHT ALSO BE A SUITABLE OCCASION TO DISCOVER FRENCH INTENTIONS OVER SEARCHING DIPLOMATIC BAGS OF FOREIGN MISSIONS IN PARIS ABOUT WHICH THERE HAVE BEEN RECENT RUMOURS IN THE PRESS.

FRETWELL

YYYY

FCO PLSE PASS SAVING TO BEIRUT, DAMASCUS, TEHRAN, TEL AVIV UKDEL NATO, RABAT, TUNIS, ATHENS, UKREP BRUSSELS, BRUSSELS COPENHAGEN, DUBLIN, LISBON, LUXEMBOURG, MADRID, THE HAGUE BAGHDAD

LNAN 5254

[COPIES SENT TO NO 10 DOWNING STREET]

INTERNATIONAL TERRORISM LIMITED

SCD
SEC D
PUSD
NEWS D
LEGAL ADVISERS
INFO D
PROTOCOL D
SOVIET D
DEF D
WED.

PS/PUS
MR FERGUSSON
MR GOODALL
MR BARRINGTON
MR DAUNT
MR SLATER
MR LONG
MR THOMAS
MR RATFORD

COPIES TO:-
INFORMATION DEPT (INTERNATIONAL SECTION)
RM G/95 OAB
ASSESSMENTS STAFF, CABINET OFFICE
GS SEC MOD
SEC (NATO/UK) (C) MOD
MR HARRINGTON, F4 DIV, HOME OFFICE
MISS J HANCOCK (MIDDLE EAST SECTION),
RESEARCH DEPT

PS/S of S
HOME OFFICE

- 3 -
Confidential

020
ask

AMBASSADE DE FRANCE

LONDRES

L'AMBASSADEUR

24th September, 1986

JP
25/9.

Dear Prime Minister,

I have just received the text of a message
addressed to you by Monsieur Jacques Chirac, Premier
Ministre.

I enclose it herewith.

Yours sincerely,

J. Viot

Jacques VIOT

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

④

Prime Minister
A thank you from

MESSAGE DE MONSIEUR JACQUES CHIRAC
PREMIER MINISTRE

M. Chirac for
your message

A

THE RT. HON. MARGARET THATCHER, M.P.
PRIME MINISTER

of sympathy
on terrorist
incidents.

Paris, le 24 septembre 1986

mt

CDP
25/9.

"Madame le Premier Ministre,

J'ai été très sensible au message que vous
avez bien voulu m'adresser à l'occasion des attentats
commis récemment en France ou contre des Français.
Dans cette épreuve, votre soutien et votre détermination
à combattre le terrorisme sont un réconfort précieux pour
le Gouvernement français qui est convaincu de la nécessité
pour les démocraties de coopérer étroitement dans la lutte
contre ce fléau international.

Je vous remercie très vivement du témoignage
personnel que vous avez bien voulu m'adresser dans ces
circonstances difficiles et vous prie d'agréer, Madame le
Premier Ministre, l'expression de mes hommages respectueux.

signé : Jacques Chirac" ./.

CF



file M

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 September 1986

**PRESIDENT MITTERRAND AND
CHATHAM HOUSE**

Thank you for your letter of
22 September about the RIIA's proposal
to invite President Mitterrand to address
them at the time of the European Council.
The Prime Minister has noted this.

C D POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office

LP



10 DOWNING STREET

THE PRIME MINISTER

23 September 1986

Dear Ambassador,

I was very pleased to receive your letter of 17 September in which you conveyed Monsieur Flosse's kind invitation to attend the 26th South Pacific Conference in Papeete.

Unfortunately I have a very full programme of commitments at that time, and I greatly regret that I am unable to accept this invitation. Would you be so good as to convey this message to Monsieur Flosse and send him my best wishes for the success of the Conference?

Yours sincerely
Raymond Shalton

His Excellency Monsieur Jacques Viot

CAJ



Foreign and Commonwealth Office

London SW1A 2AH

22 September 1986

*Dear Charles,*South Pacific Conference, Papeete, 3-5 November

On 18 September we received the enclosed letter from the French Ambassador to the Prime Minister, covering a message from M. Gaston Flosse, Head of the Territorial Government of French Polynesia, inviting the Prime Minister and Mr Thatcher to attend the South Pacific Conference in Papeete from 3-5 November. Officials at the French Embassy have told us that M. Chirac will be in Papeete at the time to lead the French delegation. They add that similar invitations are being extended to President Reagan and Prime Ministers Hawke and Lange.

The South Pacific Commission is an advisory and consultative body which runs regional programmes for development. Its membership consists of the island territories (both self-governing and non-self-governing) and Australia, New Zealand, France, the USA and the UK. British membership is now formally justified only by our responsibility for Pitcairn; but at modest cost we are seen to be involved in regional affairs. An FCO Minister has sometimes attended part of the proceedings in recent years. Lady Young did so in 1984. In 1985, however, an Assistant Under-Secretary led the UK delegation.

The Foreign Secretary's view is that, given our Presidency and the likely pressure of other business in November a senior official rather than a Minister should attend this year. American and French attendance has hitherto been at senior official level. We have already told the Conference's Secretariat that Mr David Gillmore (our new Deputy Under-Secretary, responsible for Asia) will lead the British delegation.

The Foreign Secretary does not think that M. Chirac's possible presence at the Conference should lead us to change our proposed representation. He sees no reason for the Prime Minister to do more than to send a courteous reply (draft enclosed) to the French Ambassador declining M. Flosse's invitation.

*Yours ever,**Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

HE Monsieur Jacques Viot
 French Embassy
 58 Knightsbridge
 LONDON SW1X 7JT

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I was very pleased to receive your letter of 17 September, in which you conveyed Monsieur Flosse's kind invitation to attend the 26th South Pacific Conference in Papeete.

Unfortunately I have a very full programme of commitments at that time and I greatly regret that I am unable to accept this invitation. Would you be so good as to convey this message to Monsieur Flosse and send him my best wishes for the success of the Conference?

CJD

Enclosures—flag(s).....



Foreign and Commonwealth Office

London SW1A 2AH

Pme Minutes

22 September 1986

*To note Chatham House's
intent to invite President*

*Mitterrand to give a
lecture . N.C.U*

Dear Charles,

President Mitterrand and Chatham House

22-9

Thank you for your letter of 17 September about Chatham House's proposal to invite President Mitterrand to address the Institute when he comes to London for the European Council in December. Both Admiral Eberle and Mr James Callaghan have raised this proposal recently with Sir Patrick Wright, who advised them that the Prime Minister should be consulted before any invitation was issued: hence this approach. There are no Presidency plans for any engagements before the lunch on 5 December which would make it impossible for the President to address Chatham House that morning.

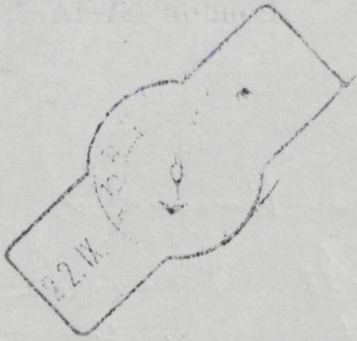
Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

FRANCE Relations AT3



DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1760</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Minute from Power 15 PM dated 18 September 1986</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>12 July 2015</i> <i>Wayland</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

Instructions for completion of Dummy Card

Use **Black Pen** to complete form

Use the card for one piece/item number only

Enter the Department, Series and Piece/Item references clearly
e.g.

DEPARTMENT/SERIES <i>GRA 168</i>
PIECE/ITEM <i>49</i> (ONE PIECE/ITEM NUMBER ONLY)

Please Sign and Date in the box adjacent to the description that applies to the document being replaced by the Dummy Card

If the document is Closed under a FOI exemption, enter the number of years closed. See the TNA guidance *Preparation of records for transfer to The National Archives*, section 18.2

The box described as 'Missing' is for TNA use only (it will apply to a document that is not in its proper place after it has been transferred to TNA)

AMBASSADE DE FRANCE

LONDRES

L'AMBASSADEUR

17th September, 1986

Dear Prime Minister,

I have just received this message addressed to you by Monsieur Gaston Flosse, Président du Gouvernement du Territoire de Polynésie française.

I enclose it herewith.

Yours sincerely,

J. Viot

Jacques Viot

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

MESSAGE DE MONSIEUR GASTON FLOSSE
PRESIDENT DU GOUVERNEMENT
DU TERRITOIRE DE POLYNESIE FRANCAISE

A

THE RT. HON. MARGARET THATCHER, M.P.,
PRIME MINISTER

Le 17 septembre 1986

"Madame le Premier Ministre,

La Polynésie française aura le privilège d'accueillir la 26ème conférence du Pacifique Sud qui se tiendra à Papeete du 3 au 5 novembre 1986.

A cette occasion, je serais très heureux de vous compter ainsi que votre époux parmi mes invités d'honneur.

Au nom du gouvernement de la Polynésie française, je vous souhaite la bienvenue et vous convie à participer aux manifestations d'amitié organisées par le territoire dans la grande tradition de l'hospitalité de nos îles.

Je vous prie d'agréer, Madame le Premier Ministre, l'expression de ma haute considération.

signé : Gaston Flosse."./.



Edinburgh
Boys



FILE

CJ2ACS

10 DOWNING STREET

From the Principal Private Secretary

17 September 1986

PRESIDENT MITTERRAND AND CHATHAM HOUSE

Admiral Eberle, Director of Chatham House, told me on the telephone today that Mr. Callaghan had suggested that President Mitterrand should be invited to address Chatham House. They now wish to pursue this suggestion and sought our advice about timing.

It seems to Chatham House that a timing which might be convenient to President Mitterrand would be the morning of Friday 5 December, just before lunch at Buckingham Palace and before the convening of the European Council. But before writing to President Mitterrand inviting him to address the Institute at this time, Admiral Eberle wanted to know whether HMG was likely to be arranging any meeting or other event which might prevent the President addressing the Institute. I told him I would investigate.

BF // I should be grateful if you could let me know whether the FCO envisage any competing attraction for the morning of 5 December which might prevent President Mitterrand's attendance at the Chatham House event.

I am copying this letter to Sir Patrick Wright, to whom Admiral Eberle has mentioned this matter already.

N. L. WICKS

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office

BM

DEPARTMENT/SERIES <i>PREM 19</i> PIECE/ITEM <i>1760</i> (one piece/item number)	Date and sign
Extract/Item details: <i>Letter from Powell to Boys Smith dated 17 September 1986</i>	
CLOSED FOR YEARS UNDER FOI EXEMPTION	
RETAINED UNDER SECTION 3(4) OF THE PUBLIC RECORDS ACT 1958	<i>12 July 2015</i> <i>AWayland</i>
TEMPORARILY RETAINED	
MISSING AT TRANSFER	
MISSING	
NUMBER NOT USED	

Instructions for completion of Dummy Card

Use **Black Pen** to complete form

Use the card for one piece/item number only

Enter the Department, Series and Piece/Item references clearly
e.g.

DEPARTMENT/SERIES <i>GRA 168</i>
PIECE/ITEM <i>49</i> (ONE PIECE/ITEM NUMBER ONLY)

Please Sign and Date in the box adjacent to the description that applies to the document being replaced by the Dummy Card

If the document is Closed under a FOI exemption, enter the number of years closed. See the TNA guidance *Preparation of records for transfer to The National Archives*, section 18.2

The box described as 'Missing' is for TNA use only (it will apply to a document that is not in its proper place after it has been transferred to TNA)



MO 14/4L

emp
1879.

NOTE FOR THE RECORD: PLENARY MEETING BETWEEN MR YOUNGER
AND M. GIRAUD, MONDAY 15TH SEPTEMBER 1986 AT 1110 HOURS

Present:

The Rt Hon George Younger MP Secretary of State for Defence	M. Andre Giraud French Defence Minister
The Rt Hon John Stanley MP Minister of State for the Armed Forces	HE M. Jacques Viot French Ambassador
Adm of the Fleet Sir John Fieldhouse Chief of the Defence Staff	Contre Amirale Yves Goupil Chief of Military Cabinet
Mr Peter Levene Chief of Defence Procurement	Ingenieur Generale Henri Conzé
Sir David Perry Chief of Defence Equipment and Collaboration	Contre Amirale Lucas Armed Forces Attache
Mr David Nicholls DUS(P)	M. H F de La Fortelle Adviser on International Affairs
Mr John Ledlie CPR	M. Michel Scheller Technical Procurement Counsellor
Mr Brian Hawtin Head of Sec(NATO/UK)Pol	Capitaine de Vaisseau J L Delaunay Member of the Military Cabinet
Air Commodore M Burton British Defence Attache, Paris	Ingenieur-en-Chef de l'Armement M Courtiapè
Mr J F Howe PS/Secretary of State	

1. Mr Younger warmly welcomed M. Giraud, and suggested that the discussion start with a survey of the respective national defence policies. In the UK, 7 years of real growth in the defence programme had just been completed leaving us at a spending level some 20% higher than before. There would now be a period of broadly level funding, although in the immediate future there would be a very slight decline. No major changes in posture or force levels or commitments were expected as a



result of this decline, but the change from growth to level funding was fairly painful. He had just completed an exercise to bring the programme into line with the budget and some difficult decisions had had to be taken. But they involved nothing fundamental. M. Giraud said that in France, following a period of increase, defence expenditure had been declining slightly but next year this trend was to be reversed. A major effort had been and would continue to be made in the equipment area. Discussions were in train on the 5-year plan and the proposition was that current expenditure would be increased by 1.5% per annum in real terms (on "common expenditure"), against a 3% increase in GNP. A decision had still to be taken on equipment expenditure, for which his Ministry was putting in a large bid. The effect would be overall to take the defence expenditure percentage of GNP from 3.8% to 4% in 1991. A major increase in equipment expenditure was undoubtedly necessary so that the forces could be modernised.

2. Continuing, M. Giraud said that the objectives of French defence policy overall were, firstly, to ensure that the nuclear posture remained highly credible; this involved new submarines, an improvement of warheads, especially in the light of possible Soviet terminal defence improvements, and the introduction of mobile ICBMs. Secondly, an improvement in conventional and tactical nuclear forces in the central region, including land-based rather than airborne nuclear weapons (as for the latter, the nuclear airborne missile was already a very promising development). Thirdly, activities in areas of the world where the French had special interests, particularly the Mediterranean (given the highly armed state of the Southern Littoral), Africa, the Middle East, Indian Ocean, the Caribbean and the Pacific. Under the third of these headings, the future of long range strategic military air-lift was under review. The Secretary of State responded that the UK's out of area commitments were still a highly important part of our own defence posture. M. Giraud said that the Chinese were showing a particular interest in the South Pacific. They had signed the Treaty of Raratonga, no doubt with this area of interest particularly in mind. If he, Giraud, were an Australian or New Zealander, he would not loosen his ties with the US, UK or France. The Chinese were a real problem in the longer term. They might one day have "to do something in front of the Japanese". The French were very suspicious of what was going on. It would be a "terrible mistake" to sign the Raratonga Treaty. He was very serious about this. No one could push the French out of Mururoa. It was the same distance from Tahiti as Romania was from Paris. The Raratonga Treaty was an issue that had to be confronted head-on and not evaded. Mr Younger replied that we ourselves were worried about the New Zealand attitude, for example, to ship visits; our own defence relationship with New Zealand was drying up. M. Giraud suggested that these developments were the result of "manoeuvres from outside".



3. Turning to the state of the NATO alliance, Mr Younger suggested that NATO was in quite good shape but this could easily change if for example the German elections went the wrong way. The UK was playing its part in the improvement of conventional defences. M. Giraud said that the Europeans had to be wary of a number of developments: the possible political transformation in Europe that was coming up, the discussions between the US and Russians on arms control, the pressure to include British and French forces in arms control. He expressed particular concern over the "zero option" for INF. The Pershing sanctuarised Germany; this effect would disappear if zero was agreed, and the coupling with the US strategic guarantee would be weakened. Mr Younger agreed with these reactions. We had reservations about zero as a first step. It would be particularly dangerous against the background of conventional imbalance. Mr Stanley interjected that it was also very important to place tight constraints on shorter range systems, particularly the SS22 and SS23.

4. M. Giraud said that Dr Woerner had told him that NATO was about to adopt a new concept for theatre nuclear weapons (the General Political Guidelines). Mr Younger said that the Guidelines did not break radically new ground; they were an up-dating of long-standing doctrine. It was, however, something of an achievement to get some of the Northern European nationals to subscribe to the policy.

5. Turning to the SDI, Mr Younger said that our participation was still firmly based on the Camp David Four Points. We supported the SDI as a research programme. We expected that British industrial and technical participation would build up. M. Giraud said that for the French part they were glad that possible deployment of SDI defences was a long way off. It was very important that nuclear "dissuasion" should not be undermined. Provided that it was not, the French had no reason to oppose the SDI, although he personally thought nothing would come of it. The maintenance of adequate deterrent forces at the time that the SDI was proceeding to deployment would prove impossibly expensive for the US and for this reason alone he doubted whether the SDI would in the end come to anything. Spin-offs from it might meanwhile, however, be very important, for example the improvement of terminal defences on both sides. Such improvement would mean that the British and French would have to spend much more on their own nuclear defensive systems so as to maintain penetrativity. He doubted whether a submarine-based force would indeed be capable of penetrating improved defences. There might be some other technological fall-outs. As a practical consequence, there was the ATBM issue "on which we are not entirely negative". Europe needed an "elementary ATBM" but without the SDI. The French needed an anti-missile system to protect warships, coastal bases and air bases anti-missiles (not necessarily only ballistic missiles).



6. Mr Younger said that the UK regarded the ATBM problem in Europe as a separate one but overlapping with the SDI. The NATO Air Defence Committee was looking at it. M. Giraud said that the US and USSR relied on mutual assured destruction. The French and British system on the other hand was based on "dissuasion from the weak to the strong" by which a small force effectively neutralised a very large force; it was not necessary for the British or French to match Soviet systems weapon for weapon. We could not afford defences against 10,00 Soviet warheads. A European SDI was therefore a waste of time.

7. Mr Stanley asked over what timescale the French planned to introduce mobile ICBMs. M. Giraud said by the mid-1990s - say 1994. He would not be drawn on the way in which the French proposed to provide mobility - rail or road - "it was not necessary to announce; if you could put it on a truck you could put it on a rail; the maximum uncertainty should be kept over the basing mode".

8. M. Giraud asked whether we were planning to modernise our TNF. Mr Younger said that we had the same position on this as on our strategic force. There was a national veto over the use of TNF; and we would contribute to NATO's general efforts to modernise, so as to preserve a range of nuclear capabilities in line with the flexible response strategy.

9. In answer to a question, M. Giraud said that he thought there would probably be a summit meeting this year between Gorbachev and Reagan. Mr Younger suggested that Gorbachev had more to lose from a summit without specific results than Reagan did, and for this reason he thought it quite possible that a summit would not take place until next year. For the British part we would be absolutely insistent on keeping British and French systems out of the negotiations. M. Giraud added that it was also important to keep the ABM Treaty working. It was necessary to keep the cost of deterrence as low as possible by avoiding the need to go in for terminal defences.

10. M. Giraud expressed surprise at the Russian policy of "preparing for all kinds of war"; one would expect them to be preparing for just one kind. Were we satisfied with our intelligence information - did we have our own reconnaissance satellites? Mr Younger said we did, and we got some information from others. Soviet improvements were proceeding all the time, particularly in quality.

11. Mr Younger said that the UK would like to exploit collaborative opportunities, in line with M. Giraud's own statement at the Madrid IEPG meeting. Bilateral collaboration was somewhat easier than multilateral but they were not mutually exclusive. He described the state of play on the AEW competition. There had been a most successful competition but we were not yet sure what our final position would be. If we



decided on the Boeing E3A then he would be much in favour of getting together with the French so as jointly to achieve the best bargain we could. M. Giraud said that for their part the French would like to study the various options with us. We had a common interest in putting up a united front to the suppliers. Moreover there was an operational question to be addressed if we both went for AWACS - how should we best operate together and organise ourselves? Mr Younger said that our main UK requirement was for a system that worked. Subject to that, Nimrod had the advantage that we had sunk a lot of money in it. Mr Levene said that he agreed with M. Chevalier that we should put our evaluation teams together as much as we could. French experts were already looking at Nimrod and indeed flying in it. Mr Younger said we expected to take a final decision by the end of the year. M. Giraud asked about the Grumman solution. Mr Younger said that there was a frequency problem here. Mr Levene said that the Department hoped to put proposals to the Secretary of State in the next few days.

12. M. Giraud urged the importance of a British decision on the RCMDS 2. Mr Younger said that he had hoped to make quicker progress on this. We had been impressed by the French equipment and with their technology.

13. M. Giraud asked whether we would be interested in co-operation on ASTER - a surface-to-air missile, which was showing much promise. Sir David Perry said that the British had done a study with the French which should be completed by early next year. The British and French teams were working jointly on the evaluation of the project and this had been most helpful. Mr Younger suggested that he and M. Giraud should put together a paper on all the areas in which the British and French were involved in, or were contemplating, collaboration, to put to the Heads of Government for their summit in November. M. Giraud agreed this suggestion.

14. Mr Stanley asked whether the French were developing a long range Cruise missile system. M. Giraud said they were not yet. They had an air-launched Cruise missile concept which was most promising which might, however, be a starting point for a future line of Cruise missiles. But Cruise missiles did not seem very attractive unless they could be made stealthy.

15. M. Giraud went on to emphasise the importance of making progress in third generation anti-tank guided missiles. The French were developing a new tank and a new helicopter. The latter was in co-operation with the Germans, and the possibility of co-operation with the Germans on the tank was also under discussion. Nothing was yet closed. The kind of co-operation the French proposed with the Germans might be open to others too. But all this had to be correlated with the third generation ATGW, which was an urgent request. Mr Younger suggested that he and M. Giraud should direct their NADs to



ensure that these studies were completed on time by next June. M. Giraud asked whether this might not be accelerated. Mr Younger agreed to consider this, for example, with a view to completion by April. M. Giraud said that his suggestion would be not to wait for too many people but to let the project go at the pace of the main nations. Sir David Perry doubted, however, whether it was the extra nations who were instrumental in holding the project up.

16. At this point the meeting adjourned (after one and a half hours).

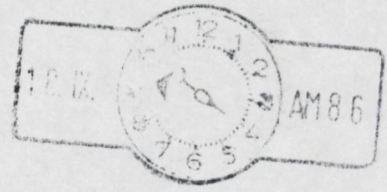
Jv1

16th September 1986

Distribution:

PS/Minister (AF)
 PS/Minister (DP)
 PSO/CDS
 PS/PUS
 PS/CDP
 PS/CDEC
 DUS (P)
 Hd of Sec (NATO/UK) (P)
 CPR

PS/Prime Minister —
 PS/Foreign and Commonwealth Secretary
 PS/Sir Robert Armstrong
 HM Ambassador, Paris



Instructions for completion of Dummy Card

Use **Black Pen** to complete form

Use the card for one piece/item number only

Enter the Department, Series and Piece/Item references clearly
e.g.

DEPARTMENT/SERIES <i>GRA 168</i>
PIECE/ITEM <i>49</i> (ONE PIECE/ITEM NUMBER ONLY)

Please Sign and Date in the box adjacent to the description that applies to the document being replaced by the Dummy Card

If the document is Closed under a FOI exemption, enter the number of years closed. See the TNA guidance *Preparation of records for transfer to The National Archives* , section 18.2

The box described as 'Missing' is for TNA use only (it will apply to a document that is not in its proper place after it has been transferred to TNA)



BM
cefcg

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

10 September 1986

Dear Prime Minister,

I was horrified to hear of yesterday's bomb attack on the Hotel de Ville in Paris, and the tragic death of a woman in the post office where the bomb exploded. Following other recent incidents in Paris and elsewhere, the attack is a chilling reminder of how pervasive and destructive terrorism threatens to become. I assure you again of our readiness to co-operate in any way you consider helpful in combating it.

The incident must also have come as a personal shock to you and your family, and I send you my sympathy.

Yours sincerely
Margaret Thatcher

Monsieur Jacques Chirac

SUBJECT CC MASTER
OPS



JE K
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T162/86

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

9 September 1986

Dear Mr. President,

Thank you for your very thoughtful message about Henry Moore's death. I have passed it on to his widow and family who, I am sure, will much appreciate your kind words.

Henry Moore's death is a great loss, not just to the British people, but, as your letter makes clear, to people of all countries. One of the greatest sculptors of all time, he will be missed by millions throughout the world to whom his work has given so much pleasure and stimulation.

Yours sincerely
Margaret Thatcher

His Excellency Monsieur Francois Mitterrand

K

010

cc/pe



Foreign and Commonwealth Office

London SW1A 2AH

9 September 1986

Dear Charles

You will already be aware of yesterday's bomb attack against the Hotel de Ville in Paris, in which one person was killed and 18 were injured. Since we share with the French an interest in stamping out such terrorist attacks, it might be appropriate to send a message of sympathy and support to the French Government. And since the attack touches M. Chirac personally (not only is he still Mayor of Paris, he has continued to live in the Hotel de Ville even since becoming Prime Minister), the Prime Minister / might wish to write to M. Chirac herself.

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

B72ATZ

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

Prime Minister

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

M. Jacques Chirac

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

CAVEAT.....

I was horrified to hear of yesterday's bomb attack on the Hotel de Ville in Paris, and the tragic death of a woman in the post office where the bomb exploded.

Following other recent incidents in Paris, this attack gives a chilling reminder of how pervasive and destructive and evil terrorism is. I welcomed your robust expressions of determination to combat the evil, and I take this opportunity to assure you again of our readiness to cooperate in any way you might consider helpful. The incident must also have come as a personal shock to you and your family, and I send you my warmest sympathy.

and elsewhere

is
dealing
with
in
combating
it.

Enclosures—flag(s).....



OFFICE OF ARTS AND LIBRARIES
Great George Street
London SW1P 3AL
Telephone 01-233 8610

CLPC

From the Minister for the Arts

Charles Powell Esq
Private Secretary
10 Downing Street

3 September 1986

Dear Charles

Thank you for your letter of 2 September. I have passed on President Mitterrand's message to Henry Moore's widow and enclose with this letter a suggested reply for the Prime Minister to send.

at lap.

I am copying this letter and enclosure to Colin Budd (FCO)

Yours

Paul Thomas

PAUL THOMAS
Private Secretary

Please type
for PM's signature

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO PRESIDENT
MITTERRAND

CIP

Thank you for your very thoughtful message about Henry Moore's death. I have passed it on to his widow and family who, I am sure, will much appreciate your kind words.

Henry Moore's death is a great loss, not just to the British people, but, as your letter makes clear, to people of all countries. One of the greatest sculptors of all time, he will be missed by millions throughout the world to whom his work has given so much pleasure and stimulation.

KEEP

CIP

DRAFT REPLY FOR THE PRIME MINISTER TO SEND TO PRESIDENT
MITTERRAND

Please type
for PM's signature

CDP

Thank you for your very thoughtful message about Henry Moore's death. I have passed it on to his widow and family who, I am sure, will much appreciate your kind words.

Henry Moore's death is a great loss, not just to the British people, but, as your letter makes clear, to people of all countries. One of the greatest sculptors of all time, he will be missed by millions throughout the world to whom his work has given so much pleasure and stimulation.



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 September 1986

I enclose a copy of a message to the Prime Minister from President Mitterrand on the occasion of Henry Moore's death. You may like to arrange for the message to be shown to members of the family. I think the Prime Minister would also like to reply to President Mitterrand and I should be grateful for a short draft.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office).

(Charles Powell)

Paul Thomas, Esq.,
Office of the Minister for the Arts.

PTW

010
cc PC

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

1st September, 1986

Dear Prime Minister,

I have just received this message,
addressed to you by Monsieur François Mitterrand,
Président de la République française.

I enclose it herewith.

Yours sincerely,

J. Viot

Jacques Viot

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

SUBJECT
cc master
ops.

MESSAGE DE MONSIEUR FRANCOIS MITTERRAND
PRESIDENT DE LA REPUBLIQUE FRANCAISE

PRIME MINISTER'S
A PERSONAL MESSAGE

SERIAL No. T159/86
THE RT. HON. MARGARET THATCHER, M.P.,
PRIME MINISTER

Paris, le 1er septembre 1986

"Madame le Premier Ministre,

Je vous exprime mes plus vifs regrets pour la disparition d'Henry Moore. Votre pays vient de perdre un remarquable artiste et le monde se trouve ainsi privé de l'un des plus grands créateurs contemporains. Je garde un fidèle souvenir de ma rencontre avec lui et du rayonnement d'une oeuvre qui transcende la mort et le temps.

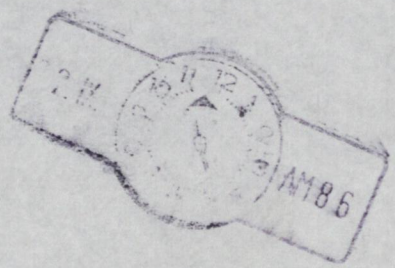
Je vous prie de croire, Madame le Premier Ministre, à l'assurance de mes respectueux hommages et de mes fidèles sentiments.

signé : François Mitterrand."/.

CONQUEROR
MAY 18 1886

CONQUEROR

III



PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO. TISSB/86



JK VC
cfo

10 DOWNING STREET

LONDON SW1A 2AA

Subject cc: master

THE PRIME MINISTER

ops.

21 August 1986

Dear Mr. President,

Thank you for your message of 2 August giving your impressions of your talks with Mr. Gorbachev in Moscow in July. I was struck by the similarities in the Soviet approach during your visit to Moscow and in Mr. Shevardnadze's recent visit to London. Both showed the new Soviet diplomacy in action: the Russians were clearly determined to appear reasonable, non-confrontational and flexible.

Your views on Mr. Gorbachev and his aims closely match my own. He is undoubtedly a new type of Soviet leader, with a more pragmatic and sophisticated style than his predecessors, although at the same time no less committed to the Soviet system and deeply nationalistic. I believe that he is right in holding that the Soviet Union must tackle its economic problems if it is to maintain and improve its position relative to the West. It is of course another question whether the rigid demands of the Soviet system will permit the sort of changes which would bring about the results Mr. Gorbachev wants.

Your impressions of Mr. Gorbachev's views on the arms control negotiations largely accord with our own. Mr. Gorbachev's apparent willingness to consider genuine limitations and reductions of armaments will of course be tested by the position which the Soviet Union adopts in the negotiating fora in Stockholm and Vienna, and principally in the context of the bilateral US/Soviet contacts taking place

VC

during the recess of the Geneva nuclear and space talks. I remain hopeful that President Reagan's response to the latest Soviet proposals will provide the basis for a framework agreement at Geneva. The priority remains agreement on substantial reductions in the superpowers' nuclear arsenals. An outline agreement on this issue could lay the foundations for a successful summit between President Reagan and Mr. Gorbachev, which I still hope and believe will take place later this year.

Finally, I noted that you reiterated France's policy on its independent nuclear force. I did the same for Britain's independent nuclear deterrent when Mr. Shevardnadze visited London. He too seemed disinclined to press this issue.

I greatly appreciated your message. Given our shared interests in this field, there is much to be gained from keeping each other informed of our contacts with the Soviet Union.

Yours sincerely

Raymond Aron

His Excellency Monsieur Francois Mitterrand

COVERING CONFIDENTIAL

CCP



Foreign and Commonwealth Office

London SW1A 2AH

19 August 1986

Dear Tim,

pre
WZ

President Mitterrand's Message
to the Prime Minister

/ As requested in Charles Powell's
/ letter of 4 August, I enclose a
translation of President Mitterrand's
/ message to the Prime Minister of
2 August, together with a draft reply.

Yours Sincerely
Colin Budd

(C R Budd)
Private Secretary

T Flesher Esq
No 10 Downing St

COVERING CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

PRIME MINISTER

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

TO:

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

M François Mitterrand
President of the Republic of France

Copies to:

VCBANG

PRIVACY MARKING

SUBJECT:

.....In Confidence

Thank you for your message of 2 August giving your impressions of your talks with Mr Gorbachev in Moscow in July. I was struck by the similarities in the Soviet approach during your visit to Moscow and in Mr Shevardnadze's recent visit to London. Both showed the new Soviet diplomacy in action: the Russians were clearly determined to appear reasonable, non-confrontational and flexible.

Your views of Mr Gorbachev and his aims closely match my own. He is undoubtedly a new type of Soviet leader, with a more pragmatic and sophisticated style than his predecessors, although at the same time no less committed to the Soviet system and deeply nationalistic. I believe that he is right in holding that the Soviet Union must tackle its economic problems if it is to maintain and improve its position relative to the West. It is of course another question whether the rigid demands of the Soviet system will permit the sort of changes which would bring about the results Mr Gorbachev wants.

CAVEAT.....

Enclosures—flag(s).....

.../Your

CONFIDENTIAL

Your impressions of Mr Gorbachev's views on the arms control negotiations largely accord with our own.

Mr Gorbachev's apparent willingness to consider genuine limitations and reductions of armaments will of course be tested by the position which the Soviet Union adopts in the negotiating fora in Stockholm and Vienna, and principally in the context of the bilateral US/Soviet contacts taking place during the recess of the Geneva nuclear and space talks.

I remain hopeful that President Reagan's response to the latest Soviet proposals will provide the basis for a framework agreement at Geneva. The priority remains agreement on substantial reductions in the superpowers's nuclear arsenals. An outline agreement on this issue could lay the foundations for a successful summit between President Reagan and Mr Gorbachev , which I still hope and believe will take place later this year.

Finally, I noted that you reiterated France's policy on its independent nuclear force. I did the same for Britain's independent nuclear deterrent when Mr Shevardnadze visited London. He too seemed disinclined to press this issue.

I ^{greatly} ~~much~~ appreciated your message. Given our shared interests in this field, there is much to be gained from keeping each other informed of our contacts with the Soviet Union.

CONFIDENTIAL

~~PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL NO.~~

STS 458/86

MESSAGE FROM FRANCOIS MITTERRAND,
PRESIDENT OF THE REPUBLIC

TO

THE RT HON MARGARET THATCHER, MP
PRIME MINISTER

Paris, 2 August 1986

Dear Prime Minister

As you know, at the beginning of July I went to Moscow on an official visit, during which I had six to seven hours' talks alone with Mr Gorbachev.

On that occasion, I again put to Mr Gorbachev my country's positions on curbing the arms race, which you know well. I reminded him of the nature of the French strategy of dissuasion, France's desire to maintain its nuclear force above the credibility threshold and the resulting impossibility for it to reduce its resources or its projects in any way. I know that, being in a broadly comparable situation, you understand and approve of that attitude. While he did not depart from his position on this matter, Mr Gorbachev did not persist in trying to make me deviate from mine either.

These meetings have confirmed my impressions of Mr Gorbachev. He is a man of vast, quick and versatile intelligence. He takes an overall view of problems. It seems to me that he has a sharp sense of realities, as regards both his country and the rest of the world. Naturally, he is motivated, first and foremost, by great ambitions for his country and, doubtless, for himself. But, as a man of his time, he seems to have understood that these great ambitions were frustrated by the inability shown hitherto by the Soviet Union to solve its economic problems. It is precisely because he wants the USSR to be powerful and respected that he will strive to modernise his country, making maximum use of the room for manoeuvre that the

Soviet system of which he is a product can give him.

I think that he will be able, while defending his interests intransigently, to contemplate compromises in certain fields. The USSR's Western partners should be psychologically and politically prepared to be able, without abandoning their vigilance, to seize these opportunities.

In this connection, President Reagan noted that Mr Gorbachev was the first Soviet leader to have spoken spontaneously of strategic arms reduction.

Mr Gorbachev's immediate objective remains that of thwarting the Strategic Defence Initiative. The problem posed by the latter comes down to that of the interpretation that should be given to the 1972 ABM Treaty. In this respect, the distinction that Mr Gorbachev has drawn between, on the one hand, laboratory research and the production of prototypes and, on the other hand, the deployment of defensive systems in the strict sense of the term was not such as to be immediately rejected. I was pleased to note that President Reagan had decided to explore that avenue which I believe to be promising and have written to tell him so.

As regards conventional weapons in Europe, Mr Gorbachev was sufficiently attentive to the criticism levelled at his plan of 15 January to make a number of proposals, which, while they are, admittedly, still modest, do have the merit of showing that he recognises the existence of the problem of conventional weapons in Europe.

I stressed the need to achieve a result at the Conference on Disarmament in Europe in Stockholm within the agreed deadlines.

On the other hand, Mr Gorbachev did not reply to the questions I put to him on the number of heavy land-based missiles in the Soviet arsenal, on the SS-25 missile, on the Krasnoyarsk radar and on satisfactory verification procedures, which have still to be found.

I feel that Mr Gorbachev, for both economic and political, as well

as personal, reasons, is genuinely interested in concluding an agreement on curbing [the] arms [race], even if it is impossible to tell, at this stage, whether he will be prepared, when the time comes, to make real concessions on fundamental points.

He seemed to me to be prepared to envisage another summit, while stressing that there would only be any sense in the summit if it enabled concrete and positive results to be achieved. That requirement should not prevent another summit from being held.

I found that, with regard to Afghanistan, Mr Gorbachev had gone back a little on the positions that I had heard him defend in Paris in October 1985. Then, he recognised that the military engagement in Afghanistan was a problem for the USSR to which a solution had to be sought. This time, he seemed to me to be less hurried, or more confident. The troop withdrawals just announced by Mr Gorbachev in Vladivostok remain symbolic and doubtless less significant than his declarations on Mongolia.

As regards the Middle East, the USSR still has an international conference in mind, but now considers that it should include all the permanent members of the Security Council. I indicated to him that France was not against it but that, on the one hand, it was aware of the difficulties in bringing it about and, on the other hand, that approach should not exclude bilateral contacts to which certain countries of the region are attached.

These are the observations I wanted to communicate to you, knowing the importance that you attach to these problems and the interest that you have in them.

Yours etc

signed: François Mitterrand

FRANK
RELATIONS
PT 3



010 .

AMBASSADE DE FRANCE
LONDRES

n° 2005

7th August, 1986

Dear Mr Powell,

I have now received through the diplomatic bag the enclosed letter addressed to the Prime Minister by Monsieur François Mitterrand, President of the French Republic.

You will remember that the text of this letter was sent to you on Monday 4th August.

Yours sincerely

Bonillan de Lacoste

J.N. de Bouillane de Lacoste
Chargé d'Affaires a.i.

C.S. Powell, Esq.
Private Secretary to
the Prime Minister,
10, Downing Street,
London, S.W.1.

COLLEGE OF

FOUNDER
UNIVERSITY OF THE PHILIPPINES



Already T'd = T146/86.

LE PRÉSIDENT DE LA RÉPUBLIQUE

Paris, le 31 juillet 1986.-

Madame le Premier Ministre,

Comme vous le savez, je me suis rendu, début juillet, à Moscou pour une visite officielle pendant laquelle j'ai eu six à sept heures d'entretiens en tête-à-tête avec M. GORBATCHEV.

J'ai réexposé à M. GORBATCHEV à cette occasion les positions de mon pays, que vous connaissez bien, sur la maîtrise de la course aux armements. Je lui ai rappelé la nature de la stratégie française de dissuasion, la volonté de la France de maintenir sa force nucléaire au-dessus du seuil de crédibilité et l'impossibilité absolue qui en découle pour elle de réduire en quoi que ce soit ses moyens, ou ses projets. Je sais que, placée dans une situation largement comparable, vous comprenez et approuvez cette attitude. Sans se départir de sa position sur cette question, M. GORBATCHEV ne s'est pas non plus obstiné à me faire dévier de la mienne.

Ces rencontres confirment mes impressions sur M. GORBATCHEV. Son intelligence est vaste, rapide et souple. Il embrasse les problèmes dans leur ensemble. Il a un sens aigu des réalités tant, me semble-t-il, en ce qui concerne son pays que le reste du monde. Naturellement, il est mû avant tout, par de grandes ambitions pour son pays et sans doute pour lui-même. Mais, homme de son temps, il semble avoir compris que ces grandes ambitions étaient entravées par l'incapacité qu'a montrée, jusqu'ici, l'Union Soviétique à résoudre ses problèmes économiques. C'est précisément parce qu'il veut une URSS puissante et respectée qu'il s'efforcera de moderniser son pays, utilisant au mieux la marge de manoeuvre que peut lui laisser le système soviétique, dont il est issu.

Je pense qu'il saura, tout en défendant avec intransigeance ses intérêts, envisager des compromis dans tel ou tel domaine. Les partenaires occidentaux de l'URSS devraient se trouver dans des dispositions psychologiques et politiques leur permettant, sans se départir de leur vigilance, de saisir ces occasions.

Dans ce sens, le Président REAGAN a noté que

Madame Margaret THATCHER
Premier Ministre du Royaume Uni
de Grande-Bretagne et d'Irlande du Nord
L O N D R E S

../..

M. GORBATCHEV était le premier dirigeant soviétique à avoir parlé spontanément de réduction des armements stratégiques.

L'objectif immédiat de M. GORBATCHEV reste de contrecarrer l'initiative de défense stratégique. Le problème posé par cette dernière se ramène à celui de l'interprétation à donner au traité sur les ABM de 1972. A cet égard, la distinction que M. GORBATCHEV a introduite entre d'une part les recherches en laboratoires et la réalisation de prototypes, et d'autre part le déploiement des systèmes défensifs proprement dits n'était pas à écarter d'emblée. J'ai été heureux de constater que le Président REAGAN avait décidé d'explorer cette voie que je crois prometteuse et je lui ai écrit dans ce sens.

Pour les armes conventionnelles en Europe, M. GORBATCHEV a été suffisamment attentif aux critiques adressées à son plan du 15 janvier pour faire quelques propositions, certes encore modestes, mais qui ont le mérite de montrer qu'il reconnaît l'existence du problème des armements conventionnels en Europe.

J'ai insisté sur la nécessité de parvenir, à la Conférence du Désarmement en Europe, à Stockholm, à un résultat dans les délais convenus.

En revanche, M. GORBATCHEV n'a pas répondu aux questions que je lui ai posées sur l'importance des missiles terrestres lourds dans l'arsenal soviétique, sur le missile SS 25, sur le radar de Krasnoïarsk et sur des modalités satisfaisantes de vérifications, qui restent à trouver.

Mon sentiment est que M. GORBATCHEV, pour des raisons à la fois économiques, politiques et personnelles, est réellement intéressé par la conclusion d'un accord de maîtrise des armements, même s'il est impossible de dire, à ce stade, s'il sera disposé, le moment venu, à faire de vraies concessions sur des points essentiels.

Il m'a semblé disposé à envisager un nouveau sommet tout en soulignant que ce sommet n'aurait de sens que s'il permettait d'arriver à des résultats concrets et positifs. Cette exigence ne devrait pas empêcher la tenue d'un nouveau sommet.

J'ai trouvé M. GORBATCHEV un peu en retrait en ce qui concerne l'Afghanistan sur les positions que je l'avais entendu défendre à Paris en octobre 1985. Il reconnaissait alors que l'engagement militaire en Afghanistan était pour l'URSS un problème auquel il fallait rechercher une solution. Il m'est apparu, cette fois-ci, moins pressé ou plus assuré. Les retraits de troupes que M. GORBATCHEV

vient d'annoncer à Vladivostok demeurent symboliques et sans doute moins significatifs que ses déclarations concernant la Mongolie.

Sur le Proche-Orient, l'URSS envisage toujours une conférence internationale mais désormais elle estime qu'elle devrait comprendre tous les membres permanents du Conseil de Sécurité. Je lui ai indiqué que la France n'y était pas défavorable mais que, d'une part, elle était consciente des difficultés pour y aboutir et que, d'autre part, cette approche ne devait pas être exclusive de contacts bilatéraux auxquels certains pays de la région sont attachés.

Voilà les observations que je souhaitais vous communiquer sachant l'importance que ces problèmes revêtent pour vous et l'intérêt que vous y portez.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de mes respectueux hommages

*et de mes fidèles
sentiments*

François Mitterrand

François MITTERRAND.



10 DOWNING STREET

From the Private Secretary

4 August 1986

~~BCA~~
I enclose a copy of the text of a message to the Prime Minister from President Mitterrand about his visit to Moscow in early July. I doubt that it adds much to what we already know. But it would be more convenient for the Prime Minister if a translation could be provided, together with a draft reply in due course.

Charles Powell

R. N. Culshaw, Esq.,
Foreign and Commonwealth Office.

089

AMBASSADE DE FRANCE
LONDRES

n° 1974

4th August, 1986

Dear Mr Powell,

I have just received the text of a message
addressed to the Prime Minister by Monsieur François
Mitterrand, President of the French Republic.

I enclose it herewith.

Yours sincerely,

Bouillane de Lacoste

J.N. de Bouillane de Lacoste
Chargé d'Affaires a.i.

C.D. Powell, Esq.
Private Secretary to
the Prime Minister,
10, Downing Street,
London, S.W.1.

SUBJECT cc MASTER
OPS

MESSAGE DE MONSIEUR FRANCOIS MITTERRAND,
PRÉSIDENT DE LA REPUBLIQUE

A

THE RT. HON. MARGARET THATCHER, M.P.
PRIME MINISTER

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T146/86

Paris, le 2 août 1986

"Madame le Premier Ministre,

Comme vous le savez, je me suis rendu, début juillet, à Moscou pour une visite officielle pendant laquelle j'ai eu six à sept heures d'entretiens en tête-à-tête avec M. Gorbatchev.

J'ai réexposé à M. Gorbatchev à cette occasion les positions de mon pays, que vous connaissez bien, sur la maîtrise de la course aux armements. Je lui ai rappelé la nature de la stratégie française de dissuasion, la volonté de la France de maintenir sa force nucléaire au-dessus du seuil de crédibilité et l'impossibilité absolue qui en découle pour elle de réduire en quoi que ce soit ses

.../...

moyens, ou ses projets. Je sais que, placée dans une situation largement comparable, vous comprenez et approuvez cette attitude. Sans se départir de sa position sur cette question, M. Gorbatchev ne s'est pas non plus obstiné à me faire dévier de la mienne.

Ces rencontres confirment mes impressions sur M. Gorbatchev. Son intelligence est vaste, rapide et souple. Il embrasse les problèmes dans leur ensemble. Il a un sens aigu des réalités tant, me semble-t-il, en ce qui concerne son pays que le reste du monde. Naturellement, il est mû, avant tout, par de grandes ambitions pour son pays et sans doute pour lui-même. Mais, homme de son temps, il semble avoir compris que ces grandes ambitions étaient entravées par l'incapacité qu'a montrée, jusqu'ici, l'Union Soviétique à résoudre ses problèmes économiques. C'est précisément parce qu'il veut une U.R.S.S. puissante et respectée qu'il s'efforcera de moderniser son pays, utilisant au mieux la marge de manoeuvre que peut lui laisser le système soviétique, dont il est issu.

Je pense qu'il saura, tout en défendant avec intransigeance ses intérêts, envisager des compromis dans tel ou tel domaine. Les partenaires occidentaux de l'U.R.S.S. devraient se trouver dans des dispositions psychologiques et politiques leur permettant, sans se départir de leur vigilance, de saisir ces occasions.

.../...

Dans ce sens, le Président Reagan a noté que M. Gorbatchev était le premier dirigeant soviétique à avoir parlé spontanément de réduction des armements stratégiques.

L'objectif immédiat de M. Gorbatchev reste de contrecarrer l'initiative de défense stratégique. Le problème posé par cette dernière se ramène à celui de l'interprétation à donner au Traité sur les ABM de 1972. A cet égard, la distinction que M. Gorbatchev a introduite entre, d'une part, les recherches en laboratoire et la réalisation de prototypes et, d'autre part, le déploiement des systèmes défensifs proprement dits n'était pas à écarter d'emblée. J'ai été heureux de constater que le Président Reagan avait décidé d'explorer cette voie que je crois prometteuse et je lui ai écrit dans ce sens.

Pour les armes conventionnelles en Europe, M. Gorbatchev a été suffisamment attentif aux critiques adressées à son plan du 15 janvier pour faire quelques propositions, certes encore modestes, mais qui ont le mérite de montrer qu'il reconnaît l'existence du problème des armements conventionnels en Europe.

J'ai insisté sur la nécessité de parvenir, à la conférence du désarmement en Europe, à Stockholm, à un résultat dans les délais convenus.

.../...

En revanche, M. Gorbatchev n'a pas répondu aux questions que je lui ai posées sur l'importance des missiles terrestres lourds dans l'arsenal soviétique, sur le missile SS 25, sur le radar de Krasnoiarsk et sur des modalités satisfaisantes de vérifications, qui restent à trouver.

Mon sentiment est que M. Gorbatchev, pour des raisons à la fois économiques, politiques et personnelles, est réellement intéressé par la conclusion d'un accord de maîtrise des armements, même s'il est impossible de dire, à ce stade, s'il sera disposé, le moment venu, à faire de vraies concessions sur des points essentiels.

Il m'a semblé disposé à envisager un nouveau sommet tout en soulignant que ce sommet n'aurait de sens que s'il permettait d'arriver à des résultats concrets et positifs. Cette exigence ne devrait pas empêcher la tenue d'un nouveau sommet.

J'ai trouvé M. Gorbatchev un peu en retrait en ce qui concerne l'Afghanistan sur les positions que je l'avais entendu défendre à Paris en octobre 1985. Il reconnaissait alors que l'engagement militaire en Afghanistan était pour l'U.R.S.S. un problème auquel il fallait rechercher une solution. Il m'est apparu,

.../...

cette fois-ci, moins pressé ou plus assuré. Les retraits de troupes que M. Gorbatchev vient d'annoncer à Vladivostok demeurent symboliques et sans doute moins significatifs que ses déclarations concernant la Mongolie.

Sur le Proche-Orient, l'U.R.S.S. envisage toujours une conférence internationale mais désormais elle estime qu'elle devrait comprendre tous les membres permanents du Conseil de Sécurité. Je lui ai indiqué que la France n'y était pas défavorable mais que, d'une part, elle était consciente des difficultés pour y aboutir et que, d'autre part, cette approche ne devait pas être exclusive de contacts bilatéraux auxquels certains pays de la région sont attachés.

Voilà les observations que je souhaitais vous communiquer sachant l'importance que ces problèmes revêtent pour vous et l'intérêt que vous y portez.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de mes respectueux hommages et de mes fidèles sentiments.

signé : François Mitterrand" ./.



10 DOWNING STREET

THE PRIME MINISTER

cc FCO.

29 July 1986

Dear Prime Minister,

I wanted you to know how much I and my colleagues welcomed the news of the arrest in Paris of the four INLA leaders a few days ago. The prompt and firm action of the French authorities both in this case and in last month's operations in le Havre is an immense encouragement to all those engaged in combating terrorism in Ireland and elsewhere. Please convey my warm thanks and congratulations to those most closely concerned in the operation.

Kind regards,

Yours sincerely

Margaret Thatcher

Monsieur Jacques Chirac

EA



THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 8(4)
OF THE PUBLIC RECORDS ACT

Foreign and Commonwealth Office

London SW1A 2AH

28 July 1986

Dear Charles

Arrest of INLA Leaders in France

You will have seen press reports of the arrest in Paris of four INLA leaders early last week.

The arrests follow the detention of another four INLA activists and sympathisers by the French authorities, coupled with a seizure of weaponry, in le Havre in mid-June.

Following the le Havre arrests, the Prime Minister asked that her appreciation be conveyed to the French Minister of the Interior, M Pasqua. This was done through our Embassy in Paris. We recommend that the Prime Minister should now follow this up with a message to M Chirac. I enclose a draft message, which we would transmit by telegram if approved.

I am copying this letter to Stephen Boys-Smith and Jim Daniel.

Yours ever

(Signature)

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

MESSAGE FROM THE PRIME MINISTER TO M JACQUES CHIRAC

I wanted you to know how much I and my colleagues welcomed the news of the arrest in Paris of the four INLA leaders a few days ago. The prompt and firm action of the French authorities both in this case and in last month's operations in le Havre is ^{an immense encouragement} ~~[of invaluable assistance]~~ to all those engaged in combatting terrorism in Ireland and elsewhere. Please convey my warm thanks and congratulations to those most closely concerned in the operation.

com.



PRIME MINISTER

I took a call on your behalf this afternoon from Monsieur Chirac, the French Prime Minister. M. Chirac said he wanted to thank you personally for everything which you have done to help reach a solution

He knew that it had not been easy for you. But the help was very necessary, had been very discreet and effective and had been crucial in producing a solution. He was very grateful indeed to you.

I undertook to pass this on, saying that I knew you would be very gratified by his kind words and would look forward to a talk with him before long.

mt

C.D.P.

CLOSED UNDER THE
FREEDOM OF INFORMATION
ACT 2000

(C. D. POWELL)

28 July 1986

CONFIDENTIAL

cc/c
②



Foreign and Commonwealth Office

London SW1A 2AH

16 June 1986

Dear Charles,

mt

Prime Minister
CDP
16/6

Visit to France of The Prince & Princess of Wales

You will recall (enclosure to your letter of 26 April) that M. Chirac told the Prime Minister at Chequers that he intended to invite The Prince and Princess of Wales to visit France.

The French Ambassador subsequently called on Sir Antony Acland to explore the possibilities. M. Viot said that the French Government would like the visit to take place in spring 1987 but that they could be flexible over dates, as the visit was not timed to coincide with any particular French events.

We have consulted Buckingham Palace. They have confirmed that The Prince and Princess of Wales look forward to visiting France in due course, but that it will not be possible to arrange a major visit of the kind envisaged by the French Government before 1988 at the earliest. Their Royal Highnesses have, however, agreed to attend ceremonies to mark the 900th Anniversary of the death of William the Conqueror in Caen in September 1987.

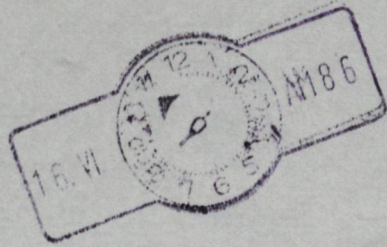
Sir Antony Acland has told the French Ambassador of Their Royal Highnesses' response. I enclose a copy of a telegram informing Sir John Fretwell. You will see that it was agreed that M. Chirac would probably write to the Prime Minister with a formal invitation.

Yours ever,
Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



POSTAGE WILL BE PAID BY ADDRESSEE
NO. 10 PERMIT NO. 1000 NEW YORK, N.Y.

CONFIDENTIAL DEHOC

42809 - 1

OCCIAN 2809
CONFIDENTIAL
RR PARIS
FM FCOLN TO PARIS
111636Z JUN
GRS 274

CONFIDENTIAL
DEHOC
FM FCO
TO ROUTINE PARIS
TELNO 382
OF 111636Z JUNE 86

CLARKE'S LETTER OF 9 JUNE TO MACRAE: POSSIBLE VISIT TO FRANCE BY THE PRINCE AND PRINCESS OF WALES

1. THE FRENCH AMBASSADOR CALLED ON THE PUS THIS AFTERNOON TO DISCUSS THE FRENCH PRIME MINISTER'S INVITATION TO THE PRINCE AND PRINCESS OF WALES TO VISIT FRANCE, WHICH M. CHIRAC HAD MENTIONED TO THE PRIME MINISTER AT CHEQUERS ON 26 APRIL AND ABOUT WHICH M. VIOT HAD TELEPHONED THE PUS ON 12 MAY.

2. THE PUS SAID THAT THE PRINCE AND PRINCESS OF WALES WERE IMMENSELY GRATEFUL FOR THE FRENCH GOVERNMENT'S INVITATION. THEY WOULD VERY MUCH LIKE TO ACCEPT IT WHEN THEIR PROGRAMME ALLOWED. AS M. VIOT KNEW, THEIR PLANS FOR VISITS TO FOREIGN AND COMMONWEALTH COUNTRIES TENDED TO BE FIXED A VERY LONG TIME IN ADVANCE. REGRETTABLY, THE REALITY WAS THAT A SUBSTANTIAL VISIT TO FRANCE OF THE KIND ENVISAGED BY THE FRENCH GOVERNMENT WOULD NOT BE POSSIBLE UNTIL 1988. THEY DID, HOWEVER, PLAN TO PAY A SHORT VISIT TO CAEN IN SEPTEMBER 1987 IN CONNEXION WITH THE 900TH ANNIVERSARY OF THE DEATH OF WILLIAM I.

3. M. VIOT TOOK CAREFUL NOTE. HE WELL UNDERSTOOD HOW FAR IN ADVANCE THE WALESES' PROGRAMME TENDED TO BE COMMITTED. ALTHOUGH

FRANCE
RELATIONS
PT 3

CONFIDENTIAL DEHOC

42809 - 1

M. CHIRAC HAD HAD THE SPRING OR SUMMER 1987 IN MIND, THIS WAS NOT A VERY PRECISE DATE. AN ADDITIONAL FACTOR WAS THE FRENCH PRESIDENTIAL ELECTION. HE WOULD REPORT TO PARIS.

4. IN CONCLUSIO IT WAS AGREED THAT M. CHIRAC WOULD PROBABLY NOW WRITETHE PRIME MINISTER, CONFIRMING THE INVITATION WHICH HE HAD CONVEYED AT CHEQUERS, BUT TAKING ACCOUNT OF THE PRINCE AND PRINCESS OF WALESSES' LIKELY COMMITMENTS.

HOWE

HD | PROTOCOL DEPT.

HD | WED.

PS.

PS | LADY YOUNG.

PS | PUS.

MR DEREK THOMAS

MR RATFORD.

MR HERVEY

CONFIDENTIAL



v6
cpc

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

16 June 1986

The Prime Minister was encouraged to learn of the recent find in France of arms destined for the Irish National Liberation Army (INLA) and the arrest of two leading INLA members. She understands that the French were very helpful and that M. Pandraud, the Junior Minister in the French Ministry of the Interior with special responsibility for terrorism, played a key role.

I should be grateful if you would arrange for the Embassy to pass a message to the French Minister of the Interior conveying the Prime Minister's appreciation.

Charles Powell

A.C. Galsworthy, Esq., CMG,
Foreign and Commonwealth Office.

CONFIDENTIAL

f



From the Minister for Trade

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215 5144

GTN 215

(Switchboard) 215 7877

6 June 1986

Charles Powell Esq
Private Secretary to the
Prime Minister
10 Downing Street
LONDON
SW1A

EDP 4/6

Dear Charles

You may wish to know, for information, that Mr Clark has invited Dr Bangemann, the Federal Economics Minister, M. Noir, the French Trade Minister, and Commissioner de Clercq to have lunch at his home at Saltwood Castle in Kent on Sunday 15 June. It is likely that there will also be an informal discussion of trade matters.

The lunch was arranged at Mr Clark's initiative during the informal trade Ministers' meeting in Seoul between 30 May and 1 June.

I am in touch with the FCO about the necessary practical arrangements.

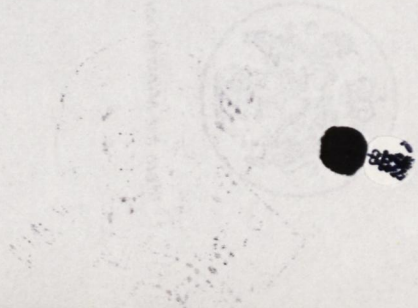
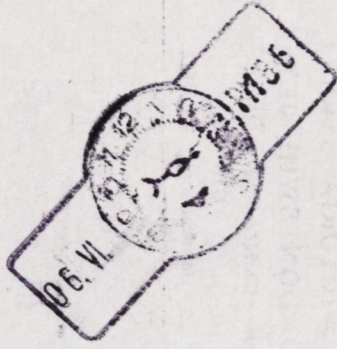
I am copying this letter to Colin Budd and Anthony Cary (FCO) and Michael Stark (Cabinet Office).

Yours

Matthew Cocks

MATTHEW COCKS
Private Secretary to the
Minister for Trade (Alan Clark)

L02ALG



COMMUNICATIONS

Copy of a letter from the Prime Minister to Jacques Chirac. This was hand delivered by the "Running Sixties" (a group of gentlemen, all over 65, who raised money for the Foundation of Age Research by running in relay from Paris to London).

Press Office have the file.

AP 5.6.86
Pol Office



10 DOWNING STREET

THE PRIME MINISTER

5th June, 1986

Dear Prime Minister

As you know, the Foundation for Age Research, which does such outstanding work to improve the quality of life of the elderly, is raising money by a group of runners - all over sixty years old - who are running in relay from Paris to London.

I have asked them to pass on this letter to you. I know that both our Governments share the objectives of the Foundation and I know you will join me in welcoming the enterprise and efforts of these runners in raising money for their cause.

Thank you for showing your support of this venture.

Yours sincerely
Margaret Thatcher

HE Monsieur Jacques Chirac

CCPC



Foreign and Commonwealth Office

London SW1A 2AH

~~DEA~~ Good.
We can
liberate 18

29 May 1986

June in the
diary

CDP
29/5

Dear Charles

Possible Meeting with President Mitterrand

Further to my letter of 19 May, we have heard from the Elysee that diary reasons now make it unlikely that President Mitterrand will be able to pursue his idea of a meeting with the Prime Minister before the European Council.

I am copying this letter to Michael Stark in Cabinet Office.

Yours ever

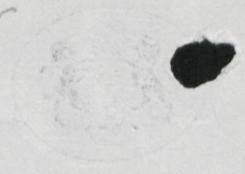
(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

FRANCE

RELATIONS

PT 3



CC PC ②



Prime Minister

Foreign and Commonwealth Office

London SW1A 2AH

19 May 1986

You will be reluctant to do this. There is no great need. And we should certainly do nothing until there is a formal request.

Dear Charles, But if absolutely necessary, we could probably find a couple of hours on 18 June.

Possible Meeting with President Mitterrand

[? in the Channel Islands] CDP 19/5

In the course of a call on President Mitterrand's Special Adviser, M Attali, on 15 May, Sir John Fretwell was told that the President would like to have a bilateral meeting with the Prime Minister in either London or Paris before the European Council (26-27 June) at The Hague. There would be a number of important subjects coming up at the Council which should be discussed. Attali added that this was as yet only an informal suggestion: he would expect to have a formal proposal to make shortly, perhaps to Sir Robert Armstrong. Attali no doubt sees this as a way to try to keep Mitterrand rather than Chirac at the centre of the stage.

mt.

The Foreign Secretary is due to meet M Raimond in Paris on 10 or 23 June. We should wait to see if a formal approach from Mitterrand is in fact made. If it is, we recommend that the Prime Minister should respond as positively as her other commitments permit, particularly as it was not possible for her to meet President Mitterrand in Tokyo. We should suggest that any meeting should be held here rather than in France.

We may need to be careful about channels of communication. Depending how any formal approach from the French is made, it may be that we should respond through M Raimond, rather than through Mitterrand's office.

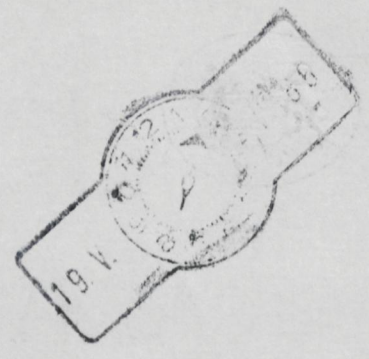
I am copying this letter to Michael Stark in the Cabinet Office.

Yours ever,
Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

London and Westminster
London SW1 2JH



Secret and Personal

cdh spoke done 6/5/86

** 21 P. remind
reminders*

London SE1

1 May 1986

7

C D Powell Esq
No 10

I will speak to Mr. Bujar in Tokyo

SUBJECT

CDD

**PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. 783 AB/86**

Dear Charles,

FRANCE/NEW ZEALAND

We spoke. I attach a copy of the message received from our New Zealand colleagues. Peter Wallis will be forwarding it to the FCO in the normal way, with the suggestion that Harland should be briefed by the FCO, simply to the effect that there has been an exchange of letters between the Prime Ministers.

*cc Master
ops*

Yours ever,

Frank

A G Wilkinson

Secret and Personal

Secret and Personal

DEAR PRIME MINISTER

I AM GRATEFUL TO YOU FOR GIVING ME A BRIEF ACCOUNT OF THE COMMENTS MADE TO YOU ON FRANCE/NEW ZEALAND RELATIONS BY MONSIEUR CHIRAC.

I SHOULD LIKE YOU TO KNOW THAT WE HAVE AGREED WITH THE FRENCH TO RESTART TALKS ON THE DISPUTE. THEY WILL, I HOPE, LEAD TO A SETTLEMENT. BUT IT HAS BEEN VERY DIFFICULT FOR US TO ASCERTAIN JUST WHAT THE FRENCH HAD IN MIND AS A BASIS FOR NEGOTIATIONS. THAT IS STILL NOT CLEAR BUT WE ARE PREPARED TO TALK TO SHOW THAT WE ARE SERIOUS IN OUR WILLINGNESS TO NEGOTIATE.

THE TASK HAS NOT BEEN MADE ANY EASIER BY THE FRENCH USE OF QUITE ILLEGAL TRADE SANCTIONS AGAINST OUR EXPORTS.

YOU HAVE KINDLY OFFERED TO PASS ANY MESSAGE ON PROCEDURE TO MONSIEUR CHIRAC. AS THINGS HAVE MOVED AHEAD I AM SURE YOU WILL AGREE THAT THAT IS NOT NECESSARY AT THIS POINT.

WITH BEST WISHES.

YOURS SINCERELY

DAVID LANGE

Secret and Personal

SECRET



Wle

EC

6

10 DOWNING STREET

From the Private Secretary

29 April 1986

**PRIME MINISTER'S WITH M. CHIRAC:
NEW ZEALAND**

I enclose a signed original of the Prime Minister's message to Mr. Lange, somewhat amended from the draft sent under cover of your letter of today's date. Subject to any comments on the revised text, I should be grateful if it could be despatched as soon as possible.

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

SECRET

DSS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T83/86



We SUBJECT cc OPS
MASTER 5
cc FCO

10 DOWNING STREET

THE PRIME MINISTER

29 April 1986

Dear Prime Minister,

I had a first meeting with the new French Prime Minister at Chequers on 26 April. In the course of our discussions, M. Chirac raised the question of France's relations with New Zealand. He told me that he very much wished to find a solution to the problems which have arisen, and was anxious to pursue negotiations with you as soon as possible. He claimed, however, that he was finding it difficult to get such negotiations under way, and was anxious lest delay should lead to their being further complicated by extraneous issues.

M. Chirac asked for my assistance in establishing a discreet channel. If there are any points which you wish me to pass on to him on procedure, in order to facilitate the opening of discussions, I should be happy to do so. I do not, of course, seek to be involved in any way in the substance of any discussions, which must be entirely a matter between you and the French Government.

With best wishes,

*Yours sincerely
Margaret Thatcher*

The Rt. Hon. D. R. Lange

ECW

SECRET



Foreign and Commonwealth Office

London SW1A 2AH

29 April 1986

Dear Charles,

Prime Minister's Meeting with M. Chirac:
New Zealand

I enclose, as requested in your letter of 26 April, a draft message from the Prime Minister to Mr Lange. We will be happy to arrange for it to be delivered

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

THIS IS A COPY. THE ORIGINAL IS
RETAINED UNDER SECTION 3 (4)
OF THE PUBLIC RECORDS ACT

SECRET

DRAFT: minute/letter/teleletter/despach/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

ELSBCK

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

TO: *The Rt Hon D.R. Lange.*
~~Mr~~ David Lange
Prime Minister of New Zealand

Your Reference

- Top Secret
- Secret
- Confidential
- Restricted
- Unclassified

Copies to:

PRIVACY MARKING

SUBJECT:

.....In Confidence

As you ^{may} ~~will~~ probably know, I had a ^{brief} ~~brief~~ working meeting with the French Prime Minister at Chequers on 26 April.

CAVEAT.....

In the course of our discussions, M. Chirac raised the question of France's relations with New Zealand. He told me that he very much wished to find a solution to the problems which have arisen, and was anxious to pursue negotiations with you ^{as soon as possible}. He claimed however that he was finding it difficult to get ^{and} negotiations under way, ^{and was anxious to} ~~but~~ ^{but} delay ⁱⁿ ~~in~~ ^{being further complicated by} ~~in~~ ^{extremes} ~~in~~ ^{is} ~~is~~ ^{such}.

~~I do not think it would be right for the British Government to get involved in the substance of any negotiations. I am sure you would agree. But M. Chirac has already asked for our assistance in establishing a discreet channel and I understand that a proposal has been put to you.~~ ^{If it would help,} I would be happy to pass on your response to M. Chirac ~~if that would help.~~ ^{any response} you might have about the procedure for negotiations between you.

~~with best~~
~~with best wishes.~~

with best wishes.

M. Chirac asked for my assistance in establishing a discreet channel. I have seen we are in any parts which you wish me to pass on to him on procedure, in order to facilitate the opening of discussions. I shall be happy to do so. I do not of course

Enclosures—flag(s).....

needs to be involved in any way in the substance which must be strictly a matter between you & the French Govt.



ZCZC
PCLINAN 10
CONFIDENTIAL
OO FCOLN
FM PARIS TO FCOLN
281700Z OCT
GRS 450

CONFIDENTIAL
FM PARIS
TO IMMEDIATE FCO
TELNO 923
OF 281700Z OCTOBER 85

MIPT : FABRUS CRITICISES THE UK

SUMMARY

1. TWO WAYS OF REACTING TO FURTHER SOCIALIST (PS) CRITICISMS OF THE UK: PUBLIC REBUTTAL NOW AT A HIGH LEVEL, OR A PRIVATE WARNING TO MITTERRAND AND DUMAS AT THE SUMMIT.

DETAILS

2. WE MIGHT MOST EFFECTIVELY REACT TO THIS FURTHER CRITICISM IN ONE OF TWO WAYS.
3. THE FIRST IS TO ISSUE A STRONG PUBLIC REBUTTAL BACKED UP BY A COMPARISON OF THE UK AND FRENCH STATISTICS FOR EG EMPLOYMENT (650,000 NET JOB CREATION IN THE PAST TWO YEARS IN THE UK, 450,000 JOBS LOST IN FRANCE IN THE SAME PERIOD); PROFITS; INVESTMENT AND GDP GROWTH. THIS WOULD NEED TO COME FROM YOU OR THE PRIME MINISTER, AND QUICKLY, IF IT WERE TO STAND A CHANCE OF BEING WIDELY REPLAYED BY THE FRENCH MEDIA. BUT IF THE CHAIRMAN OF THE CONSERVATIVE PARTY GRANTS THE REQUEST OR AN INTERVIEW FROM THE L'EXPRESS TEAM CURRENTLY IN LONDON (PREPARING A FEATURE SCHEDULED TO BE PUBLISHED IN THE ISSUE APPEARING 15 NOVEMBER), THIS COULD BE A USEFUL ALTERNATIVE PLATFORM.
4. THE ADVANTAGE OF THIS APPROACH WOULD BE TO CORRECT THE DISTORTED PICTURE WHICH FABRUS AND THE SOCIALISTS ARE PAINTING, AND TO WARN THAT WE SHALL GIVE AS GOOD AS WE GET, WHICH MAY NOT BE HELPFUL TO THE PS IN THE RUN UP TO THE MARCH ELECTIONS. THE DRAWBACKS ARE THAT SUCH A POLEMIC COULD LEAD TO A DETERIORATION IN THE BILATERAL CLIMATE SHORTLY BEFORE THE ANGLO-FRENCH SUMMIT AND THE FALKLANDS VOTE AT THE UN, AT A TIME MOREOVER WHEN RELATIONS ARE ALREADY UNDER SOME STRAIN (GREENPEACE, THE CHOGM COMMUNIQUE ON PACIFIC QUESTIONS, EFA, RHITA ETC). THERE IS ALSO A RISK THAT THE SOCIALISTS WOULD TRY TO USE SUCH EXCHANGES TO PROVOKE AN ANTI-BRITISH REFLEX ON WHICH THEY WOULD HOPE TO CAPITALISE ELECTORALLY.
5. AN ALTERNATIVE WOULD BE TO SAY LITTLE OR NOTHING PUBLICLY, BUT TO REACT VIGOROUSLY IN PRIVATE. BOTH YOU AND THE PRIME MINISTER MIGHT USE THE SUMMIT TO TAKE MITTERRAND DUMAS TO TASK, TO WARN THAT OUR FORBEARANCE IS NOT LIMITLESS, AND THAT THE SOCIALISTS...

K X
ADVANCE COPY

PS
PS/MAST/THW
PS/M EG/LAC
PS/RS
M O'Brien THOMAS

HOWEO

HO/NEWS D

HO/PLANNING STAFF

18/8

R.C.

Press Unit/No 10 DST.

ms

5. AN ALTERNATIVE WOULD BE TO SAY LITTLE OR NOTHING PUBLICLY, BUT TO REACT VIGOROUSLY IN PRIVATE. BOTH YOU AND THE PRIME MINISTER MIGHT USE THE SUMMIT TO TAKE MITTERRAND DUMAS TO TASK, TO WARN THAT OUR FORBEARANCE IS NOT LIMITLESS, AND THAT THE SOCIALISTS RISK UNLEASHING A DAMAGING POLEMIC IF THESE ATTACKS CONTINUE. THE ADVANTAGE OF THIS WOULD BE TO PREVENT A SLANGING MATCH BEFORE THE SUMMIT AND THE FALKLANDS VOTE, WHILE GIVING MITTERRAND A CHANCE TO STOP THE SOCIALIST PARTY MALIGNING THE BRITISH RECORD BEFORE THE ELECTION CAMPAIGN GETS INTO FULL STRIDE. IT COULD BE COMBINED WITH PREVIOUS ACTION AT THIS END.

6. WHETHER OR NOT WE DECIDE TO MAKE AN EXPLICIT REPOSTE, THE PREVALENCE AND LIKELY PROLIFERATION OF THIS SORT OF COMMENT REINFORCES THE DESIRABILITY FOR THE PRIME MINISTER'S GIVING A PRE-SUMMIT INTERVIEW TO THE FRENCH MEDIA (MY TELNO 900).

7. ON BALANCE, I THINK THE RIGHT COURSE WOULD BE TO PUT THE FRENCH ON NOTICE HERE THAT THIS QUESTION WILL BE RAISED AT THE SUMMIT AND THAT (IF THE CAMPAIGN CONTINUES) A FULL-SCALE COUNTER-ATTACK WILL BE INEVITABLE. IF IN THE MEANTIME BRITISH PRESS REACTION OR PARLIAMENTARY QUESTIONS LEAD TO SOME FAIRLY ASTRINGENT COMMENT ON FABRUS'S REMARKS IT WILL NOT DO UNDUE HARM AND MAY SERVE AS A USEFUL WARNING OF WHAT COULD FOLLOW.

FRETWELL

YYYY
PCLINAN 1075

NNNN

EM 1075
COMPLIMENTS

022 400
SOTLAKS 001
EM 1075 10 1000
ON 1000
COMPLIMENTS
1000 1000
000

150
HO/W... 1000
HO/W... 1000
HO/W... 1000
ADVANCE COPY
6/10/75
12/W... 1000
6/10/75

GRS 250

UNCLASSIFIED

FM PARIS

TO IMMEDIATE FCO

TELNO 922

OF 281650Z OCTOBER 85

MY TELNO 882 OF 14 OCTOBER : FABRUS CRITICISES THE UK

SUMMARY

1. FABRUS CRITICISED THE UK'S ECONOMIC PERFORMANCE DURING A TELEVISED DEBATE WITH CHIRAC ON 28 OCTOBER.

DETAILS

2. IN THE COURSE OF A TV DEBATE LAST NIGHT WITH CHIRAC, FABRUS AGAIN MADE DISOBLIGING REMARKS ABOUT THE UK'S ECONOMIC PERFORMANCE. AFTER CHIRAC HAD SAID THAT IF THE RIGHT WON THE ELECTION IN MARCH THEY WOULD INTRODUCE A PROGRAMME OF PRIVATISATION AND ABOLISH THE REQUIREMENT FOR OFFICIAL AUTHORIZATION OF REDUNDANCIES, FABRUS SAID 'EVERYTHING YOU PROPOSE, OR NEARLY EVERYTHING, HAS JUST BEEN TRIED IN GREAT BRITAIN. DENATIONALISATIONS, ABOLITION OF AUTHORIZATION FOR REDUNDANCIES ... IT'S ALMOST ALL BEEN DONE IN GREAT BRITAIN. AND WHAT HAS BEEN THE RESULT? UNEMPLOYMENT IS MORE THAN 3,120,000, INDUSTRY HAS BEEN DEVASTATED, AND THERE ARE SOCIAL PROBLEMS WHICH YOU, LIKE MANY OF US, HAVE PROBABLY SEEN ON TELEVISION, SUCH AS THE RIOTS IN THE CITIES, THE EVENTS IN THE HEYSEL STADIUM, ETC. AND THIS DESPITE THE FACT THE ENGLISH ARE A GREAT PEOPLE AND THAT MRS THATCHER HAS ENORMOUS DETERMINATION. IT OFFERS A TEST CASE FOR WHAT YOU WANT TO DO, M. CHIRAC, AND I WANT TO PUT A SPECIFIC QUESTION TO YOU, ABOUT THIS SORT OF PROGRAMME WHICH CLAIMS TO BE LIBERTARIAN BUT WHICH IS IN FACT, SIMPLY DESTRUCTIVE'.

3. A LITTLE LATER, WHEN CHIRAC WAS DISCUSSING DENATIONALISATION HE SAID: "... M. FABRUS WE ARE TAKING UP POSITIONS DESIGNED TO ENSURE THAT FRANCE'S INDUSTRIAL INHERITANCE REMAINS FRENCH ... BY FORBIDDING THE SALE OF MORE THAN 10 TO 20 PERCENT OF OUR INDUSTRIAL ENTERPRISES TO FOREIGNERS, JUST AS ALL THE COUNTRIES WHICH ARE DENATIONALISING HAVE BEEN DOING, NOTABLY ENGLAND, WHICH YOU HAVE SO SEVERELY CRITICISED ...".

4. AT THE END OF THE DEBATE FABRUS SAID TO CHIRAC: "... YOU HAVE PUT FORWARD SEVERAL NEW IDEAS, BUT THESE HAVE ALREADY BEEN TRIED ELSEWHERE, I AM THINKING PARTICULARLY OF ENGLAND, AND THEY HAVE FAILED ...".

5. FOR COMMENT, SEE MIFT.

FRETWELL

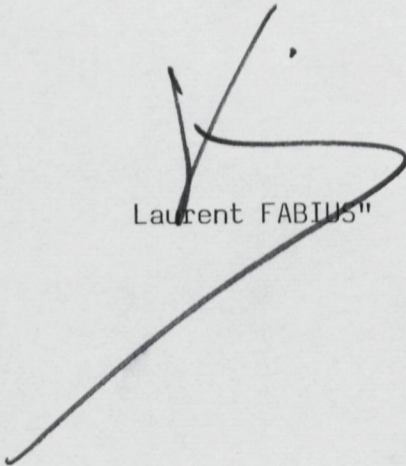
LIMITED

WED
NEWS DEPT.
PLANNING STAFF
ECDS
INFO. DEPT.
RES. D.
PS
PS/LADY YOUNG
PS/MR EGGAR
PS/QUS
MR DEREK THOMAS
MR SAMUEL
MR RENWICK

COPIES TO:
PRESS OFFICE
NO. 10 DOWNING ST.

MESSAGE DE REMERCIEMENTS
A MME MARGARET THATCHER
PREMIER MINISTRE DE GRANDE-BRETAGNE

"Au nom du Gouvernement, des victimes de l'accident survenu à Argenton-sur-Creuse et de leurs familles, je voudrais vous exprimer mes sincères remerciements pour la sympathie que vous avez bien voulu témoigner à cette tragique occasion.



Laurent FABIUS"

French Train Case

*CDP
11/9.*

AMBASSADE DE FRANCE
LONDRES

6 Nels.
L'AMBASSADEUR

11th September, 1985

Dear Prime Minister,

I have just received, through the diplomatic bag, a message addressed to you by Monsieur Laurent Fabius, Prime Minister.

I enclose it herewith.

Yours sincerely,

J. Viot

Jacques Viot

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

Subject
loops
master

TOP COPY

29

RESTRICTED

pa
TAS

5616 - 2

3/9

OCMIAN 5616
RESTRICTED
DD 311500Z PARIS
FM FCOLN TO PARIS
311328Z AUG
GRS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 157/85

RESTRICTED
FM FCO
TO DESKBY 311500Z PARIS
TELNO 459
OF 311328Z AUGUST 85
FROM RESIDENT CLERK

TELECON ASST RES CLERK/DUTY OFFICER : FRENCH RAIL CRASH
1. PLEASE PASS THE FOLLOWING MESSAGE SOONEST FROM THE PRIME
MINISTER TO FABIUS.

QUOTE

I WAS MOST DISTRESSED TO LEARN OF THE RAIL CRASH WHICH OCCURRED THIS
MORNING AT ARGENTON-SUR-CREUSE.

THE SYMPATHIES OF THE BRITISH GOVERNMENT GO OUT TO ALL THE VICTIMS
AND THEIR RELATIVES.

UNQUOTE

2. GRATEFUL TO KNOW BY DESKBY TELEGRAM WHEN THE MESSAGE HAS BEEN
PASSED.

RIFKIND

OCMIAN 5616

NNNN
DISTRIBUTION
LIMITED
WED
CONSULAR
NEWS D

WRF 0201
- 5 SEP 1985

CORESTO ✓ ID 579
NO 10 D' ST.
BUCKINGHAM PALACE

ECD(E)
ECD(I)
PROTOCOL
PS
PS/LADY YOUNG
PS/MR LUCE
PS/MR RIFKIND
MR DEREK THOMAS
MR RENWICK
MR BRAITHWAITE
MR JENKINS
RESIDENT CLERK

RESTRICTED

10 DOWNING STREET

To French President or French Prime Minister (depending on whether the Queen sends a message).

"I was most distressed to learn of the rail accident which occurred this morning at Argenton-sur-Creuse. The sympathies go out to all the victims and their relatives."

President: H.E. M. Francois Mitterrand

PM: H.E. M. Laurent Fabius.



10 DOWNING STREET

THE PRIME MINISTER

I was most distressed to learn of the rail accident
which occurred this morning at Argenton-sur-Creuse. ~~my~~ *The sympathies*
of the British Government
~~sympathies~~ go out to all the victims and their relatives.

Margaret Thatcher



10 DOWNING STREET

Depending on whether or
not the Queen sends a
message, to the French
President or French
Prime Minister. ✓

draft



10 DOWNING STREET

THE PRIME MINISTER

I was most distressed to learn of the rail accident which occurred this morning at Argenton-sur-Creuse. My sympathies go out to all the victims and their relatives.

Margaret Thatcher



With the compliments of

PROTOCOL DEPARTMENT

Miss B J Connolly

273 3526

**FOREIGN AND COMMONWEALTH OFFICE
LONDON, SW1A 2AH**

AMBASSADE DE FRANCE
LONDRES

2nd August, 1985

TXS 027/312/1.

38

Dear Mr. Sprague,

I would like to thank you very sincerely for the way our Prime Minister and his party, as well as the advance party last Monday, were received in London. My colleagues and I were very much impressed by the perfect organization of the visit.

May I also ask you to convey to the gentleman responsible for the arrangements at 10, Downing Street (who very kindly took us for a brief visit of the premises on Monday), the expression of my gratitude for his welcome and the care he took of our Prime Minister's assistants yesterday.

Yours sincerely

Bouillane de Lacoste

Jean-Noël de Bouillane de Lacoste

Chargé d'Affaires a.i.

D.K. Sprague, Esq., MVO,
Assistant Head of Protocol
Department,
Foreign and Commonwealth Office,
Whitehall,
London S.W.1.

*(revised)
subject c master**file*

10 DOWNING STREET

1 August 1985

From the Private Secretary

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF FRANCE
ON 1 AUGUST 1985 AT 1245 HOURS

The Prime Minister gave lunch today to Monsieur Fabius. M. Fabius was accompanied only by M. Verret of his personal staff. This letter summarises the discussion which took place over lunch and was conducted throughout in English.

Social and Economic Matters

There was some general conversation both before and during lunch on economic and social problems in Britain and France. M. Fabius talked of the soaring costs of health care in France despite the relatively favourable age-profile of the French population. He talked also of the reform of the French education system, in which the teachers were proving surprisingly co-operative. The Prime Minister noted the tendency in Western societies always to ask for more but not to like it when the bill came in. She suggested that there might usefully be discussion in the European Community of the OECD of ways of restraining the soaring costs of social security systems. M. Fabius appeared to welcome this.

M. Fabius gave an optimistic account of the French economy. Inflation this year would be around 5 - 5½ per cent and the target for next year was 2.8 per cent. He had presented a tight budget which called for real reductions in expenditure. This had surprised many people who had expected him to take the brakes off before an election. The Prime Minister complimented M. Fabius on his success, achieved and prospective, and described the main developments in the United Kingdom economy.

French Elections

M. Fabius gave his opinion that neither the right nor the left would have a clear majority following the elections to the National Assembly. The right would only do so if they were prepared to make an alliance with the extreme right, which was most unlikely. The President would

therefore be left with a good deal of freedom of manoeuvre.

There was some discussion of the role of television in French and British politics. M. Fabius spoke with considerable smugness of the success of his own monthly television broadcast.

European Community

M. Fabius said that President Mitterrand had asked him to talk to the Prime Minister about Europe and to explain that France wanted to work with Britain. Some problems had arisen at the Milan European Council. And of course France enjoyed a particularly close relationship with Germany, though this did not mean that she wanted to put Britain aside. President Mitterrand noted with approval the efforts which Britain had made to secure the better functioning of the European Community. The President regretted that a vote had been taken at Milan, though of course France had had to vote with Germany because they were co-authors of the key text. His intention for the future was to keep all the main countries together. He remained interested in the British proposals for the future of the Community, while recognising that they were rather limited. France was ambitious for the Community and wanted a success for it at the European Council in December.

The Prime Minister thanked M. Fabius for conveying President Mitterrand's message. Milan had been a bad meeting. Britain had gone out of its way beforehand to play the part of a good European. We had worked up proposals and consulted our partners about them in good time. We had given strong support to Eureka. No-one could accuse us of hanging back. We had been astonished when a rival text, scarcely different from though rather less communautaire than ours had been presented without consultation. Our disappointment had been the keener because there had been similarities between the ideas in President Mitterrand's memorandum and our own proposals. It was a pity that we had not been able to work together to implement them. We had understood that France was opposed to an Inter-Governmental Conference, but at Milan it had supported one. There had been other examples of sudden changes of position such as over South Africa. It was hard to know where we stood.

Now we had to look to the future, continued the Prime Minister. She did not know what France made of some of the proposals on the table. Could France accept approximation of indirect taxes? Could France do without the Luxembourg Compromise? Could France accept majority voting on some of the sensitive regulations under Article 100? Britain for its part would now wait and see what others were in practice ready to do. We would not table any more ideas. Others could take a lead and we would decide our position in the light of what they proposed.

But she wanted President Mitterrand to be clear on one important point. She was sorry to see Europe dissolve into the petty squabbles, manoeuvres and drafting exercises which

had characterised the Milan European Council. Heads of Government had to take a broader view of the future of Europe and the need for the European countries to work more closely together and with the United States. Britain was prepared to play a full part in this. But we could not accept that the future course of Europe should be dictated by a Franco-German axis. Of course Germany had to be kept firmly locked into Europe, although she was watching political developments within Germany with considerable anxiety. A Franco-German axis would not be good for Europe. But she was ready to work with France and Germany as a threesome. She hoped that M. Fabius would convey this message back to President Mitterrand.

M. Fabius said there were few tasks during the remainder of this century as important or as worthy as to work for the advancement of the European Community. He agreed that some of the procedures and devices of the existing Community were dispiriting. France would be pleased if new steps to strengthen the Community could be agreed at the Luxembourg European Council and if Britain were to be part of them. The Prime Minister interjected that she would be interested to see whether France was able to be part of them. He wished to repeat that the reason for his visit was to demonstrate that France wanted all Community countries to move forward together. The Prime Minister interjected that she had thought we were until the Milan European Council. As regards harmonisation of indirect taxes, France's position was under review. France accepted the logic that completion of the internal market required harmonisation of such taxes but the reality might be rather different. The European Parliament should be associated more effectively with the Community's processes but not in a co-decision making role. The Prime Minister interjected that co-decision equalled no decision. M. Fabius concluded that he would report the Prime Minister's views to President Mitterrand.

Channel Fixed Link

The Prime Minister said that she was passionately keen to see the Channel Fixed Link established. She felt that her generation had never given anything tangible to Europe and the Fixed Link would catch people's imagination. But there was no point in having a Fixed Link if there were going to be quotas on the lorries coming out at the French end of it. M. Fabius said he was pleased to hear of the Prime Minister's enthusiasm for the Channel Fixed Link. He could understand our problem with lorry quotas. France had problems over restrictions on axle weights in the United Kingdom. He would see what he could do to clear up the question of quotas and let the Prime Minister have a note of the problems which were of concern to France.

South Africa

The Prime Minister said that she had been very taken aback by France's conduct over South Africa. Foreign Ministers had agreed a text on South Africa in Brussels on a

Monday. But by the end of that same week France had abandoned the common position and gone to the United Nations Security Council with a proposal for economic sanctions without any warning to her partners. It made a mockery of political co-operation. We would not have behaved in that way. M. Fabius replied that France had not been satisfied with the outcome of the Foreign Ministers' meeting. The French Government thought that, following the declaration of emergency, there had to be a much firmer response. That is why they had gone to the Security Council. Further, they had deliberately not proposed mandatory sanctions so as not to create difficulties for some of their partners. The Prime Minister asked how M. Fabius thought that sanctions would help the situation in South Africa. Industry in South Africa was the main force working against apartheid. She failed to see the wisdom of putting people out of work here in order to put people out of work there. Sanctions were not selective in their victims. South Africa would take economic measures of its own against neighbouring countries, putting them into even greater difficulties. She could not see what the West would gain from plunging the whole of Southern Africa into turmoil. It was an area of great strategic importance. The right course was constant diplomatic pressure upon the South African Government to enter into genuine dialogue with black South Africans. Such pressure could work as had been demonstrated over forced removals. M. Fabius observed that France's analysis was different. Progress so far in South Africa had been very gradual indeed.

Falklands

The Prime Minister recalled Britain's gratitude for the support which we had received from France during the Falklands conflict. As M. Fabius would know, the Argentine Government had still not declared a formal cessation of hostilities. She was concerned to hear that a possible sale of helicopters to Argentina was under consideration in France. She hoped that this would not be pursued. We were doing our best to restore normal working relations with Argentina, witness our recent decision to lift the trade embargo. But we could not discuss sovereignty. M. Fabius said that France's position remained unchanged. France felt and had showed solidarity with the United Kingdom. President Mitterrand had repeated this to him before his departure from London. France believed that a diplomatic solution would eventually have to be found but it was not her responsibility to find it. He would look into the question of helicopters. He was not previously aware of it.

European Fighter Aircraft

M. Fabius observed that France's "technicians" were not in favour of the European fighter aircraft. President Mitterrand, on the other hand, was strongly for it but it must be a truly European aircraft. It was important to the industrial and political future of Europe to find a solution to the problem. The Prime Minister merely observed that she

understood that meetings were going on elsewhere about the EFA.

There was some further discussion towards the end of lunch, about international debt questions, about Japan on which both Prime Minister's agreed that the measures in Japan's recent action programme were unlikely to produce any fundamental change, about Mr. Gorbachev's forthcoming visit to France and about China. The Prime Minister and M. Fabius also agreed on the line they would take with the press. I enclose a transcript of the Prime Minister's subsequent remarks.

I am copying this letter to Richard Mottram (Ministry of Defence), Rachel Lomax (HM Treasury), John Mogg (Department of Trade and Industry), Richard Allan (Department of Transport) and Richard Hatfield (Cabinet Office). I should be grateful if it could be given a limited circulation only.

(C.D. Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office

Transcript by
JAMES LEE OY:

JOINT STATEMENT BY THE PRIME MINISTER, MRS. THATCHER,
AND THE FRENCH PRIME MINISTER, M. FABIUS, AT DOWNING
STREET, ON THURSDAY, AUGUST 1, 1985.

=====

PRIME MINISTER

The Prime Minister and I have just had a meeting. As you know, France and Britain meet quite often really to demonstrate once again the very close friendship that exists and has existed historically for many many years.

This time, we have discussed in particular problems of the European economy and the world economy. We are both affected in a very similar way.

We have also spent some considerable time on our hopes for the future of the European Community and on East-West relations. You will be aware that Mr. Gorbachev is going to visit Paris in October. We have hopes that the European problems will be resolved at the Luxembourg Conference which of course occurs at the end of this year.

We have also spoken of our desire to see the fixed Channel link built. It seems to me something that our generation can perhaps do for future generations. It would be very nice to have something exciting like that to talk about and to have it built within a reasonable time.

Those, I think, are the main things which we have talked about. May I say how delighted we were that Mr. Fabius found time to make this visit to London. It is brief, but it has been very well worthwhile.

PRIME MINISTER FABIUS (IN FRENCH)

(Not transcribed)

QUESTION

Mrs. Thatcher, could I ask you, did you reach any agreement at all about any possible sanctions on South Africa?

PRIME MINISTER

As you know, France put up her own Resolution to the Security Council. We have perhaps different ways of achieving the objective, but the objective is the same. We do not like apartheid. We wish to see it ended. France has her particular way of achieving that objective and we have ours.

QUESTION

Why have the ambassadors, and ours in particular, been recalled now for discussions?

PRIME MINISTER

There is a meeting in Brussels. They are just going to a meeting and then ours certainly will return straight to South Africa. There is one meeting I understand in Brussels. Ours will go to that and then return to South Africa. As you know, I take the view that I really want mine present in South Africa to know exactly what is going on.

QUESTION

Did you manage to reach any agreement here about South Africa?

PRIME MINISTER

No, we discussed it, but nothing further than that which we have already indicated.

=====

PRIME MINISTER

MEETING WITH M. FABIUS

He will arrive at 12.45 accompanied only by his Private Secretary. You will probably want to give him a drink, with lunch at five past one. He wants to leave at 3 p.m.

M. Fabius has asked whether he can speak to the press on the doorstep after the meeting. I suggest that you accompany him, and try to agree in advance what will be said (if only to stop him saying anything outrageous).

We have no hard information on why he is coming, whether he has any specific message or what he wants to discuss. The best guess is that it is an attempt to build him up before the elections.

You will want to start by thanking him again for accompanying you to Avignon last autumn, despite the sad circumstances of his father's death.

You might then ask him about the prospects for the elections in France. You have recently heard M. Giscard and M. Barre on the subject; and there is a telegram in the folder giving an account of the general political background to the visit. There is a considerable divergence on tactics between him and the Socialist party secretary M. Jospin. Fabius wants to fight the election on a record of good economic management, not socialist policies. You might also mention the economic situation both here and in France. You may remember that he made some rather disobliging and ignorant comments some months ago about our economy. You might underline our current strength and point out, for instance, the considerably better financial provisions made for those out of work in the UK than in socialist France. You might also touch on the question of British membership of the ERM of the EMS.

You might move on at lunch to the future of the European Community. We have to calculate that he will be trying to get you to show your hand on a range of issues, in the hope that France will be able to claim that the United Kingdom is an obstacle to progress. You will want to turn the tables by constantly putting the questions back to him: how far is France prepared to go on the European Assembly, on political co-operation, on Treaty amendment? Are they really prepared to consider tax approximation? Can they really put up duty on wine by 229%? What Treaty amendments do they have in mind? If pressed on our views, you could say that you would take some convincing that useful amendments can be worked out: but not rule out Treaty amendment altogether. Without being pinned down, you could leave the impression that we could probably go as far as the French on most issues - at least where they are specific about their goals.

On the European Fighter Aircraft you will probably want to avoid getting into detail, since there will be a meeting going on concurrently in Turin and we shall not want to cut across it. We are ready for a genuinely European solution and can accept the German compromise. On Southern Africa you should pull his ears on France's behaviour last week and argue the case against sanctions. On the Channel Fixed Link, work by officials is going well but we shall want to see lorry quotas liberalised. On Eureka we don't believe government money is needed: the market should finance projects. But this difference of view should not be an obstacle to our co-operation.

You could explain our policy on Falklands to counter Argentinian efforts to get French support for their Falklands resolution at the UN. Alfonsin visits Paris in September. You might stress the importance of Alliance solidarity in the run-up to the US/Soviet summit. The French should not let Gorbachev play on doubts about the SDI. The greater Alliance cohesion, the greater Soviet willingness to negotiate constructively. We do not see what really needs to be done on international monetary reform. The GIO have just concluded

that the basic structure is healthy. But we are very concerned about the international debt situation and think French ideas about a high level meeting with the Latin Americans on debt and monetary issues dangerous. We want to see early progress on launching an international trade round. We wish that France would show a greater readiness for co-operation against terrorism. Finally if there is time, you might explore for any signs of new French thinking on defence, particularly willingness to give a bigger role to their forces in Germany.

I attach a card listing headings.

C.D.P.

(C.D. POWELL)

31 July 1985

P.S. Please also now see
letter in folder about
French arm sales to Argentina
C.D.P.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

31 July 1985

Dear Charles,

THE FRENCH PRIME MINISTER'S VISIT TO LONDON ON 1 AUGUST

Your letter of 16 July reported the telephone call from M. Fabius to the Prime Minister which was the genesis of this visit. It will be the first he has made to Britain since his appointment as French Prime Minister in July last year (though he did come here in his previous capacity as Minister of Industry and Research, most recently in April 1984). We believe the two Prime Ministers last met at the Franco-British Council Conference in Avignon in November.

M. Fabius will fly in shortly before lunch and leave again in the afternoon. He will be met at Northolt by a Special Representative of the Foreign Secretary (Sir John Stow) and will aim to arrive at Downing Street at about 12.45 pm. We are assuming a departure from Downing Street at or soon after 3 pm - M. Fabius is

CONFIDENTIAL



CONFIDENTIAL

likely to want to say a few words to the press on his departure (your Press Office have been warned). Although he will be accompanied by a small suite, including the French Ambassador (M. Jacques Viot) on arrival and departure, only M. Denis Verret, Special Adviser for International Economic Relations, will be present during the lunch. Short personality notes on M. Fabius and M. Verret are attached - M. Fabius speaks excellent English.

I enclose Sir John Fretwell's letter of 23 July giving an account of M. Fabius' current preoccupations and prospects. A main aim on the French side is probably to add to Fabius' standing by showing that he is a spokesman for France at the top international tables, in advance of the election campaign which will gather pace after the summer holidays. Additionally, there may well be an element of "fence-mending" post-Milan lying behind Mitterrand's suggestion of a meeting, and a desire to counter-balance the current plethora of high-level Franco-German contacts, notably Mitterrand's meetings with Kohl on 18 July and 24 August. Although it is possible that Fabius may have some special message to convey, there has been no indication of this. For him therefore the agenda may be of less importance than the fact of the meeting.

/The visit

CONFIDENTIAL



CONFIDENTIAL

The visit provides us with an opportunity to go over current French government thinking on Community affairs since the Milan European Council and in the run-up to the Luxembourg Council. The Foreign Secretary's minute of 26 July to the Prime Minister covered this aspect of the meeting.

We also suggest that the Prime Minister might raise:

The European Fighter Aircraft

Southern Africa

Falklands/Argentina

Channel Fixed Link

In addition, the following may also come up :

EUREKA

East/West Relations

Arms Control and SDI

International Monetary Reform and Multilateral Trade
Negotiations

British Economic Policy and Achievements

/EFA



CONFIDENTIAL

European Fighter Aircraft (EFA)

The French and the other 4 partners (UK, FRG, Italy and Spain) remain divided both on the configuration of the aircraft and the organisational arrangements. A German compromise put forward at a meeting of National Armaments Directors on 23 July and explained by Dr Woerner to President Mitterrand the following day envisaged: an aircraft of 9.75 tonnes basic mass empty with an engine thrust of 90 kn and a wing area of 50 sqM (slightly below our preferred figures of 91.7 kn and 51 sqM); locating the programme office and the two consortia (for air frame and engine respectively) in Munich, but with the UK and France occupying the lead posts; and, on work-shares, providing 24.5% each for the UK, FRG and France, 16.5% for Italy and 10% for Spain. The compromise is broadly acceptable to the UK and Italy, but the French are not prepared to move beyond 87 kn engine thrust, want the main office in Paris under French control, and have reserved their position on work-shares.

/ The Spanish position is unclear. I enclose a copy of Paris telno 651 which sets out the French approach to EFA and their view of our role in the project. It underlines the French tactic of putting political pressure on the Germans and delaying any decision at

/least

CONFIDENTIAL



CONFIDENTIAL

least until Chancellor Kohl and President Mitterrand meet on 24 August. But, so far at least, the German Government has appeared determined to move towards an early launch of project definition.

Despite the Prime Minister's message of 25 July to President Mitterrand, it has not so far proved possible to get an appointment for Mr Heseltine to see the President to explain the British position.

M. Mitterrand is expected to review the French position with M. Hernu on 31 July. Subject to the outcome of consideration at the meeting of Ministers later today, the Prime Minister might wish to take the line with M. Fabius that: the UK has consistently sought a truly European solution involving all 5 partners; agreement by the 5 nations would be of major political significance in European terms, coming so soon after the Eureka Ministerial meeting; the UK is prepared to accept the German compromise proposed in an effort to reach agreement; and we still hope that France too will be able to join her partners on that basis; but for operational and industrial reasons an early decision to launch project definition is necessary; any aircraft we built must be adequate to meet the threat; and organisational arrangements must be on the basis of equal partnership.

/Southern Africa

CONFIDENTIAL



Southern Africa

The Prime Minister will no doubt wish to ask M. Fabius about on France's precipitate decision last week to withdraw their Ambassador from South Africa, to ban new investment, and to call a special meeting of the Security Council on 25 July. These steps were taken without warning or consultation and only two days after the Foreign Minister had joined his colleagues in the Ten in issuing a statement on policy towards South Africa. The Foreign Secretary has told M. Dumas of our surprise and concern at the French action and its implications. The French attempted to justify their action by reference to the sharp deterioration in the situation in South Africa and the wish of the black African countries for a still more severe resolution in the UN. It would be worth pointing out that limited sanctions only serve to encourage others to push for wider measures, and repeating our firm hope that the French will continue to oppose mandatory sanctions in the UN.

Channel Fixed Link (CFL)

Work by officials is proceeding satisfactorily and the promoters' proposals are expected on 31 October, two weeks before the Anglo-French summit in London. The Prime Minister could stress the importance of liberalising lorry quotas if the full economic benefits of the CFL are to be obtained. We should use the opportunity of the CFL to seek to move the French on

/lorry



CONFIDENTIAL

lorry quotas. But they will not yield easily on this: they will counter-claim that UK limitations on axle weights and the different characteristics of UK railway gauge restrict France's ability to exploit the CFL. The Prime Minister could stress that we think it important for officials to resolve these questions quickly.

The background is that lorries from one EC country carrying goods to another or in transit require either an EC or a bilateral permit except where neighbouring EC countries have abolished permits. France is among the more restrictive EC countries in this respect whereas Belgium and the Netherlands are among the more liberal. The UK's policy is to conclude bilateral agreements abolishing quota restrictions. But if as in the case with France, a quota is imposed on our lorries, we impose an equivalent quota.

EUREKA

The Prime Minister could say that we welcome the common ground that has developed between the UK, France and others on the need for market orientated projects and the full involvement of industry. We are also glad that it has been widely accepted that EUREKA should be concerned not only with high technology projects but also with the development of a European market for products of such projects (through work on standards, the

/liberalisation

CONFIDENTIAL



CONFIDENTIAL

liberalisation of public procurement and other innovative ideas such as EUROTYP). We welcome the decision at the meeting in Paris on 17 July (Sir Geoffrey Howe and Mr Pattie represented the UK) to set up a high level group of officials to carry work forward. (This was originally a British idea partly to prevent EUREKA falling under French or any other domination but support for it at the meeting in Paris was almost universal). We hope to work closely with France and other major participants (Germany, Italy) in the group and in preparation for its meetings. We share the French view that participants should be welcomed from outside the Community. On finance we have a different approach from France: on 17 July Mitterrand promised 1 billion Francs (£86M): we expect the market to finance projects. If Fabius draws attention to this the Prime Minister could say we are confident that this difference should not hinder practical collaboration between French and British firms and institutions.

Falklands/Argentina

The Argentine Foreign Minister, Caputo, visited France over the weekend of 19 July and met Dumas. Alfonsin is due to visit France in September. The Argentines undoubtedly hope to persuade France to vote

/for

CONFIDENTIAL



for their Falklands resolution at the UN General Assembly. The Prime Minister could emphasise that the realistic way ahead lies in agreement on practical ways of improving relations. It is unreasonable to expect us to negotiate on sovereignty. Our removal of the ban on Argentine imports was an effort to break out of the impasse. The Prime Minister could ask if Dumas encouraged Caputo to adopt a more constructive approach. The Prime Minister will wish to remind Fabius of the importance we attach to our partners maintaining their abstention at the UN - French officials have spoken in relatively reassuring terms to our Embassy about this.

East/West Relations

Fabius may be interested in the Prime Minister's personal impression of Gorbachev in view of the latter's visit to France from 2-5 October. The Prime Minister could comment on his increasing confidence and influence (his addition of four new members to the Politburo and removal of Romanov). In spite of his wish to concentrate on internal matters, Gorbachev clearly intends to strike a figure on the world stage, viz forthcoming summits with Mitterrand and Reagan.

If Fabius asks about the CMEA letter on relations with the EC, the Prime Minister could say that we see no need to hurry in our reply (CMEA took over four years to

/reply



reply to the European Commission's earlier letter). The Community should not appear as demandeur. Generally, the Community should avoid aiding Soviet hegemony over Eastern Europe or fuelling American fears of Soviet wedge-driving between members of the Alliance. The Prime Minister could add that we believe the European Council's cautious mandate to the Commission to be fully consistent with these principles.

Arms Control and SDI

The Prime Minister could say that we believe Gorbachev's aim in Paris will be to play on French doubts about SDI to widen the rift in the Alliance which was evident at the North Atlantic Council meeting in Lisbon in early June. The Prime Minister could ask Fabius how the French intend to put their views in such a way as to minimise the wedge-driving possibilities. The Prime Minister may wish to stress the damage that may be done to Western unity by a maverick French line on arms control which in turn could harden American attitudes against European views on SDI. The Prime Minister could add that we see a direct link between Allied cohesion over Geneva and Soviet willingness to negotiate seriously there. It is therefore counter-productive to highlight Allied differences over SDI and participation in US research.



CONFIDENTIAL

International Monetary Reforms and Multilateral Trade
Negotiations

Fabius may raise the importance which Franch attaches to discussion of international monetary reform in parallel with multilateral trade negotiations, in particular France's hope to set discussions in place at the annual meeting of the IMF in October. The Prime Minister could reply that we find it difficult to see what this might achieve. The recent G10 report concluded that the basic structure of the international monetary system remained valid and did not need major institutional change. We think the report offers the best way for the system to evolve, for example by increased surveillance of all economies. Fabius may also raise the French initiative with the Latin Americans supporting a high level meeting on debt and monetary issues. The Prime Minister could say that we think this would almost certainly be a confrontational meeting, damaging to substantive progress.

If Fabius raises the failure of the July GATT Council to agree on a date for the preparatory meeting, the Prime Minister could say that we too found this disappointing; however, we believe that the adequate prior consensus which the Community called for in March is establishing itself. The problem is with a hard core of intransigent countries notably Brazil and India. We

/agree



agree that those who oppose the new GATT round cannot be allowed an indefinite veto and we support the American suggestion of an early meeting of the contracting parties to unblock the jam. (Britain and France agree on this). We also agree that progress cannot be made at the expense of consensus with developing countries.

British economic Policy and Achievements

Fabius' office have also suggested the two Prime Ministers might like to compare notes on the respective progress of British and French economic policy. This would provide an opportunity for the Prime Minister to say something to Fabius about British economic policies and achievements, with the aim of discouraging him from quoting UK experience eg in relation to unemployment out of context during the forthcoming election campaign (the Prime Minister may recall some ungracious comments he made last autumn in newspaper and TV interviews). The Prime Minister could with effect tell him of the financial provisions made for those out of work in the UK - in socialist France, the unemployed can in certain circumstances find themselves ineligible for any assistance once their initial benefits run out. A note on the French economy is enclosed.



I am copying this letter to Richard Mottram (MOD)
and Rachel Lomax (HM Treasury)

Yours ever,

Peter Ricketts

(P F Ricketts)

Private Secretary



FABIUS, LAURENT

Prime Minister since July 1984.

Born 1946 in Paris, son of an antique dealer. On graduation from ENA, entered the Conseil d'Etat. Recruited as Principal Personal Assistant to Mitterrand. Socialist Deputy for Seine-Maritime since 1978. Official spokesman for the PS 1979-81. Ministre-délégué for the budget 1981-83. Minister of Industry and Research 1983-84.

Fabius is one of the star members of the new generation of Socialist Party politicians. He has a brilliant academic record. Before his appointment as a Minister he made a notable contribution in the National Assembly from the Opposition benches, particularly on financial and economic questions. Despite his close links with President Mitterrand, his role as Budget Minister was subordinated to that of Delors, the Minister of the Economy and Finance, with whom he was said to have a number of differences on policy during their first few months in office. His appointment to the Ministry of Industry, where he also covered Research, Energy and the PTT, was a mark of the high esteem in which Mitterrand holds him. During his tenure of the job, Fabius faithfully reflected the President's view that nationalised industries should run their own affairs and that the private element of the socialists' mixed economy should not be neglected.

Married with one child. Speaks good English.

VERRET, DENIS

Technical Adviser to the Prime Minister on International Economic Relations since August 1984.

Born 1950. Studied at the Ecole Nationale d'Administration. Held a number of posts in the French administration 1976-81. Commercial Counsellor, Washington, 1981-83. Technical Adviser (to M. Fabius) at the Ministry of Industry and Research, 1983-84.

BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

23 July 1985

D M D Thomas Esq CMG
DUSS
FCO

M. Amos

M. Amos 23/7/85
An interesting analysis,
which should be shown
to the Prime Minister
before she sees M. Fabius.
He does not come through
as a very impressive
figure.

DL
. 24/7

Dear Derek,

THE FRENCH PRIME MINISTER'S VISIT TO LONDON

1. Fabius will be lunching with the Prime Minister on 1 August shortly after the anniversary (17 July) of his first year in office. This letter provides some **political background**, and assesses Fabius' current preoccupations and prospects. I am writing separately about the subjects he may raise with the Prime Minister and about the foreign policy aspects of the visit.

Background

2. Mitterrand's bold choice of "this young Prime Minister whom I have given to France" (**Fabius will be 39 next month**) was dictated by two main considerations. The first was loyalty. **Fabius is a Mitterrand-made man**, and owes his meteoric rise entirely to the President. He caught his eye in the mid 1970s, shortly after passing out brilliantly from the Ecole Nationale d'Administration, and rapidly became a member of Mitterrand's inner circle. His critics argue that Fabius' decision to join Mitterrand was prompted by opportunism rather than socialist convictions. His friends counter by pointing out that he did so at a time when it was far from certain that he would be rallying to a future, rather than spent, force. Whatever his motives, his total dependence on Mitterrand has meant that until recently he has had little chance of establishing a base of his own in the party, and no independent following in the country. The President could be confident that Fabius would be a loyal, indeed a pliant, instrument.

/3.



3. The second reason for choosing him was the contrast he could provide with his predecessor, Mauroy, who had long become a political liability. Mitterrand wanted Fabius to calm political passions, inflamed by three years of Mauroy's assertive socialism, and instead to offer the country an image of efficient managerial government, largely shorn of ideological content.

Performance

4. This is what Fabius has attempted to do. The French Communist Party's refusal to join his government helped presentationally, by underlining the contrast with the Mauroy period. Fabius reinforced this impression during his inaugural speech to Parliament when he scrupulously refrained from polemics and stressed that this administration would concentrate on modernising French industry, and on promoting national unity. These have been the twin themes he has emphasised unwaveringly ever since; and his watchwords "moderniser and rassembler" are the title of a book he is to publish in the autumn.

5. His premiership has also been marked by a much greater awareness than that of his predecessor of the importance of policy presentation and explanation. Much to the opposition's irritation, he has obliged one of the main television channels to give him a fifteen minute slot once a month so that he can answer carefully pre-cooked questions and explain what the government is doing. He avoids all reference to party politics, projecting himself as an open-minded Prime Minister more interested in shaping France to meet the challenges of the next century than in the political battles of the moment. It has proved a popular formula and may well have contributed to his high opinion poll ratings during his first nine months in office. These have been declining recently (about 40-45% of those questioned now have a good opinion of him, down about 10% since the spring), but he still remains more popular than the President (whose rating is currently in the 30-35% range), and much more popular than the Socialist Party (PS) (which has the support of only 20-25% of the electorate).

6. In an interview to mark the end of his first year in office, Fabius acknowledged that his attempts to rally the nation behind the government had achieved little, but gave himself good marks for his efforts to modernise France. Not everyone would agree on his record on modernisation. Fabius deserves credit for maintaining the broad economic policy of rigour mapped out by Delors (when he was Mauroy's Finance Minister) aimed at reducing inflation and the foreign trade deficit. He has allowed industrial restructuring

/in



in areas such as steel and shipbuilding to continue, albeit less fast than was probably necessary. He has resisted siren calls for more government spending from some quarters in the socialist party concerned about unemployment (now some 2.4 million). He has also laid public stress on the need to keep up scientific research, improve training, and bring France more into the age of the computer, eg through a schools computerisation programme. But Fabius has shown little or no sign of having an overall economic vision or programme of his own, still less one genuinely capable of modernising France. State intervention in industry is less evident than it was, but this, like the painful industrial restructuring itself, is more a reflection of the current constraints on government spending than of a new approach. He has adapted his public image to the vogue in France for economic liberalism and has endorsed moves by his Finance Minister, Bérégovoy, to introduce minor liberalisation measures (revising the system of restrictions on credit, freeing petrol prices). But he has not espoused the cause of liberalisation of the economy as his own.

7. In short, in economic matters as elsewhere, he gives the impression of skilfully adjusting to prevailing pressures rather than steering a determined course. This has not gone unnoticed. The opposition have been quick to underline Fabius' apparent adaptability on questions of economic policy. They point out that he was Minister for the Budget from 1981-83 and must therefore share responsibility for the ill-fated reflationary policies then pursued. They are joined by critics from Fabius' own party and within the administration in pointing to his well-known tendency, particularly evident when he was Minister of Industry (1983-84), to duck difficult economic and industrial decisions or to shift responsibility for taking and defending them on to others. In fairness to Fabius, he was not given the job of Prime Minister by Mitterrand in order to lead the country off in a new economic direction. But the lack of drive in this vital area may reflect a lack of ideas and convictions of his own.

8. As for promoting some sort of national consensus around the government, Fabius has had little success because this was a largely unrealistic objective. With Parliamentary elections only eighteen months away, the Right had no interest in muting their attacks on the government, or in calming the political battle. This would have been to play into the socialists' hands, just at the moment when the Right were confident they had them on the run. What Fabius has been able to do, however, is to lower the political temperature to some extent, as Mitterrand wanted. By adopting an unpolemical tone of voice, and doing almost nothing which the Right can argue is ideologically motivated, he has made it harder than in Mauroy's day for them to attack the government; and impossible, anyway thus far, to mobilise the huge anti-government demonstrations which were a feature of Mauroy's last year in office.

/Preoccupations



Preoccupations

9. Fabius' main preoccupation is of course, the legislative elections scheduled for next March. Earlier this year he acknowledged publicly that these were likely to be difficult for the PS; privately, like most socialists, he is probably chiefly concerned about the scale of the impending defeat.

10. He believes the best means of minimising this would be to present the PS as a party that has learnt much from its five years in power and which has, in consequence, moved away from traditional left-wing socialist positions to a point nearer the centre of the political spectrum. (Those close to him talk of the need for the PS to fashion itself in the image of the West German SPD, jettisoning the Marxist attitudes which still infect some party thinking, and assuming a broadly social democratic character.) On this basis, Fabius argues that the party would be well placed to campaign in next year's elections on the platform that it alone can combine economic and industrial modernisation with social compassion, something he claims the Right cannot do because it is committed to "savage liberalism".

11. Fabius' vision of a modernised, centre-leaning socialist party may well have an appeal for Mitterrand (indeed, they almost certainly cooked it up together), since he would like the PS to be in a position to attract moderate elements of the present opposition into a coalition government, in the event of a hung parliament next year. The problem is that large sections of the party, led by its First Secretary, Jospin, are bitterly opposed to any such shift, arguing that the PS must remain true to its traditions and firmly "anchored on the Left". They suggest, more or less publicly, that Fabius' approach owes more to short-term electoral calculation than to socialist convictions. In recent weeks this has led to a public quarrel between Fabius and Jospin, over the leadership and management of the election campaign, and the long-term orientation of the party. Partly because the party machine is instinctively traditionalist, and dominated by Jospin's friends, and partly because Fabius' rivals were content to see him embarrassed by the dispute, the compromise eventually patched up leaned more towards Jospin than towards him. As a result it looks at present as if the PS will probably fight the elections along traditional lines (although this will only be finally decided at the Party Congress in October), while offering a measure of cooperation to those whose ideas are compatible with their own. However Mitterrand may yet contrive to edge opinion in the PS in a direction more favourable to Fabius, and hence to his own interests in the post-election period.

/Prospects



Prospects

12. Whatever the evolution of thinking in the PS in the next six months, Fabius faces the prospect of fighting the elections next March in uneasy harness with Jospin, on a platform which is not greatly to his liking, and of leading the government to almost certain defeat. Jospin has said that the party will concentrate on the ideological battle with the Right (which is what the traditionalists enjoy) leaving Fabius to defend the record of five years of socialist government. Fabius will probably skate over the Mauroy period as much as possible, but he will no doubt be ready enough to argue his own case. He can be expected to take the line that he has managed the economy responsibly and effectively, without thought of easy popularity, and has laid the groundwork for beating unemployment. But in order to make his case he will want no unpleasant surprises between now and the elections, such as a forced devaluation, or a significant increase in unemployment. He will also try to ensure that threats from the Communist trade union, the CGT, to give the government a hot industrial autumn, come to nothing; and to avoid further trouble in New Caledonia.

13. In the longer term Fabius' eyes are on the Presidency. Assuming Mitterrand does not stand for a second term (which is unlikely but cannot be excluded), Fabius will probably try to secure the socialist party's presidential nomination for 1988. Two factors in particular may work in his favour:

- Mitterrand's support. Mitterrand appears to be deliberately grooming Fabius as his dauphin (although in typical Mitterrand style obscure hints emanate from somewhere in the Elysée that the President is not entirely satisfied with his protégé; and Delors has been carefully placed in reserve).
- His own popularity. If his poll ratings remain relatively good over the next two years, this will increase the chances that the party will turn to him.

14. But there are also factors working against him:

- His dispute with Jospin and the PS traditionalists about the future direction of the party could undermine his chances, particularly if battled is rejoined after the elections (or even before), as seems very likely, and proves protracted and bloody. Those on the Left of the party, in particular, may well argue that Fabius lacks deeply-held socialist convictions and should not be entrusted with the future of the PS.

/- There



- There are other strong contenders for the nomination, including his predecessor, Mauroy, and the ever-popular Rocard, who has already announced his candidacy. Chevènement (Minister of Education) and Jospin may also throw their hats into the ring. Delors watches and waits.
- Being Prime Minister when the socialist party is defeated. None of his rivals for the Presidential nomination will mind if some of the blame for defeat in the 1986 legislative elections rubs off on Fabius, whether fairly or not.

15. In so far as it is possible to make a sensible assessment at this stage, I would conclude that Fabius' chances of the socialist party's nomination in 1988 are no worse than those of his rivals; but they are very far from certain. And at present few would give the socialist candidate much of a chance of beating the Right's challenger for the Presidency itself, unless Chirac, Barre and Giscard pursue their rivalry to the point of mutual destruction.

16. Fabius can thus be almost certain of losing the premiership in 1986, but very far from certain of winning the Presidency in 1988. However, he has one great asset; his youth. If he fails in his attempt to reach the Elysée in 1988, there will be plenty of time to try again. As he himself is said to have pointed out, he will be younger than Mitterrand is now when presidential elections are held in 2009. He can wait for the PS to come back into fashion. But if I had to offer a purely personal observation it would be that Fabius may have risen too far too fast and that when he loses Mitterrand's all-powerful patronage he may come down with a bump. If that happens there will be a lot of people around to make sure he does not have such an easy ride next time.

John Fretwell

John Fretwell

CONFIDENTIAL

CONFIDENTIAL

FM PARIS 301600Z JUL 85

TO IMMEDIATE FCO

TELEGRAM NUMBER 651 OF 30 JULY

INFO IMMEDIATE MODUK (FOR PS/S OF S, PUS AND CDP), PRIORITY BONN,
ROME, MADRID.

MIPT: EFA: MITTERRAND'S POSITION.

1. THE FOLLOWING BACKGROUND MAY BE USEFUL IN CONSIDERING WHAT LINE TO TAKE WITH THE FRENCH ON EFA.

2. MITTERRAND HAS ONLY RECENTLY BEGUN TO TAKE A CLOSE INTEREST IN EFA. HIS KNOWLEDGE OF THE ISSUES IS BOUND TO BE SKETCHY AND BIASED. IN ADDITION TO OFFICIAL BRIEFINGS HE WILL HAVE BEEN HEARING ABOUT EFA DIRECT FROM DASSAULT AND FROM HIS BROTHER, GENERAL JACQUES MITTERRAND. THE LATTER SUPPORTS THE DASSAULT LINE AND WILL HAVE TOLD HIM OF THE STRONG SUPPORT IN THE FRENCH AEROSPACE INDUSTRY AND THE UNIONS FOR A NATIONAL SOLUTION OR AT LEAST ONE THAT GIVES FRANCE A PREPONDERANT SHARE OF ANY COLLABORATIVE PROJECT. EVERYTHING HE KNOWS ABOUT THE BRITISH POSITION IS LIKELY TO HAVE BEEN FILTERED THROUGH PEOPLE WHO VIEW THE UK'S ATTITUDE AS BEING INIMICAL TO FRENCH INTERESTS.

3. MITTERRAND WILL THUS START OUT WITH THE FOLLOWING PICTURE OF THE PROBLEM. THERE IS A FIRM EUROPEAN REQUIREMENT FOR A NEW FIGHTER AIRCRAFT AND A GOOD POTENTIAL WORLD MARKET FOR THE RIGHT MODEL. DASSAULT HAVE DESIGNED AN AIRCRAFT WHICH MEETS THE MAIN EUROPEAN REQUIREMENT VIS-A-VIS THE WARSAW PACT AND WOULD SELL WELL ABROAD. DASSAULT ARE NATURALLY ENTITLED TO A GOOD SHARE OF THE PROJECT: THEY ARE THE ONLY EXPERTS IN EUROPE ON THIS TYPE OF AIRCRAFT: THEY HAVE A PROVEN RECORD OF SUCCESS IN THE EXPORT MARKET: AND FRANCE WILL BE A PRIME CUSTOMER. ITALY AND SPAIN COULD BE EXPECTED TO FALL IN WITH THE FRENCH DESIGN AND GERMANY WOULD HARDLY STAND OUT AGAINST THEM AT THE TOP POLITICAL LEVEL, PARTICULARLY IN VIEW OF THE BAIT OF CLOSER DEFENCE RELATIONS WITH FRANCE CURRENTLY BEING EXTENDED. THE BRITISH HAVE SABOTAGED THIS EXCELLENT PROSPECT BY INSISTING ON A HEAVIER AIRCRAFT AND ON ENGINE REQUIREMENTS KNOWN TO EXCEED THOSE WHICH FRENCH INDUSTRY CAN MEET. (THE WHOLE FRENCH MILITARY ESTABLISHMENT WILL VOUCH FOR THE FACT THAT THESE BRITISH DEMANDS ARE EXCESSIVE AND UNNECESSARY). UNFORTUNATELY THE BRITISH HAVE MANAGED TO DRAG OTHER PARTNERS IN THEIR WAKE AND EVEN TO FORM A FOUR-POWER COALITION AGAINST FRANCE. TIME IS NEEDED TO BREAK THIS, WITH THE HELP OF KOHL AND GENSCHER, BUT THE BRITISH LOBBY IN THE GERMAN MINISTRY OF DEFENCE IS STRONG AND PRESSING FOR IMMEDIATE DECISIONS. THE MATTER MUST BE PLAYED LONG SO THAT MITTERRAND CAN PERSONALLY TACKLE KOHL AND PUT IT IN THE OVERALL PERSPECTIVE OF FRANCO-GERMAN RELATIONS ON 24 AUGUST. EVERY DAY GAINED BRINGS THE SHIP NEARER HARBOUR.

CONFIDENTIAL

4. I SEE NO WAY OF CONVINCING MITTERRAND THAT HE HAS BEEN MISLED BY HIS GENERALS, INDUSTRIALISTS AND HIS OWN BROTHER. THE MOST WE CAN HOPE TO DO IS CONVINCING HIM OF OUR GOOD FAITH IN INSISTING ON ADEQUATE PERFORMANCE AND IN BEING READY TO COMPROMISE TO FIND A FIVE-POWER SOLUTION. BUT MITTERRAND WILL NOT REALLY BE IMPRESSED IF OUR BEST EFFORTS AT COMPROMISE STILL DEPRIVE FRENCH INDUSTRY OF ITS PRIME ROLE IN THE PROJECT. THE ONLY ARGUMENT WHICH WOULD CONVINCING MITTERRAND WOULD BE TO AGREE TO BASE THE DESIGN ON DASSAULT'S ACX, WITH AN ENGINE WHICH FRENCH INDUSTRY COULD MAKE AND A GREAT DEAL MORE THAN A 25 PERCENT SHARE. HE MAY INDEED SAY THAT IF WE ARE GENUINE IN OUR PROCLAIMED WISH FOR A JOINT PROJECT, THIS IS THE WAY TO GO. HE WILL TAKE NO INTEREST IN OUR TECHNICAL ARGUMENTS AND WILL ASSUME THEY ARE ALL DESIGNED TO BOLSTER THE CASE FOR A LARGELY BRITISH DESIGNED AIRCRAFT, WITH A ROLLS-ROYCE ENGINE, WHICH IS REQUIRED FOR THE TORNADO BUT IS NOT ESSENTIAL FOR EFA.

5. THE ONLY WAY I CAN SUGGEST IS TO TRY TO PIN HIM DOWN TO ACCEPTANCE OF THE LATEST GERMAN COMPROMISE PROPOSAL, POINTING OUT THAT WE ARE PREPARED TO CONSIDER GOING THAT FAR (OR AT LEAST IN THAT DIRECTION) IN A FINAL EFFORT TO ACHIEVE AGREEMENT AND THAT IT IS UP TO FRANCE TO DO THE SAME IF THERE IS TO BE A FIVE-POWER AGREEMENT. (THE FACT THAT THE PROPOSAL IS OF GERMAN ORIGIN DOES NOT MAKE IT ABOVE SUSPICION HERE, BUT AT LEAST MAKES IT HARDER TO ATTACK). OUR WILLINGNESS TO CONSIDER THIS FURTHER SACRIFICE TO MAKE IT POSSIBLE FOR FRANCE TO JOIN THE OTHER FOUR NATIONS INDICATES THE IMPORTANCE WE ATTACH TO THIS BEING A GENUINE EUROPEAN VENTURE.

6. IT MIGHT ALSO BE APPROPRIATE TO MAKE THE POINT THAT AGREEMENT BY THE FIVE NATIONS ON THIS PROJECT WOULD BE OF MAJOR POLITICAL SIGNIFICANCE IN EUROPEAN TERMS, COMING SO SOON AFTER THE EUREKA MINISTERIAL MEETING WHICH MITTERRAND HIMSELF LAUNCHED IN PARIS ON 13 JULY. HMG STRONGLY SUPPORTS THE EUREKA INITIATIVE IN ENCOURAGING EUROPEAN INDUSTRY TO WORK TOGETHER IN AREAS OF ADVANCED TECHNOLOGY.

7. AT THE SAME TIME IT WILL BE NECESSARY TO MAKE IT CLEAR TO THE FRENCH THAT FURTHER DELAYS ARE UNACCEPTABLE AND THAT IF FRANCE IS NOT NOW IN A POSITION TO PARTICIPATE, THE PROJECT WILL GO AHEAD. I THINK IT WOULD BE BETTER NOT TO HINT THAT IN THESE CIRCUMSTANCES THE AIRCRAFT MIGHT EVOLVE FURTHER AWAY FROM DIMENSIONS WHICH THE FRENCH HAVE RELUCTANTLY ACCEPTED: THEY WOULD IMMEDIATELY USE THIS ARGUMENT AGAINST US WITH THE GERMANS TO SUGGEST THAT WE INTENDED TO RENEGE ON THE PROPOSED COMPROMISE.

-2-
CONFIDENTIAL

CONFIDENTIAL

5. THE FRENCH ARE MASTERS AT SHOWING INDIGNATION WHEN THEY ARE PUT UNDER TIME PRESSURE: AND GERMAN RESOLUTION MAY CRACK. BUT MY JUDGEMENT IS THAT THE FRENCH WILL GO ON STALLING UNTIL THEY FACE ABSOLUTE CERTAINTY THAT THE FOUR ARE PREPARED TO GO AHEAD WITHOUT THEM. THE BEST CHANCE APPEARS TO BE TO TAKE UP WOERNER'S EARLIER SUGGESTION OF A FOUR POWER MEETING, TO WHICH THE FRENCH WOULD BE INVITED BUT WHICH THEY COULD NOT VETO. TO HAVE ANY CHANCE OF SUCCESS EITHER IN FORCING MAJOR FRENCH CONCESSIONS OR IN LAUNCHING A FOUR POWER PROJECT THIS MEETING WOULD HAVE TO TAKE PLACE SOON. OTHERWISE THE FRENCH WILL CONVINCING THE GERMANS THAT IT IS OUT OF THE QUESTION TO ACT IN THIS WAY WHEN KOHL AND MITTERRAND ARE ABOUT TO MEET.

FRETWELL

LIMITED.

DEF D

WED

SED

ELD'S

PLANNING STAFF

NEWS D

PS

PS/MR LUCE

PS/PUS

MR DEREK THOMAS

MR BRAITHWAITE

MR GOODALL

MR RENWICK

MR JENKINS

MR DAUNT

BACKGROUND BRIEF

(A) French Economic Policy and Performance

1. Following the unsuccessful attempt at a 'go-it-alone' strategy of consumption-led expansion in 1981-82, the French authorities are now following policies similar to those in the rest of Western Europe. Disinflation is the major thrust of policy, the aim being to restore competitiveness and improve profits, investment and the foreign balance. De-indexation, wage and price controls, backed up by monetary restraint, have been the main policy instruments acting directly on prices while fiscal tightening has reduced domestic demand with the aim of pushing resources into the traded sector.
2. Against these objectives, French performance since March 1983 has been fairly successful. Inflation fell to 6.7%, the best performance since 1973. The trade deficit was halved between 1983 and 1984 and the current account of the balance of payments brought into rough balance. Profits in the industrial sector have indeed increased and are now back to the level of 1979. This has been sufficient to reduce the rate of decline in private sector investment though not yet to allow an increase.
3. On the debit side, the French economy is still cyclically out of phase with the rest of Europe, partly as a result of the belated conversion to policies of economic rigour. Output grew by only 1½% in 1984, faster than 1983 but distinctly poorer than the 2½% recorded for the EC as a whole. French unemployment began to increase again after stabilising in 1983 and the average for the year was 9.3%. Moreover, inflation, though falling, is still higher than many of France's main competitors and the adverse movement in competitiveness contributed to some loss of market share in manufactured exports.
4. For 1985, domestic demand is expected to continue to be sluggish and consumer price inflation should fall to 5½% by the end of the year (still above the government's original target of 4½%). Because of slower growth in world trade, loss of competitiveness and some disappointing trade results in early 1985, the contribution of

/exports

exports to growth is expected to fall this year. GDP growth of only 1.2% is now expected and unemployment will rise further. Overall, any advantages that the French economy gained on output and employment during 1981 and 1982 are expected to have been eliminated by 1986. The inflation-unemployment combination now expected for France is not dissimilar to that for the UK (see Annex for statistics on comparative economic performance).

(B) Unemployment Benefit in France

5. The unemployment benefit system has been largely recast in recent years. The new arrangements mark a significant reduction in provision compared with what was available in 1982. The level and duration of benefit depend on the recipient's previous salary and length of employment. Those qualifying for the basic benefit receive on average an amount equivalent to 80% of the minimum wage. But two-thirds of the registered jobless receive either nothing or, in the case of some of those who are either long-term unemployed or outside the insurance system, an allowance of only FF41.40 or FF64.50 per day depending on circumstances. (The higher rate was introduced in June this year in response to pressure from the unions.) Of those who receive nothing (over a third of the total), some do not bother to apply but the majority have either had their applications turned down or come to the end of their entitlement. The French have no universal 'safety net' comparable to our own supplementary benefit system, so that those whose entitlement to benefit runs out swell the ranks of the 'new poor', now estimated at between 500,000 and 1.1 million. In the face of political pressure, the government last year introduced additional financial assistance in the form of new family benefits, financed by an increase in wealth tax.

CONFIDENTIAL



Foreign and Commonwealth Office

London SW1A 2AH

31 July, 1985

Prime Minister
CDP
31/7.

Dear Charles,

French Prime Minister's Visit to London: Argentina

In my letter to you earlier today I suggested that the Prime Minister might raise Falklands/Argentina with M. Fabius. We did not think it necessary for the Prime Minister to raise French arms sales to Argentina: we regularly remind the French up to Foreign Secretary level of our concern about this, and we had no hard information about prospective supplies.

This situation has changed with the information, received by telegram from the Embassy in Paris this afternoon, that the British liaison link at Aerospatiale has told the Embassy in confidence (and should not be quoted) that at least four Super Puma helicopters have been seen in Argentine colours out of storage, and that trials and other measures suggest preparations for delivery. The Embassy suspect that a French decision to agree to the supply of these helicopters may have been taken for reasons connected with the visit to France which President Alfonsin is due to make in September.

This is a disturbing development. The Super Puma is a large all-weather transport helicopter, which can be re-fuelled in flight, and could reach the Islands. We understand from the French themselves that the Argentines may have ordered as many as twenty four Super Pumas. This helicopter is comparable to the United States "Blackhawk", which the Americans, at our request, have refused to supply to Argentina. The US Administration indicated at the same time that they would find it difficult to maintain this position if the French were to sell Super Pumas to Argentina.

Consultation with the French about possible supplies of sophisticated weaponry to Argentina has been working fitfully, at best. The Foreign Secretary raised the question of Super Pumas with the French Foreign Minister in May, referring to press reports of their delivery to Argentina. The French promised to investigate, but nothing further has been heard, despite reminders from our Embassy.

CONFIDENTIAL

/The



The Prime Minister will no doubt wish to draw M. Fabius' attention to the French promise in May to let us know where matters stood on the Super Pumas, and express concern at the information that has now reached us. These helicopters would constitute a clear increase in the threat to our Forces in the Falklands: news of their supply would generate hostile reactions here. These in turn would cut across our efforts to improve our bilateral relations with the Alfonsin regime - a factor which M. Fabius might well cite in defence of the French decision. In this connection, the Prime Minister could also point out that it is nonsensical for the Argentines to acquire expensive military equipment when their economic difficulties are so appalling. We have made all the running in seeking more normal relations with Argentina; it is important that our Allies and Partners should not, through high-profile gestures such as the supply of major items of military equipment, imply that they condone the Argentines' inflexible response to our initiatives.

I am copying this to Richard Mottram (MOD).

Yours ever,
Peter Ricketts
(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

CAPT



Foreign and Commonwealth Office

London SW1A 2AH

30 July 1985

CJP
25/7

Dear Charles,

Meeting with Monsieur Fabius: 1 August 1985

In your letter of 29 July, you asked whether we had an informed idea of what M. Fabius will raise with the Prime Minister.

The best information we have is contained in Sir John Fretwell's letter of 23 July to Derek Thomas, a copy of which I enclose. As you will see, even Fabius' cabinet are somewhat in the dark. We will ensure that the topics suggested in Sir John's letter (which correspond very much to those you mentioned with M. Viot) are adequately covered in the briefing which we will let you have shortly for this meeting.

Yours ever,
Peter Ricketts

(P F Ricketts)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL

BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

23 July 1985

D M D Thomas Esq CMG
DUSS
FCO*Dear Dick,*

THE FRENCH PRIME MINISTER'S VISIT TO LONDON

1. I have written separately about Fabius' current political preoccupations and his prospects. This letter deals with the foreign affairs aspects of the visit; the topics that Fabius may raise with the Prime Minister; and those that she might raise with him.

Purpose of visit

2. Fabius' bid for a call on the Prime Minister was concerted with the Elysée and may well have been inspired by Mitterrand. He will certainly report back to the President. It is just possible he will have some special message to convey, though we have uncovered no hint of this here. The aim of the visit will be to add to Fabius' standing by showing that he is a spokesman for France at the top international tables.

3. Under the Fifth Republic, foreign policy has traditionally been the preserve of the President. This has continued to be true under Mitterrand. Mauroy was, at best, given only walk-on parts on the international stage; Fabius would like to do better, with at least a few opportunities to deliver some lines of his own. So far these opportunities have been relatively few, consisting of visits to the FRG, GDR, South Korea (where his task was to repair bilateral relations, which he did by effectively ruling out French recognition of North Korea), Morocco (where he put his foot in it by implying in public that France attached priority to Morocco over Algeria), and Algeria (where he failed to smooth ruffled feathers). A trip to the United States which he had been trying to arrange for this summer has fallen through. His visit to London will thus be of importance to him in terms of publicity and image-building particularly since Mrs

/Thatcher



Thatcher fascinates the French, even if the respect in which she is held across the political spectrum is grudging on the Left.

Points Fabius is likely to raise

4. Contacts with members of his Cabinet make it clear that Fabius has not yet given them any guidance about the subjects he will wish to raise. But it is assumed that he will want to touch on major current issues in European policy, the wider foreign policy scene and bilateral issues. Under European policy the French see institutional questions, the future of political cooperation, the inter-governmental conference, the improvement of decision-making procedures and Eureka as possible candidates. The European fighter aircraft is also obviously much in their minds (though increasingly in an adversarial sense as they set out to cajole or bully the Germans into partnership with France, not Britain). On the wider foreign policy canvas they would include Southern Africa, future multi-lateral trade negotiations and international monetary questions including debt, East-West relations including prospects under Gorbachev and the SDI, the Lebanon and terrorism. On the purely bilateral side, they are expecting the Channel fixed link to come up and perhaps some comparing of notes between the two Prime Ministers on the respective progress of British and French economic policy.

Points the Prime Minister might raise

5. Apart from explaining our ideas on the Community, it will be a good opportunity to raise the Falklands. The French vote at the UN will remain pivotal this year. Although Mitterrand will decide how it is cast, it will be worth explaining our position to Fabius, emphasising the efforts we have been making, and the lack of response from the Argentinians. Alfonsin is planning to visit Paris in September; and Argentinian pressure for an affirmative vote will be very strong. Our main argument will be that if political cooperation and Community solidarity mean anything at all, one EC member state must not vote against another in such circumstances. I would hope that this argument will prevail, but it will be a close run thing.

6. I also hope the Prime Minister might take the opportunity to say something to Fabius about British economic policies and achievements, with the aim of discouraging the habit of prominent French socialists (including Fabius himself last year) to quote UK experience out of context eg in relation to unemployment. It will do no harm for Fabius to hear from the Prime Minister about British economic achievements. It would also not come amiss for him to be told about the financial

/provision



provision made for those out of work. Unlike their counterparts in socialist France, the unemployed in Britain cannot suddenly find themselves without any recourse, doomed to swell the ranks of the nouveaux pauvres, when their benefits run out. If we can get these points across to Fabius, we may reduce the prospect that British economic policies will become a political football here between Left and Right during the forthcoming election campaign.

*Yours ever,
John*

John Fretwell





PM/85/74

PRIME MINISTER

CDP
27/7

Your Meeting with the French Prime Minister: European Community

1. The purpose of M. Fabius' mission on 1 August is not entirely clear. But it should give you an opportunity to discuss matters connected with Europe. On that basis, I hope it will be useful to offer some reflections on the way ahead.

2. The French have been reacting rather cautiously after Milan. The French press has noted that despite the apparent unity of the Six in Milan, there are underlying differences between the French on the one hand and the Italians and the Benelux on the other. The Franco-German draft treaty could have been agreed without treaty amendment and most French officials have been cautious about this.

3. They have warned us, however, that at a political level, different considerations will apply. Mitterrand regards himself as more "European" than his predecessors. He claims to be convinced that we will not exclude ourselves from the mainstream of European development again, as we did by not participating in the negotiations leading to the signature of the Treaty of Rome.



However Mitterrand may perceive us, that is certainly the way in which we see our position.

4. So far as Fabius's own views are concerned, he told one visitor recently that with the Community France can still play an important role in the world. Without it France would be reduced to the role of a small power. The French are determined to remain locked into the German economy. There is a large majority in France in favour of increased European cooperation. We must aim to exploit our membership of the Community at least as effectively as the French.

? South Africa?

5. In the months ahead French conduct will be increasingly dominated by electoral considerations. Mitterrand will be looking for an outcome in Luxembourg which he can present as a political success. He will want to align himself with the Germans, in the knowledge that he can dictate how far they and others of the Six can go. The French probably hope that in some respects we can be persuaded to take a step forward. To see if there is any prospect of this may well be one purpose of M. Fabius's visit. Alternatively, however, the French would seek to pin on us responsibility for a negative outcome. They would then try to launch some new agreement with the Germans to which others would subscribe. This could not affect the formal operation of the existing Treaties. But it would be a politically undesirable development and one we should make it difficult to engineer.



/ 6. French ideas on the institutions were set out in the attached memorandum they circulated before Milan. For the most part they pose no great difficulties for us. In political cooperation the French want a new treaty but will be determined to ensure that the binding commitments relate to the obligation to consult and, as we have seen in the Security Council this week, do not inhibit their ultimate freedom of action. Mitterrand has proposed extension of the treaties or conclusion of a new treaty to promote cooperation on technology, the environment, culture, health, etc. But the French probably will be cautious about any global extension of Community competence. They would have little desire, for instance, to see the jurisdiction of the European Court extended to the French educational system. For that reason, and to make more of a political splash they may revert to the idea of some new agreement on intensified cooperation in some of these areas above and beyond the existing treaties.

7. On the Parliament, the French in their memorandum at Milan proposed some essentially cosmetic changes. We could go along with most of what they proposed subject to some necessary clarifications.

8. In the inter-governmental conference the French objective may be to end up with modest changes in the existing treaty articles but with a package that can be presented as constituting some kind of European union. They are no more



prepared than we are to see their essential interests disregarded.

9. The French proclaim their commitment to tax approximation and "Europe without frontiers" as eventual goals. It would, of course, cause them the greatest difficulty actually getting there. But under the Moselle Treaty (which they have just concluded with Germany and the Benelux) they have moved to spot checks on passenger vehicles at land frontiers; and they are committed to study tax approximation and the possibility of the eventual abolition of frontier controls. The Italians have been excluded so far from the agreement because the French are concerned about the laxity of their immigration controls. They also have been pressing the Dutch to tighten drugs legislation. There are many problems to overcome and it will take years to do so; but the participating countries are aiming at the eventual creation of a common travel area. A summary of the key provisions of the Moselle Treaty is enclosed.

10. Against this background I suggest that it would be best to adopt a questioning approach. It will be worth asking M. Fabius how far the French are prepared to go in terms of increased majority voting, the powers of the Parliament, etc. You might point out that much of the Franco-German draft treaty was broadly acceptable to us, being based so closely on our own draft. In what precise respects do the French favour amending and/or extending the existing Treaties? Do they envisage a new



general treaty above and beyond the existing Treaties? On Article 100 you might ask whether the French think it could make sense to have measures relating to direct taxation or the abolition of frontier controls decided by majority vote. The French may be prepared, however, to move to majority voting on less sensitive issues under Article 100.

11. If tax approximation is raised, I suggest that you should ask how the French see themselves tackling the obvious difficulties. They would have to increase their duty on wine by 229% and on tobacco by 87%. They and others, however, would like to shelter behind us on this issue and we should not let them do so. We were one of the few member states to support the Commission's proposals for a Fourteenth VAT directive to introduce postponed accounting for VAT imports throughout the Community. We have agreed that the many problems associated with tax approximation should be studied in ECOFIN.

12. On the internal market the French will continue to drag their feet; but have been brought now to accept the need for progress in this area. I hope that you will mention the question of road haulage quotas, which are maintained both by the French and by the Germans. It is absurd that such restrictions should still be in force twenty-eight years after signature of the Treaty of Rome, and particularly so in the perspective of a Channel Fixed Link.



13. As to our final position on treaty change, I suggest that you should be guarded. The French are adept at cultivating ambiguity about their intentions and giving others the impression that they may be prepared to go further than is likely to be the case. If the French get the impression that they can shelter behind us because we will block any treaty amendment, they would take pleasure in doing so and then going for a separate agreement of the kind I have described. I suggest that you might take the line that you will require convincing that useful amendments can be worked out. But we want to see an effectively functioning Community and progress in the development of a genuine common market and will examine what proposals are made. On the European Parliament it will be worth bearing in mind that this is an area where the French want very little change, but would particularly like to be able to say that they would have gone much further but for a British veto.

14. I hope that M. Fabius will return to Paris with the impression that we are willing to take a step forward in Europe, but with some uncertainty in his mind as to just how far, on specific issues, we shall in the end be prepared to go. On the one hand we are quite close to the French, and should bring this out in the meeting, on some of the substantive issues. On the other, for the reasons I have described, it is important not to give them the impression that we shall always leave them opportunities of outflanking us by putting forward propositions to which they can pay lip-service but which they believe that we



- 7 -

would be bound to oppose.

15. Depending on how Michael Heseltine gets on by the time you meet Fabius, it would be useful if you could raise the European Fighter Aircraft - an issue on which French protestations of enthusiasm for Europe contrast with the single-minded pursuit of their industrial interests at the expense of five nation cooperation on an aircraft which really would meet the requirements of European air defence. Mitterrand is due to meet Kohl on 24 August. You will be getting separate notes on this and on EUREKA and the Channel Fixed Link.

16. I am sending a copy of this minute to Sir Robert Armstrong.

(GEOFFREY HOWE)

Foreign and Commonwealth Office

26 July 1985

SUMMARY OF FRENCH MEMORANDUM FOR MILAN EUROPEAN COUNCIL :
INSTITUTIONS

Towards European Union

- France wishes to improve the working of the institutions and to see the creation as soon as possible of European union by:

i) improving existing institutions;

ii) there have been a number of relevant suggestions from the Dooge Committee on increasing the use of majority voting, the powers of initiative of the Commission and the European Parliament's participation in decision taking. France agrees and will go along either by formal modification of the Treaty or decision by the European Council.

- France favours measures to enable the European Parliament to take a greater part in decision taking, particularly in decisions on training, conditions of work, regional development, environment, living conditions, culture and education. Proposals in those areas to be submitted by the Commission to Parliament and Council. Parliament to approve or amend the proposal. The Council would consider the text as voted by the Parliament. In case of disagreement between Council and Parliament, a conciliation committee would have 30 days to resolve the difference. If conciliation worked, Parliament and Council would approve the measures within 90 days. If agreement was not reached, then the Council would have the last word. Council would also have the last word if the Parliament failed to give its opinion within 45 days of first receiving proposal from the Commission.

- The Council would inform the Parliament each year of the reference framework for expenditure which could be set by agreement. In the absence of agreement the Council would have the last word.

- In the context of an increase in the VAT ceiling to 1.6%, the European Council would consider associating the Parliament with the necessary decisions on own resources.

Decision taking

- There would be greater use of majority voting in the Council and abstention in accordance with Article 148(3). Abstaining member states might be dispensed from the rights and obligations resulting from decisions on which they had abstained.

- Use of the Luxembourg Compromise should be limited: any member state invoking a very important national interest should be required to justify it in the General Affairs Council or even the European Council.

- The Commission should have greater managerial powers.

Building European Union

- France wants to create European union, uniting the Communities operating under their own rules and political cooperation between the member states.

- European Council could take on the title of Council of the European Union with its own Secretariat and Secretary General. This Secretariat would be at the disposal of the Council, particularly to ensure continuity of political cooperation.

- France is not against an inter-governmental conference but agreement on the main points should be reached first.

- The day will come when the people of Europe themselves will need to ensure the necessary leap forward towards European unity. That will be a matter for a constituent assembly.

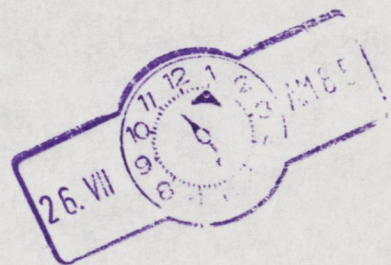
KEY PROVISIONS OF THE "MOSELLE" TREATY SIGNED BY FRANCE, GERMANY,
THE NETHERLANDS, BELGIUM AND LUXEMBOURG ON 14 JUNE 1985

A: SHORT TERM

- Visual checks only as normal rule for tourist vehicles crossing internal frontiers, ie vehicles not to be stopped except for random checks which should be arranged so as not to disturb traffic flow.
- Vehicles may display green disc in windscreen to declare compliance with police/customs/exchange control regulations.
- Reduction of waiting time for coach/bus controls, and abandonment of certain existing checks.
- Establishment of joint "juxtaposed" control points.
- Coordination of visa policies to avoid immigration problems at frontiers.
- Commitment to energetic fight against drug trafficking.
- Strengthened cooperation between customs and police authorities.
- As regards goods vehicles, abandonment from 1 July 1985 of border checks on:
 - drivers' hours and rest periods;
 - weights and dimensions of utility vehicles;
 - mechanical and technical checks;
 - journeys not subject to specific authorisations or quotas (suitable sign to be agreed for display in windscreens).
- Harmonisation of national rules for authorising road haulage journeys.

B: LONG TERM

- Commitment to shift controls on persons from internal to external frontiers.
- Harmonisation of visa and entry requirements.
- Harmonisation of legislation on drugs, arms, explosives, and registration requirements at hotels.
- Efforts to transfer controls on movement of goods either to external frontiers or to within individual states (ie not at internal frontiers).
- Pressure within Community for increased travellers' allowances, and for harmonised system for VAT on coach travel.
- Harmonisation of tax and duty rates for diesel fuel.
- Study of how VAT and excise duties generally can be harmonised, and support for Community initiatives in this field.



CONFIDENTIAL

Qz.04569

MR. POWELL

VISIT OF MONSIEUR FABIUS, 1 AUGUST

You sent me a copy of your letter of 16 July to Len Appleyard. Briefing on specific points is being sent forward by the Foreign and Commonwealth Office, together with the Foreign and Commonwealth Secretary's advice on the present situation in relation to the intergovernmental conference.

2. We have had an opportunity in the margins of the Foreign Affairs Council this week to discover as far as possible the intentions of other member states and, in particular, of the French. This indicates that once again the French are on a two track approach:-

(i) it is clearly a major preoccupation of the French Government that German aspirations should be settled by the intergovernmental conference. Beyond this, however, the French are themselves concerned to see some improvement in decision making within the Community and to extend cooperation - but without conceding exclusive competence to the Community - in certain fields such as technology and some cultural activities.? If, therefore, the package resulting from the intergovernmental conference does make some movement on these points and is gift-wrapped in a form acceptable to the Federal Republic of Germany, Italy and the Benelux, the French would almost certainly prefer to have United Kingdom participation and agreement. Since, in significant matters affecting sovereignty, the French are as protective of their own position as we are, there does exist some common interest between France and the United Kingdom which - with some caution on our part - can be exploited in the intergovernmental conference. Despite our dissatisfaction with some French tactics in the recent past, I think it probable that these areas of common interest will become more apparent during the autumn;

CGA (2)

Prime Minister

Ray seem to be worried that you will say "never" to Treaty amendment!

CDP
27/7.

CONFIDENTIAL

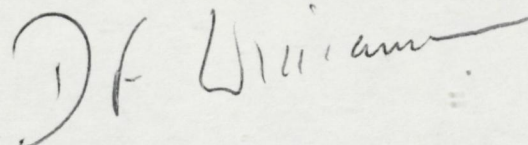
/(ii)

CONFIDENTIAL

(ii) if the French judge over the next few months that the United Kingdom is definitely not going to subscribe to any package resulting from the conference, there is no doubt in my mind that they will switch ruthlessly to their second track policy of putting the United Kingdom in the offside trap. In these circumstances they will continue to go for a moderate result on essential matters for themselves but they will bid up the Treaty amendments, knowing that such amendments cannot take place without unanimity. Thus they will be able to assert to French and other continental opinion that France (but not Britain) is prepared to go far.

3. Since our interest does lie in shaping the future direction of the Community, which can only be achieved by the (uphill) road of a partnership with France and Germany, it is important that France should not go for a package in the intergovernmental conference which we cannot accept. The best chance of avoiding this is not to commit ourselves at this stage, before the conference has opened, to the judgement which we might make at the end. This applies in particular to the proposals which may come forward for amendment of the Treaty - the Treaty has been (or is being) amended for five accessions and on four other occasions - because the need for unanimity would allow the French to overbid and shelter behind the United Kingdom if they were convinced that we were going to reject all these proposals.

4. I am sending a copy to Sir Robert Armstrong.



D F WILLIAMSON

25 July 1985

CONFIDENTIAL

France #3

blotus



10 DOWNING STREET

From the Private Secretary

29 July 1985

MEETING WITH MONSIEUR FABIUS: 1 AUGUST 1985

I should record that the French Ambassador came to see me this afternoon to talk about M. Fabius' meeting with the Prime Minister on 1 August.

Since the French proposed the meeting, I felt justified in asking M. Viot what his Prime Minister would wish to discuss. He had no idea.

He asked me what I thought Mrs. Thatcher would raise. Biting back the temptation to say that I had no idea, I suggested the future of the European Community, the internal market (including harmonisation of indirect taxation), the European fighter aircraft, the Channel fixed link, South Africa, the respective economic situations of France and the UK, international economic questions (debt, the dollar and the U.S. deficit) and possibly East/West relations.

I added that on South Africa I thought that the Prime Minister would be interested in hearing an account on the amazing evolution of French policy which appeared to have taken place between Monday and Friday last week. On the Channel fixed link, I thought the Prime Minister would be particularly concerned by the problem of lorry quotas.

M. Viot asked whether I thought that the Prime Minister would wish to discuss EUREKA or the SDI. I replied that she would be happy to discuss EUREKA were M. Fabius to raise it although I did not think there was any particular aspect which caused her concern at present. The SDI would no doubt come up in the course of any general discussion of East/West relations and arms control. M. Viot asked whether the Prime Minister had learnt anything new on SDI during her recent visit to Washington. I said that the general impression had been that the research was moving faster than anyone had expected.

Do we have an informed idea what M. Fabius will raise?

(Charles Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

3
CC PC
→

Qz.04569

MR POWELL

VISIT OF MONSIEUR FABIUS, 1 AUGUST

You sent me a copy of your letter of 16 July to Len Appleyard. Briefing on specific points is being sent forward by the Foreign and Commonwealth Office, together with the Foreign and Commonwealth Secretary's advice on the present situation in relation to the intergovernmental conference.

2. We have had an opportunity in the margins of the Foreign Affairs Council this week to discover as far as possible the intentions of other member states and, in particular, of the French. This indicates that once again the French are on a two track approach:-

(i) it is clearly a major preoccupation of the French Government that German aspirations should be settled by the intergovernmental conference. Beyond this, however, the French are themselves concerned to see some improvement in decision making within the Community and to extend cooperation - but without conceding exclusive competence to the Community - in certain fields such as technology and some cultural activities. If, therefore, the package resulting from the intergovernmental conference does make some movement on these points and is gift-wrapped in a form acceptable to the Federal Republic of Germany, Italy and the Benelux, the French would almost certainly prefer to have United Kingdom participation and agreement. Since, in significant matters affecting sovereignty, the French are as protective of their own position as we are, there does exist some common interest between France and the United Kingdom which - with some caution on our part - can be exploited in the intergovernmental conference. Despite our dissatisfaction with some French tactics in the recent past, I think it probable that these areas of common interest will become more apparent during the autumn;

CONFIDENTIAL

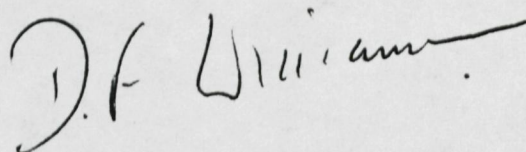
/(ii)

CONFIDENTIAL

(ii) if the French judge over the next few months that the United Kingdom is definitely not going to subscribe to any package resulting from the conference, there is no doubt in my mind that they will switch ruthlessly to their second track policy of putting the United Kingdom in the offside trap. In these circumstances they will continue to go for a moderate result on essential matters for themselves but they will bid up the Treaty amendments, knowing that such amendments cannot take place without unanimity. Thus they will be able to assert to French and other continental opinion that France (but not Britain) is prepared to go far.

3. Since our interest does lie in shaping the future direction of the Community, which can only be achieved by the (uphill) road of a partnership with France and Germany, it is important that France should not go for a package in the intergovernmental conference which we cannot accept. The best chance of avoiding this is not to commit ourselves at this stage, before the conference has opened, to the judgement which we might make at the end. This applies in particular to the proposals which may come forward for amendment of the Treaty - the Treaty has been (or is being) amended for five accessions and on four other occasions - because the need for unanimity would allow the French to overbid and shelter behind the United Kingdom if they were convinced that we were going to reject all these proposals.

4. I am sending a copy to Sir Robert Armstrong.



D F WILLIAMSON

25 July 1985

CONFIDENTIAL

Trace P3

relations





FILE

267

10 DOWNING STREET

16 July 1985

From the Private Secretary

Dear Am.

MEETING WITH THE PRIME MINISTER OF FRANCE

M. Fabius telephoned the Prime Minister this evening to say that President Mitterrand had suggested that it would be useful for him to discuss one or two matters connected with Europe with the Prime Minister. He therefore wondered whether he could come across to London to see the Prime Minister very informally in the next week or so. I should add that M. Fabius's Private Secretary had telephoned me earlier in the day to warn me that he would be making this approach.

The Prime Minister said that she would of course be pleased to see M. Fabius though she was already very heavily committed between now and the beginning of August. She could offer him lunch on 1 August. After consulting his diary, M. Fabius said that he would be happy to accept this invitation. He wished the meeting to be entirely informal and would bring only a Private Secretary with him. The Prime Minister said that this suited her well and she too would be accompanied only by a Private Secretary.

You will now wish to consider the practical arrangements for this visit. I assume that M. Fabius will fly in shortly before lunch and leave again in the afternoon. The Prime Minister does not envisage any talks with him beyond the lunch.

It was not clear whether M. Fabius had mentioned his plans to the Foreign Ministry, let alone the French Embassy here. My impression is that he has not.

I am copying this letter to Rachel Lomax (HM Treasury), Richard Mottram (Ministry of Defence) and to David Williamson (Cabinet Office).

Yours sincerely,
Charles Powell

Len Appleyard, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

267

PRIME MINISTER *gm.*

The French Prime Minister's Private Secretary telephoned this morning to say that M. Fabius would very much like to speak to you by telephone today. I have provisionally arranged that he will telephone you at 6 pm.

The Private Secretary either doesn't know exactly what he wants to talk about or wouldn't say. But he thought M. Fabius would propose himself for an early meeting with you, perhaps over a working lunch or dinner (for which he would come over here). I said that you were very heavily engaged between now and the summer break.

If this is indeed what he wants to suggest and you are willing to see him, dates which would be possible are:

Dinner on 31 July

Lunch on 1 August

or

[Dinner on 24] July (but this would be the evening before you leave for Washington next week, and not easy).

I can't think of any particular subjects which are likely to be bothering him except perhaps Eureka on which the Foreign Secretary and Mr. Pattie attend a meeting in Paris tomorrow.

gm.

(C. D. POWELL)

16 July 1985

file

vc

SUBJECT
cc Master

10 DOWNING STREET

12 July 1985

From the Private Secretary

Dear An,

PRIME MINISTER'S MEETING WITH FORMER
PRESIDENT GISCARD D'ESTAING

The Prime Minister saw former President Giscard for an hour this morning. This letter summarises my recollection of their talk.

The Prime Minister commented that there had been quite a change in the nature and the quality of the links between the leaders of the principal European countries since the time when M. Giscard, Herr Schmidt and she were leading their respective governments. There was no longer the same willingness - or ability - for intellectual argument about the economic and strategic future of Europe. M. Giscard acknowledged the implied compliment as his due.

M. Giscard then launched straight into the subject of the EMS. He had understood Britain's initial reluctance to join the Exchange Rate Mechanism (ERM). But he wondered whether those objections still applied. There was no likelihood of a major "reshuffling" between the principal currencies. The oil factor was no longer so important. Fears about the need for frequent intervention were exaggerated. If sterling remained outside the ERM, it would become steadily more vulnerable to speculation. At the least he hoped that there could be closer links between sterling and the ERM short of full participation, for instance sterling could be kept informally within certain margins in relation to the ERM currencies. The Prime Minister said that M. Giscard was fully justified in raising the question. Her mind was not closed on participation though the difficulties were greater than M. Giscard surmised, particularly the effect on domestic monetary policy.

In reply to the Prime Minister's question about the political prospects in France, M. Giscard said rather grandly that a liberal-conservative victory in next year's parliamentary elections was a foregone conclusion. It would be on a bigger scale than currently forecast. Many people expected President Mitterrand to go as a consequence. This was mistaken. Mitterrand would not willingly resign and he, Giscard, would not want to put him in a position which would compel him to go. None the less, a very difficult situation would be created, with the President at odds with the

government. The constitution was not designed to cope with this circumstance and would in due course need to be amended. President Mitterrand was mistaken in believing that he would be able to maintain control of European policy: foreign and domestic issues could not be separated these days. The Prime Minister wondered whether President Mitterrand might not take upon himself the role of an opposition within the government. He would blame the government for everything that went wrong in the period up to the Presidential elections, thus making it easier for a Socialist candidate to run successfully. M. Giscard contrived to give the impression that he and his colleagues would be fully equal to countering such tactics.

M. Giscard said that a liberal-conservative government's first priority would be to change France's economic policy, though not sharply. Price controls would be abolished, absurdities in the tax system would be rectified, banks and insurance companies denationalised and state holdings in the information sector dissolved. The European policy of such a government would not differ substantially from that being pursued by President Mitterrand. There would be support for more active political cooperation - he spoke approvingly of the British draft agreement - and for better decision-taking without going to extravagant lengths. France would never accept pure majority voting without any right of veto, though it was right to require a procedure for explaining use of the veto. Because France had succeeded in eliminating hostility towards Germany she would always be better placed than Britain to deal with the government in Bonn. But a liberal-conservative government would not want to handle the Franco-German relationship in a way which excluded or operated against the United Kingdom.

The Prime Minister gave M. Giscard an account of the Milan European Council which had been a great disappointment. Britain had wanted to go further than the other member states, but they had opted for just another conference in preference to bold decisions. The result had been a set-back for the Community. We would go to the Inter-Governmental Conference, though did not expect much from it. Damage had been done to the Community, but it was not fatal and she expected to see matters back on course at the Luxembourg European Council. M. Giscard said he disapproved of the decision to take a vote at Milan. This was a bad precedent for the European Council.

M. Giscard asked the Prime Minister whether she expected M. Delors to give up the Presidency of the Commission after two years in favour of Herr Genscher. The Prime Minister said that the rest of the Community would be justifiably irritated if this happened. It would smack of a Franco-German conspiracy. And anyway it was not possible to do an effective job as President of the Commission in only two years. She would not be surprised, however, if M. Delors were to emerge as a candidate in the Presidential election in France: indeed there was already some evidence that this prospect was affecting his decisions as President of the

Commission. She did not think that Herr Genscher would be regarded as a good replacement. There has been some suggestion that the Germans wanted to create a post of Secretary-General for Political Cooperation in order to give it to Herr Genscher. She had made clear that we did not envisage more than a very modest secretariat. M. Giscard said that he agreed with this.

There was some brief discussion of the prospects for a new international trade round, defence cooperation, SDI and Mr. Gorbachev.

The Prime Minister's conclusion afterwards was that M. Giscard retained all his old arrogance, lacking the energy and charisma of M. Chirac and the ebullience and character of M. Barre. But she noted, too, that he appeared to be sending out signals of a desire to work with Britain if he returned to government.

I am copying this letter to the Private Secretary to the Chancellor of the Exchequer and to Sir Robert Armstrong, but the Prime Minister would wish it be given only a very restricted distribution. A copy can also be sent to HM Ambassador in Paris strictly for his personal information.

your sincerely,
C.D. Powell

C.D. POWELL

L.V. Appleyard, Esq.,
Foreign and Commonwealth Office

PRIME MINISTER

MEETING WITH M. GISCARD D'ESTAING

You are seeing M. Giscard for an hour tomorrow morning. Lord Whitelaw is subsequently giving him lunch at Dorneywood. The main purpose of his visit is to give a lecture at Ditchley on "The ECU and its contribution to the stability of the international monetary system".

Subjects which you might cover are:

- the political prospects in France (parliamentary elections in 1986, Presidential elections in 1988);
- the EMS. He will be trying to divine how open-minded you are towards putting sterling in the ERM;
- the European Community. You might go over the ground on where Milan went wrong and the way ahead. You will want to get some feel for how he would handle EC affairs if returned to power;
- the Franco/German axis. We increasingly feel that it is seen by both sides as exclusive (of us). How does he feel?
- the SDI. He has doubts about it, though thinks that French companies should take part in research;
- prospects for the European and US economies. He has recently come out in favour of liberal solutions, i.e. getting rid of controls and regulations (not what he did in office).

C.D.P.

11 July 1985

CONFIDENTIAL

~~CC~~ PC
BU



Foreign and Commonwealth Office

London SW1A 2AH

10 July, 1985

Dear Charles,

Call by M. Giscard D'Estaing on the Prime Minister: Friday 12 July

The Prime Minister has agreed to receive M. Giscard d'Estaing at 10 Downing Street on 12 July at 11.30 for about an hour.

With this call in mind, our Ambassador at Paris has given his assessment of Giscard's current preoccupations and future prospects. Sir John Fretwell subsequently called on ex-President Giscard to discuss the subjects which he hopes to raise with the Prime Minister and has sent a further report. Copies of these two letters are enclosed - I think they provide ample briefing for the Prime Minister.

I also enclose details of Giscard's programme, a biographical note covering his career up to 1982 (the date at which Sir John Fretwell's account of his fortunes begins), and, in case this is of interest to the Prime Minister, the guest list for the lunch which Lord and Lady Whitelaw are giving for M. and Mme. Giscard immediately after his call.

I am sending copies of this letter and its enclosures to Richard Hatfield (Cabinet Office), Ron Lawrence (Privy Council Office) and Adrian Ellis (HM Treasury).

*Yours ever,
Colin Budd*

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street

CONFIDENTIAL



BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

2 July 1985

D M D Thomas Esq CMG
DUSS
FCO

Dear Dick,

GISCARD'S CALL ON THE PRIME MINISTER

1. When ex-President Giscard d'Estaing calls on the Prime Minister on 12 July, she is likely to find him in relaxed and confident form. The period of dejection and bitterness which followed his 1981 defeat has passed. He has recovered his buoyancy, and gives the impression of being mellower, more reflective, and less arrogant.

Giscard's Comeback

2. He has shown considerable courage and determination in climbing out of the pit. Instead of abandoning public life in a huff, as some expected, he has set about rebuilding his political career from the base upwards. To the surprise of many, he stood for election to the humble post of municipal councillor in Chamalières in Clermont-Ferrand, in 1983, winning comfortably; and followed this, in the autumn of 1984, with an impressive victory in a by-election in the Puy-de-Dôme for a seat in the National Assembly. The momentum provided by these two victories has since helped him to reassert his authority in the Parti Républicain and within the wider UDF formation, and so counter the surge of support in both organisations in favour of Barre, one of his two principal rivals (along with Chirac) for the leadership of the opposition. He has also reasserted his control over the nationwide network of liberal political clubs, Perspectives et Réalités, so that in June he was able

/to



to stage a huge liberal Convention in Paris, which both Barre and Chirac reluctantly attended, but at which he was himself unquestionably the star. At the Convention and elsewhere he has recently succeeded in putting himself over as the candidate who prizes the cause of unity above personal ambition, in contrast to the other two: an astute piece of political manoeuvring.

Giscard's Prospects

3. But even though Giscard has made a notable return to the centre of the political stage, there are still obstacles on the path back to high office:

(i) He is not particularly popular in the country at large. Barre and Chirac are both ahead of him in the polls; and both are seen as better opposition candidates for the presidency in 1988. The high marks Giscard is given for the way he has picked himself up since the 1981 defeat show no signs yet of translating into popular enthusiasm for his return to the Elysée.

(ii) His influence within his own party, and within the wider non-gaullist opposition, is challenged not only by Barre, but by the emergence of an exciting newcomer, François Léotard. The latter is the Republican Party's Secretary General whom, ironically, Giscard hand-picked for the post. Relatively young (43), dynamic, and an excellent speaker with outspokenly liberal views, Léotard has struck a chord with many Frenchmen who are looking for new faces and new ideas. He continues to insist on his loyalty to Giscard: but the protestations sound less convincing than they did. Increasingly he is being seen not so much as Giscard's faithful lieutenant but as his heir-apparent, and one who is impatient to get his hands upon the crown.

4. So where does this leave Giscard? The answer is: in with a chance; but much will depend on circumstances over which he himself will have little control:

(i) In the short term, it is not impossible that Giscard could become Prime Minister after the Parliamentary elections scheduled for next March. If, against current expectation, the outcome of those elections allowed Mitterrand to put together some form of centrist coalition, incorporating the socialist party and a large



part of the UDF, he might ask Giscard to lead it. And Giscard would almost certainly be tempted. Publicly he would justify acceptance on the basis that France had entered a very difficult period politically and had an overriding need for good government, which could best be provided by experienced men. He would therefore rise to the occasion and do his duty. (There have already been hints of this line in his speeches.) Privately, he would calculate, like many other French politicians, that whoever held the premiership during the 1986-88 period might have an advantage over his rivals in the race to succeed Mitterrand in the Elysée. (It would of course be a high risk strategy because not only Chirac and Barre but also Mitterrand himself would be working for the eventual defeat of the incumbent.)

(ii) In the longer term, it is not impossible that Giscard could indeed recapture the Elysée in 1988; but (whether or not he were to become Prime Minister in the meantime) two things would have to move in his favour. The first is that Barre, who is currently the opposition front-runner in the polls, would have to lose ground so that there was less to choose between him, Chirac and Giscard in terms of popularity. The second is that the rivalry between Barre and Chirac would divide the opposition to the point where neither could hope to present himself as the presidential candidate of a united Centre-Right. (This looks unlikely at present, but it is not impossible. Barre's and Chirac's relations with each other are worse than the relations between either of them and Giscard.) Assuming Léotard's fortunes have not prospered to the point where he would then throw his own hat into the presidential ring (again unlikely but not impossible), this would leave Giscard with a good chance. There are a lot of ifs in all this: but not so many that a second Giscard presidency can be ruled out. And we can be quite sure that Giscard will be manoeuvring to maximise his chances. He has unrivalled experience in this game and has been playing his cards with great skill.

Giscard's Preoccupations

5. I cannot be certain what topics Giscard will raise with the Prime Minister when he sees her; but it is clear from recent speeches and interviews that he has been giving a great deal of thought to economic issues

/and



and to the role of the state. He advocates 'liberal' solutions to France's problems, by which he means making a bonfire of controls and regulations (eg the scrapping of price controls), and a break with France's étatiste/dirigiste past. When asked why he did not practise in office what he is now preaching, he claims that French attitudes have changed in the last five years and that, whereas there is now a wide measure of support for a 'liberal' approach, there was not when he was President. There is an element of truth in this, although I remain to be convinced that if Giscard were ever to find himself back in the Elysée he would act differently from last time and actually seek to reduce the all-embracing power of the Presidency and of the French State. But his interests go wider than domestic French issues. He has been arguing for the more rapid development of the EC, as the only way to meet the US/Japanese industrial and technological challenge; he has called for better Franco-German relations, which he claims have been jeopardised during the Mitterrand/Kohl period; and he has expressed concern over SDI, warning that it will have a destabilising effect on arms control with serious consequences for Europe. He may want to sound out the Prime Minister on any or all of these topics.

6. Giscard will see his call on the Prime Minister as useful in confirming to French opinion his continued acceptance at the international top table and as a welcome chance to talk over some broad political and economic questions. It will be a good opportunity to get across to him why we want progress on substance in the European Community and not flights of rhetorical fantasy. If the Prime Minister were able to refer to progress made during Giscard's Presidency, to what has been achieved since and to our practical objectives for the future I think this would be helpful in keeping Giscard on the rails in the next stage of political debate in France. In one way or another he will continue to exercise considerable influence.

John Fretwell

John Fretwell

8A 4/7

BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

4 July 1985

D M D Thomas Esq CMG
DUS
FCO

Dear Jack,

FORMER PRESIDENT GISCARD'S VISIT TO LONDON

1. I called on Giscard this morning to discuss a few of the subjects which he hopes to talk about in London, particularly at his meeting with the Prime Minister (my letter of 2 July). He raised three in particular: the EMS, European Community matters and SDI.

EMS

2. This will be the subject of his lecture at Ditchley Park. He wondered whether the British government still saw the same objections to taking part in the exchange rate mechanism. I explained the problem on familiar lines: the pressures on sterling which could arise from movements in oil prices; the risk that intervention could interfere with effective control of the money supply etc. I noted that the subject was one of continuing interest and lively debate in the UK. Giscard said he thought our fears about the need for frequent intervention might be exaggerated. Leaving aside the three French devaluations, there had been relatively little need for intervention to maintain the agreed parities, even by the Italians. It was largely a question of confidence: if currency operators accepted that the system was there to stay and that parities would be maintained, the belief that they could profit from currency movements was weakened. He understood the special factors applying to sterling, but was glad to know that the question of participation in the ERM was kept under review.

/Europe

Europe

3. I gave him a fairly full account of what had happened at Milan, the content of our own proposals and our hopes for practical progress. I suggested that the Italians had perhaps been carried away by a touch of Euro-romanticism and the dream of staging a second Messina. Giscard agreed that the important point was to improve the practical working of the Council of Ministers and seemed to approve our ideas for this purpose. He commented that life had moved, on since de Gaulle created the Luxembourg Compromise in 1965, but that in the final analysis there had to be a power of veto if only over such matters as the enlargement of the Community. This led him into a disquisition on the impossibility of ever admitting Turkey, which would produce a sort of Islamic Europe, although he noted that the Germans had been a bit wobbly on this at one time. He then expressed doubts about whether he had been right in promoting the admission of Greece. He had wanted to back Karamanlis, but Papandreou was proving quite impossible.

4. Giscard also acknowledged that it seemed excessive to call an Inter-Governmental Conference to consider amending two articles of the Treaty. He accepted that French and British positions were not far apart in substance on the broad range of Community questions. He did not think there was any significant lobby in favour of giving extensive powers to the European Parliament, other than the members of the Parliament themselves. He was interested in the evolution of attitudes in the British Labour Party towards the Community and was surprised to learn that, strictly speaking, the Party is still committed to withdrawal. I said that I did not believe there would ever be a majority in the House of Commons for withdrawal.

SDI

5. I explained the Camp David four points, which Giscard accepted as a reasonable basis for public presentation at this stage of the game. He seemed uneasy, however, about what might happen later. He said that on his recent visit to the United States he had derived a clear impression that the Democrats would continue with SDI if they won the next elections. He had also sensed that the Americans would seek to avoid a situation in which there was a clear break between research and deployment, which would create an obligation to negotiate

`/with



with Europe and with the Russians before proceeding beyond a certain stage. He thought the Americans would want to progress quite a long way and then offer to negotiate restraints on the system, rather than seek agreement to its installation. He thought the ABM Treaty was ambiguous on all of this. He also asked our position on accepting SDI contracts and whether we took seriously the fear of having our best brains poached by the Americans. I said that if worthwhile contracts were on offer we would expect to compete to get them: the resources thus made available would help to pay for more research and researchers. Giscard said he agreed and was baffled by the French government's resistance to this simple proposition. He approved the broad idea of Eureka as an encouragement to European cooperation in high technology, but saw no problem in also participating in SDI research.

French Internal

6. Giscard asked how Mrs Thatcher would view the prospect of cooperating with a liberal-minded government in France after the legislative elections. I said that if an answer were needed the Prime Minister would no doubt be happy to reassure him. He thought that in some ways it might be easier to move in a liberal direction in France than it had been in the UK, where Socialist practices and the power of the Trade Unions were more deeply entrenched. I asked how he thought the relationship would work out between a liberal-minded French government and a Socialist President. Giscard said he thought that Mitterrand, with whom he had discussed the question, underestimated the difficulties. French Presidents under the Fifth Republic had misused the Constitution by turning the President into the Chief Executive. He had himself followed the example of de Gaulle and Pompidou in this respect, as had Mitterrand. But this was not really the role of the President; and next year executive power would have to return to the government, where it properly belonged. This could lead to some difficulties, eg in Community policy, which would fall to the government not the Presidency.

7. Giscard continued that some people thought for this reason that it would be a good idea for the President to be more or less forced out. The polls however recorded French opinion as holding the opposite view (which he personally shared) that if the President wanted to stay he should not be made to go. Moreover there would be difficult problems to tackle in economic management, with little prospect of visible early success on unemployment

/in



in particular. Why then should one aggravate the difficulties and alarm French opinion by confronting the nation with a consitutional crisis as well? He personally would seek to avoid one.

8. I told him that the Prime Minister took a close interest in the French political scene and would probably be interested to hear his views on the prospects for 1986.

*James wa,
John*

John Fretwell



VISIT OF M. GISCARD D'ESTAING: 11-13 JULY 1985

Thursday 11 July

17.30

Arrive Heathrow by BA313 from Paris.
Accompanied by Mme Giscard and a bodyguard/
aide-de-camp, M. Gerard Cagnard

To be met by FCO special representative
(Sir John Stow), the French
Ambassador (M. Jacques Viot) and a representative
of Ditchley Park (Ms Heather Weekes)

Drive to French Ambassador's Residence
(Kensington Palace Gardens)
Dinner given by the French Ambassador and
Mme Viot.

Overnight at the Residence.

Friday 12 July

11.30

Call on Prime Minister at 10 Downing Street

12.30 approx

Return to French Embassy

Drive to Dorneywood

13.30

Lunch given by Lord and Lady Whitelaw at
Dorneywood

15.30 approx

Depart Dorneywood for Ditchley Park

16.30 approx

Arrive Ditchley Park

18.15

Deliver Ditchley lecture 1985 on "The ECU and
its contribution to the stability of the
international monetary system"

Attend buffet supper at Ditchley Park

Overnight at Ditchley Park

Saturday 13 July

12.00 approx

Depart Ditchley Park for Heathrow

14.30

Depart Heathrow by BA312 for Paris
(French Embassy and FCO representatives to
be present on departure).

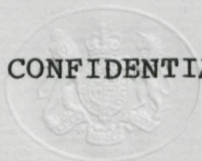
GISCARD D'ESTAING, VALERY

Former President of the Republic.

Born 1926. Graduate of the Ecole Polytechnique and the Ecole Nationale d'Administration. Served in the War (Croix de Guerre). Inspecteur des Finances, 1954. Assistant Directeur de Cabinet to Edgar Faure, Prime Minister, 1955. Independent Republican Deputy for the Puy-de-Dôme, 1956-74. Secrétaire d'Etat (Junior Minister) at the Ministry of Finance, 1959-62. Minister of Finance and Economic Affairs, 1962-66. President of the National Federation of Independent Republicans, 1966. Minister of the Economy and Finance, 1969-74. President of France, 1974-81. Member of the Departmental Council of Puy-de-Dôme since 1982.

From the start Giscard was groomed for high office. He became a deputy at 30 (inheriting a safe seat from his maternal grandfather), a Minister at 36 and set up his own party when de Gaulle removed him from the Government in 1966. When he returned to office under Pompidou he remained loyal to the President, even when the Government's policies were coming under fire. But the Gaullists were reluctant to forgive him and his party for voting 'no' in the 1969 referendum. His cold and calculating character made him a difficult colleague. By contrast, in the country at large, he maintained an unusually high standing for a Finance Minister and successfully created a public identity of his own. These tactics were vindicated in the presidential campaign of 1974 when he was elected by the narrowest of margins.

At first Giscard's relaxed, informal style and his programme of reform seemed to catch the imagination of the French. But he under-estimated the conservatism of his countrymen. By the end of 1975, the lustre of the 'advanced liberal society' had begun to wear off. Innovations were denounced as gimmickry, and reforms represented as irrelevant or, worse, as probing too deeply into the pockets of the French. The fiasco of the modest capital gains tax



which passed so painfully through Parliament in the summer of 1976 marked the end of any real attempt to redistribute wealth. His reformist creed, in principle if not in practice, was spelt out in a much-publicised book, 'Democratie Francaise', in 1976.

Giscard must be given credit for seven years of relative social peace and prosperity, despite mounting economic difficulties. However, he abandoned, or at least postponed, his attempts of 1974/75 to create a moderate reformist political centre in France. In domestic political terms his greatest success was his foreign policy. His skill in making foreign policy seem like a string of privileged relationships, and in putting France firmly at the front of the international stage, struck a responsive chord across a wide spectrum of the electorate.

As President, Giscard was widely admired for his intelligence and his mastery of the details of Government policy. But he remained for most Frenchmen a cold, remote and uncharismatic figure, not untouched by the whiff of scandal following the Bokassa diamonds affair. Critics said that beneath his liberal mask, Giscard was an authoritarian, brooking no resistance in any matter of state, however trivial. These personal criticisms played an important part in his defeat.

After his defeat, many of his former political allies deserted him. With reluctance he accepted at first that his long-term interests were best served by remaining in the background. During 1982 he began to adopt a higher profile, making more frequent public and television appearances.

Giscard is married to an attractive wife who has shown little taste for political activity. They have four children. He speaks good English; hers is excellent.

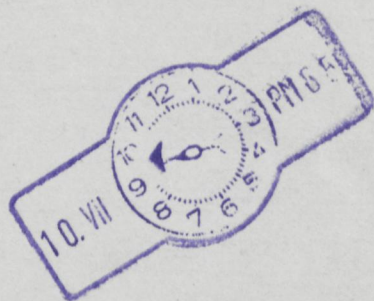


LUNCH TO BE GIVEN BY LORD AND LADY WHITELOW IN HONOUR
OF MONSIEUR LE PRESIDENT AND MADAME VALERY GISCARD D'ESTAING
AT DORNEYWOOD ON 12 JULY 1985

Guest List

Monsieur le President and Madame Valery Giscard d'Estaing
His Excellency Monsieur l'Ambassadeur and Madame Jacques Viot
The Lord Soames GCMG GCVO CH CBE and Dame Mary Soames DBE
The Lord Ezra of Horsham MBE and the Lady Ezra of Horsham
Sir Robert Armstrong GCB CVO
The Lord Hunt of Tanworth GCB and The Lady Hunt of Tanworth
Mr R T Renton MP and Mrs Renton
Mr B H I H Stewart MP
Mr G G H Walden CMG MP and Mrs Walden

10 July 1985.





PART 2 ends:-

CDP to FCO (meeting record) 7-3-85.

PART 3 begins:-

FCO to CDP 10-7-85

Grey Scale #13



A 1 2 3 4 5 6 **M** 8 9 10 11 12 13 14 15 **B** 17 18 19



Colour Chart #13

Blue Cyan Green Yellow

