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Anglo - French Relations

PART 4

FRANCE

PT 1 : OCTOBER 1979

PT 4 : NOVEMBER 1986

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29.1.87.		22.10.87					
2.2.87		23.10.87					
15.1.87		4.11.87					
12.3.87		10.11.87					
20.3.87		30-11-87					
24.3.87		26.11.87					
26.3.87		14.12.87					
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14.4.87		12.1.88					
15.5.87		26-1-88					
20.5.87		2.5.88					
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PREM 19/2181

PART 4 ends:-

FCO to COP 29 NOV 1988

PART 5 begins:-

UKDEL NATO TEL No 470 8.12.88

Cabinet / Cabinet Committee Document

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

Reference: CC (86) 36th Conclusions, Minute 4

Date: 6 November 1986

Signed M Wayland Date 20 October 2015

PREM Records Team

Foreign and Commonwealth Office document

Reference DD 1987/402

Description The 1988 French Presidential Election: The race and the runners

British Ambassador at Paris to Foreign Secretary

Date 10 November 1987

The above FCO document, which was enclosed on this file has been removed and destroyed.

Such documents are the responsibility of the Foreign and Commonwealth Office. When released they are available in the appropriate FCO CLASSES.

Signed C Wayland Date 20 October 2015

PREM Records Team

Prime Minister
Agree to sign
the attached reply
to M. Rocard?
I think it
Dear Charles is the right line.
CDP 29/11

Foreign and Commonwealth Office

London SW1A 2AH

29 November 1988

Environment Initiative by President Mitterrand and M Rocard

In your letter of 20 November, you asked for advice on and a draft reply to M Rocard's latest approach via the Ambassador in Paris. I enclose a draft, cleared with the Department of the Environment.

Closer examination has confirmed our initial negative reaction. The documents forwarded by M Rocard make the following main points:-

- The proposed institution would deal only with environmental problems 'related to the biosphere on a worldwide scale'.

- It would be a supranational institution, with four components: a Council of States, a Scientific High Council, a High Authority, and a Court. The first would be composed of representatives of member states, taking 'basic decisions' and with some powers of veto over the High Authority; the second would consist of prestigious figures appointed by the Council, with mostly advisory powers; the third would be the 'keystone' of the organisation, made up of appointed members representing a cross section of member states but acting independently of their home states, and possessing regulatory, budgetary and punitive powers; while the Court would consist of 11 appointed environmental law specialists members and have its own jurisdiction. (These arrangements bear some similarity to those in the EC, but if this is a conscious move it seems to underestimate the difficulties of applying such a system on a global as opposed to a regional basis).

- Funding would be made up of contributions from member states, supplemented by voluntary contributions, a tax on firms which were a 'strain on the environment' and proceeds from fines. There would be compensation for developing countries for their proportionately greater 'sacrifice' in conducting environmentally respectable policies.

/- 'Limitations

- 'Limitations of sovereignty' would not be of a general nature (this statement is not satisfactorily explained). At a later state it is suggested that 'wounds to national sovereignty may be soothed by the prospect of financial or economic aid'.

The papers propose a declaration to set up the organisation, possibly as the prelude to a treaty. States would be invited to accede to the declaration as a 'Charter for the Preservation of Life'. Or a more modest start could be made by creating only the 'Scientific High Council', which it is claimed would not have powers infringing on national sovereignty. The last sentence of the second of the two papers says that the sponsors of the initiative envisage the creation of their organisation 'in the framework' of the UN.

As the Prime Minister said in her initial reaction on the telephone to M Rocard (your letter of 1 November to Lyn Parker) the proposal appears to take no account of work in existing international institutions on environmental problems, or of the corpus of existing international law in this field, and to ignore (except for the throwaway last statement) the role of the UN.

The Foreign Secretary thinks that we should resist the creation of a new institutional framework of this sort, allegedly designed to remedy shortcomings in existing international arrangements, but not based on analysis of such shortcomings. Indeed, the examples of global problems given - the ozone layer and the greenhouse effect - are just those where international cooperation through existing mechanisms has borne fruit. The Montreal Protocol, which enters into force next year, was negotiated with great speed, and the process of reviewing its measures has already begun. Ironically, the French are one of only two EC member states still questioning the need to go significantly beyond the Protocol. The UNEP/WMO Intergovernmental Panel on Climate Change set up to analyse, assess and recommend solutions for this problem, has just held its first meeting. The UK is playing an active part, and will be chairing the very important scientific working group. At best the Rocard proposal seems likely to provide a distraction from these efforts; at worst, it could seriously undermine them.

The question is how we should play this tactically. We have no wish to arouse French opposition to our own initiative for an international conference on the ozone layer. Sir Ewen Fergusson briefed Rocard before our announcement, and the French seemed to take the news reasonably well at the Environment Council on 24 November. But they may well choose to make difficulties over our initiative, if we react totally dismissively to theirs.

In any case, there is no reason why we should stand out alone in opposing the Rocard proposals. We doubt that Rocard has the degree of support that he claims from the countries he has approached: we have good reason to believe, for instance, that the Brazilians are less than enthusiastic. The US have said explicitly that they would resolutely oppose any proposal for new international institutions on the environment.

The Foreign Secretary thinks that the best approach would be to give a polite, non-committal reply to the French proposal and to suggest that they submit it for full scrutiny by the international community, all of whom stand to be affected by their ideas. This would best be done in the UN. It would soon reveal considerable scepticism, and in some quarters outright opposition, and it should serve our interest in postponing sine die if not actually killing off, the French proposal.

The draft reply takes this line, and we suggest the Prime Minister might use it if President Mitterrand or M Rocad raise the matter with her in Paris on 30 November.

I am copying this letter to Roger Bright in the Department of the Environment.

Yours ever

Bob

(R N Peirce)
Private Secretary

C D Powell Esq
10 Downing Street

FRANCE: Relations
PT 4

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File.

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

20 November 1988

Dear Rob,

ENVIRONMENT INITIATIVE BY PRESIDENT MITTERRAND AND M.ROCARD

Thank you for your letter of 18 November covering details of M.Rocard's initiative to create a new international environmental organisation. This seems singularly ill thought-out with no policy or attempt to examine the scientific case, only a most elaborate institutional structure. The Prime Minister will need advice on how to reply, although I should say that her first reaction to the documents is extremely sceptical. I should be grateful for a draft.

I am copying this letter to Roger Bright (Department of the Environment).

yours ever,

Charles Powell

(C. D. POWELL)

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

RESTRICTED

Le Premier Ministre

PARIS, le

Madame le Premier Ministre,

A la suite du contact téléphonique récent que j'ai eu l'honneur d'avoir avec vous, je vous adresse, comme convenu deux documents relatifs à l'initiative dont je vous ai entretenue.

Le premier document est une note de synthèse retraçant l'objectif poursuivi et les démarches pour l'atteindre. Le second est une esquisse d'avant-projet de ce que pourrait être, le moment venu, la présentation publique de l'initiative.

J'espère que ces éléments vous mettront en mesure de réfléchir à la question qui, en ce qui concerne tous les partenaires éventuels, reste naturellement confidentielle jusqu'à ce qu'il en soit en commun décidé autrement.

Je reste bien entendu à votre disposition pour toute information supplémentaire.

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

M. Rocard

Michel ROCARD

I - POURQUOI UNE INSTITUTION

Compte-tenu de ce que l'on dit de l'effort de divers organismes internationaux pour la défense de l'environnement, l'on peut se demander pourquoi il serait nécessaire de créer une institution nouvelle risquant de faire double emploi et de disperser les moyens et les ressources.

La réponse est double :

1.- L'institution projetée n'aurait pas en charge, il s'en faut, l'ensemble des problèmes d'environnement, mais seulement ceux qui ont un caractère global au regard de la biosphère : composition chimique, couche d'ozone, réchauffement. Les limitations de souveraineté n'auraient pas un caractère général.

2.- L'institution doit permettre la mise en oeuvre rapide de moyens d'action qui ne seraient rassemblés que difficilement et en tout cas lentement dans d'autres cadres :

- une réglementation ;

- des pouvoirs d'information et, le cas échéant, d'inspection ;

- la mise en place d'un Haut Conseil scientifique permanent ;

- le financement des compensations appelées par les sacrifices supportés pour certains pays (notamment en voie de développement) au profit de l'humanité ;

- un système juridique général garantissant tout à la fois les Etats membres contre les abus d'autorité de l'Institution et assurant en revanche le respect par les Etats membres des décisions de celle-ci.

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N O T E DE S Y N T H E S E

La présente note a pour objet de présenter l'ensemble du projet de convention en en dégageant les grandes lignes. L'Organisation à créer est, dans l'attente d'une dénomination définitive, désignée sous le nom de l'"Institution

II - IDEE GENERALE DE L'INSTITUTION

1- Un nom est à trouver pour "l'institution". Il faudrait que ce nom fût expressif à la fois en français et en anglais. P.ex : BIO - GLOBE - AZURE - ou des initiales relativement parlantes et lisibles dans la version anglaise et dans la version française.

2- Il y a évidemment un choix politique à faire entre deux types d'institutions (sans préjudice des types mixtes) :

- ou bien une organisation de type purement intergouvernemental, très respectueuse des souverainetés, dans laquelle les décisions procèderaient en principe de l'unanimité ;

- ou une organisation beaucoup plus "intégrée", procédant des Etats certes, mais s'en détachant, possédant une Haute Autorité statuant à la majorité et ayant des pouvoirs propres et un Haut Conseil Scientifique véritable "ministère public" de la lutte pour la survie. Ainsi l'Institution pourrait réglementer, informer, inspecter, sanctionner, etc...

Ce second type semble préférable au moins quant à la proposition initiale qui doit être faite et ceci pour diverses raisons.

Si l'institution n'est qu'une sorte de conférence intergouvernementale permanente, sa plus grande efficacité par rapport aux organismes existants n'apparaît pas évidente.

Dans une organisation intégrée - surtout si une place importante est faite aux pays en voie de développement - on peut panser les blessures faites à la souveraineté nationale par des perspectives d'aide financière ou économique compensant les sacrifices.

Il est plus facile de réaliser un projet ambitieux en partant d'une proposition maximaliste devant subir des retranchements qu'en essayant de progresser à partir d'une plate-forme à ras le sol.

Enfin, un projet audacieux peut engendrer un démarrage à deux vitesses, le noyau des pays les plus motivés acceptant de devancer le peloton (voir pages 9 et 10).

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III - LES ORGANES DU POUVOIR

La difficulté essentielle que rencontre la construction du pouvoir dans l'Institution est que :

- les participants doivent être nombreux (d'où l'impossibilité d'assurer leur représentation dans tous les rouages de l'Institution au contraire de ce qui se passe dans les communautés restreintes, notamment dans la C.E.E.)

- les participants forment un ensemble hétérogène tant par la diversité de la géographie que par celle des niveaux de développement

- l'Institution doit être assez "technocratique" eu égard à la nature des problèmes à traiter, mais aussi assez "politique" en raison de l'incidence des solutions sur l'économie et les politiques de développement.

Ces caractéristiques conduisent à un schéma institutionnel caractérisé par des organes assez fortement "typés" individuellement mais dont l'ensemble tend à équilibrer les considérations contradictoires que l'on vient de rappeler.

Le schéma retenu comporte quatre organes :

- le Conseil des Etats

- le Haut Conseil Scientifique

- la Haute Autorité

- le Tribunal

A) LE CONSEIL DES ETATS

Il se compose de représentants de chaque Etats membre sur un pied d'égalité. On a écarté tout système de pondération des voix car, eu égard à l'objet de l'Institution, une pondération ne pourrait se faire que sur des critères arbitraires (population ? superficie ?) ou engendrant la méfiance (P.I.B. ; contribution au budget de l'Institution). Néanmoins, pour éviter les inconvénients qu'entraînerait la remise de décisions à une assemblée très nombreuse et où pourraient se former des majorités "automatiques", on a nuancé les pouvoirs de ce Conseil et leurs modalités d'exercice. En gros, le rôle du Conseil présente divers aspects :

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- Il est l'organe primaire de l'institution duquel les autres procèdent par la voie de l'élection, assortie d'ailleurs en certain cas d'une "régionalisation" qui pallie les effets trop brutaux d'un système purement majoritaire. C'est devant le Conseil des Etats que la Haute Autorité est responsable.

- Il est compétent pour certaines décisions fondamentales : admission ou exclusion des membres, budget, programmes quinquennaux, etc...

- Etant donné les pouvoirs très importants attribués à la Haute Autorité (et qui dépassent largement ceux d'un organe exécutif) il possède un certain pouvoir de veto à l'encontre des décisions de celle-ci.

B) LE HAUT CONSEIL SCIENTIFIQUE

L'idée générale est de faire du Haut Conseil Scientifique un organe caractérisé à la fois par son prestige et par son indépendance. Ce doit être une sorte de "ministère public" ou d'"ombdusman" non seulement de l'Institution mais de l'humanité.

Son recrutement se fait sur des propositions émanant de personnes ou de groupements qualifiés (Prix Nobel, institutions spécialisées), la désignation incombe au Conseil des Etats.

Le rôle du Haut Conseil est multiple :

- C'est d'abord une centrale scientifique rassemblant les connaissances et, par ses services, contribuant à leurs progrès.

- C'est un organe permanent de surveillance et d'alerte, qui saisit la Haute Autorité pour provoquer des inspections, voire des injonctions.

- Sur le plan scientifique et technique, il est chargé de la préparation des réglementations ou est consulté à leur sujet. Dans certains cas, la Haute Autorité ne peut agir que sur son avis conforme. Le Haut Conseil peut appeler d'une décision de la Haute Autorité devant le Conseil des Etats et, en certains cas, saisir le tribunal.

C) LA HAUTE AUTORITE

La Haute Autorité - qui est la pièce maîtresse du dispositif - est composée de membres désignés par le Conseil des Etats, mais qui sont indépendants des Etats et ne les représentent pas. Son effectif (qui dépend du nombre des adhérents) doit être assez élevé pour être représentatif des diversités géographiques, économiques, culturelles, politiques, mais assez restreint pour demeurer un organe agissant. Pour fixer les idées son effectif devrait être le 1/4 ou le 1/3 du nombre des adhérents (Par exemple 15 membres pour une cinquantaine d'Etats).

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Si la Haute Autorité procède, par la désignation de ses membres, du Conseil des Etats, elle est responsable devant celui-ci et est chargée de mettre en oeuvre certaines de ses décisions, elle n'en a pas moins des pouvoirs propres très importants.

Dans l'ensemble, les attributions de la Haute Autorité comportent :

- des pouvoirs d'information et, le cas échéant, d'inspection, exercés soit proprio motu, soit sur l'initiative du Conseil des Etats, du Haut Conseil Scientifique, du Tribunal, des Etats membres ou de certaines organisations ;

- des pouvoirs normatifs exercés par des actes de portée diverses (réglements, directives, recommandations) ;

- des pouvoirs d'injonction et éventuellement de sanction ;

- des pouvoirs financiers (mesures de compensation et d'assistance) ;

- des pouvoirs de négociation avec les organisations internationales et les Etats tiers ;

- des pouvoirs d'action : intervention en cas de catastrophe.

Le traité doit fixer de façon précise ces compétences dont le régime est d'ailleurs complexe :

- tout d'abord la Haute Autorité statue à la majorité absolue des membres la composant avec, dans certains cas, exigence d'une majorité renforcée ;

- ensuite, certaines de ses décisions peuvent être paralysées par un veto (à la majorité qualifiée) du Conseil des Etats ; d'autres supposent un avis conforme du Haut Conseil Scientifique ;

- toutes les décisions de la Haute Autorité peuvent être déférées au Tribunal pour un contrôle de régularité juridique.

D) LE TRIBUNAL INTERNATIONAL

En raison de la spécificité de l'Institution, il paraît plus expédient de la doter d'une juridiction propre plutôt que d'en renvoyer le contentieux à la Cour Internationale de Justice.

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Le Tribunal, dont les membres (11 par exemple), sont élus par le Conseil des Etats, doit être composé de spécialistes qualifiés du droit international de l'environnement. Quand la nature de l'affaire l'exige, le Tribunal est complété par des personnalités du Haut Conseil Scientifique (quatre par exemple).

Sa compétence générale concerne l'interprétation et l'application du Traité.

A ce titre, il peut se voir déférer les décisions prises par les autres organes de la Communauté.

Il peut, pour faire respecter les obligations des Etats membres, user de pouvoirs d'injonction (sursis à l'exécution d'un projet, mesures conservatoires, interdiction).

IV - FINANCES

L'Institution est dotée d'un budget annuel, préparé par la Haute Autorité et voté par le Conseil des Etats.

Les ressources ne peuvent être constituées principalement que par les contributions des Etats.

Cependant, des sources complémentaires de financement peuvent être trouvées :

- les contributions volontaires des Etats et des personnes morales (entreprises) et physiques ;
- une taxe frappant les entreprises qui, sans être illicites, imposent des charges particulières à l'environnement ;
- les amendes frappant les entreprises en situation irrégulière.

Le budget doit faire face aux dépenses de fonctionnement de l'Institution, mais aussi à l'entretien de certains fonds (fonds d'investissement scientifique, fonds de compensation des charges particulières, fonds de secours et d'assistance).

La "philosophie" du budget devra faire une large place à l'idée que la sauvegarde de la biosphère, déjà largement exploitée par les pays développés, suppose que les pays en voie de développement feront des sacrifices pour ne pas aggraver la situation existante et devront donc recevoir des compensations.

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V - SOUVERAINETE ETATIQUE ET POUVOIRS DE L'INSTITUTION

Le projet d'Institution apparaît évidemment comme attribuant à une organisation internationale de très grands pouvoirs, d'autant plus contraignants pour les souverainetés que les décisions de la Communauté ne sont pas prises à l'unanimité et que ni la Haute Autorité, ni le Haut Conseil Scientifique, ni le Tribunal, ne sont composés de "représentants" des Etats. En un sens, on a l'impression d'une intégration plus poussée que celle de la C.E.E. avant 1993.

Il faut rechercher dans quelle mesure cette impression est fondée. Cette recherche conduit à constater que les atteintes à la souveraineté, pour réelles qu'elles soient, sont plus limitées qu'il ne paraît.

1.- Les organes de l'Institution ont (soit en propre, soit par accord entre eux en certains cas) des pouvoirs impressionnants à l'égard des Etats membres :

- pouvoir de réglementation s'exerçant selon des procédés plus ou moins contraignants : recommandations, directives (fixant les objectifs et laissant aux Etats le choix des moyens), réglements (directement contraignants) ;

- pouvoir de surveillance et d'investigation : à tout moment, l'Institution est informée des données qui l'intéressent ; ses organes peuvent mettre en mouvement un corps d'inspection ;

- pouvoir d'injonction : l'Institution peut exiger la suspension à titre provisoire d'une activité publique ou privée, peut prononcer une interdiction définitive, ordonner que certaines mesures soient prises ;

- pouvoir de sanction : ce pouvoir s'exerce tant à l'égard des entreprises (amendes), qu'à l'égard des Etats (interdiction d'acheter ou d'utiliser tel ou tel produit "illicite"). Sans doute, l'Institution ne dispose d'aucun moyen physique de coercition et ne peut prendre de sanctions économiques "générales" ;

- pouvoir fiscal : l'Institution peut percevoir un impôt sur certaines entreprises.

2.- Cependant, ces pouvoirs doivent être exactement mesurés :

- tout d'abord, l'objet de l'Institution est limité et ne couvre pas l'ensemble de la vie économique et financière, ce qui rend caduque la comparaison avec la C.E.E. ;

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- en second lieu, les critères d'action de l'Institution sont autrement précis que ceux d'une communauté à vocation générale ; ils sont objectivement saisissables et le rôle majeur du Haut Conseil Scientifique limite les tentations de pouvoir discrétionnaire ;

- enfin, diverses règles concernant la distribution des pouvoirs montrent que la règle majoritaire ne servira que rarement et que l'Institution ne sera gérable que dans un climat de consensus.

En effet, la distribution des pouvoirs entre les quatre organes est en elle-même une limitation des pouvoirs.

La prise en considération dans la composition de la Haute Autorité des différenciations géographiques, économiques, le cas échéant politiques, conduira à des équilibres modérateurs.

VI - LA DECLARATION DES DEVOIRS DES ETATS

1.- Compte tenu de l'action et des travaux d'organisations diverses, de déclarations, résolutions, conventions, on est en possession d'un corpus de règles déjà acquises ou en voie de reconnaissance concernant les devoirs des Etats pour la sauvegarde de la biosphère. On peut facilement mettre ces acquis en forme de Déclaration générale en les ordonnant et, au besoin, en les complétant. C'est un texte de cet ordre qui figure en Préambule du projet de Convention.

2.- Le problème est celui de l'usage de cette Déclaration. Elle peut former le Préambule d'un projet de traité. C'est ce qui a été fait.

Mais elle pourrait être aussi l'avant-garde, la locomotive de l'entreprise devant aboutir au Traité.

L'initiative consisterait à proposer la Déclaration et à inviter les Etats à y adhérer comme à une Charte de Sauvegarde de la Vie.

A cette invitation serait jointe la proposition, pour ceux des Etats qui auraient la volonté d'allez plus loin, de s'attaquer à la construction de l'Institution (Traité proprement dit).

Cette démarche, très dynamique en elle-même, doit cependant être l'objet de réflexions. En effet, de la part des pays qui partageraient cette initiative, le seul fait de la Déclaration créerait une obligation politique et morale sinon juridique d'en respecter les termes et ceci par un engagement unilatéral qui n'aurait pas pour contrepartie les obligations des Etats demeurés étrangers à ce processus.

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3.- Ainsi, la Déclaration pourrait être le moyen de mettre toute la machine en route.

Mais si cette mise en route était trop difficile ou trop lointaine, on pourrait rechercher le deuxième étage de la fusée dans le Haut Conseil Scientifique qui, ne soulevant pas, au moins principalement, de problèmes de souveraineté étatique, pourrait être mis en place comme instrument au service de la Déclaration.

PRESENTATION

L'avenir de l'humanité dépend de celui de la biosphère. De tous les impératifs de l'environnement, la sauvegarde de la biosphère est le plus vital, car cette sauvegarde ne comprend pas seulement notre richesse, notre bien-être, notre santé, mais notre survie d'hommes. A ce titre, elle est moins un droit qu'elle n'est un devoir./

Elle ne peut être assurée par de seules actions nationales ou régionales, quelle qu'en soit l'utilité. Seule une grande détermination mondiale, ou plus exactement planétaire, est à la mesure du péril et du défi à affronter.

Sans doute la société internationale, très largement sous les auspices des Nations Unies, a-t-elle pris conscience des problèmes de l'environnement et multiplié les instruments scientifiques et techniques pouvant les éclairer, ainsi que les conventions et les organisations propres à en faire avancer les solutions. Dans ces efforts, la sauvegarde de la biosphère n'a pas été oubliée.

Mais la gravité et l'urgence de la question posée à l'homme et des réponses qu'elle appelle exigent que, très vite, on aille plus loin. Tel est l'objet de l'initiative que l'on va exposer.

Il s'agit de créer une Organisation internationale permanente prenant en charge la sauvegarde de la biosphère et dotée des moyens scientifiques, juridiques, administratifs et financiers nécessaires au but poursuivi.

Moyens scientifiques, car rien ne peut être fait sans la connaissance des périls et des remèdes.

Moyens juridiques, car périls et remèdes ne connaissent pas de frontières et appellent donc des règles et des décisions internationales.

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Moyens administratifs, car l'information, l'alerte, la prévention, l'action matérielle exigent une logistique.

Moyens financiers, car, outre la couverture des recherches et de l'administration, il faudra que les charges nées de la discipline que les Etats s'imposeront pour le bien commun soient équitablement réparties, de telle sorte que soit préservé le droit de chacun d'entre eux au développement et à la prospérité.

Une telle Organisation pourrait se construire sur quatre piliers.

En premier lieu, un **Conseil des Etats** rassemblant, sur un pied d'égalité, les représentants de tous les Etats membres et qui serait l'organe primaire de l'Organisation, responsable de la désignation des autres organes et des grandes orientations de l'Organisation.

Ensuite, un **Haut conseil scientifique** qui, outre ses tâches d'animation de la recherche, serait chargé d'alerter, d'informer, de proposer et serait une sorte de ministère public de l'humanité en quête de survie.

En troisième lieu, une **Haute autorité** composée de personnalités indépendantes désignées par le Conseil des Etats et reflétant les diverses régions du monde; elle serait l'organe agissant de l'ensemble.

Enfin, un **Tribunal international** trancherait les différends concernant l'interprétation et l'application du traité instituant l'Organisation et contrôlerait la régularité des décisions de celle-ci.

La définition des **pouvoirs** de l'Organisation devrait procéder de trois ordres de considérations.

./.

-Tout d'abord la **spécificité** des pouvoirs. L'organisation n'a pas d'objectifs politiques ou économiques au sens général du terme; pas davantage elle n'a en charge l'ensemble des problèmes de l'environnement, mais ceux de la biosphère. Elle ne se substitue à aucune organisation existante mais au contraire recherche la collaboration avec toutes les autres institutions qui peuvent l'aider ou qu'elle peut aider.

-Dans son domaine propre ainsi strictement défini, l'Organisation dispose de **pouvoirs réels**, notamment en ce qui concerne l'établissement de programmes communs, la connaissance et la prévention des périls, la réglementation des activités dangereuses, la compensation financières des sacrifices particuliers consentis par certains pays dans l'intérêt commun.

-Enfin ces pouvoirs, pour être réels, ne sont cependant **pas arbitraires** : ils sont répartis entre les organes; le Haut conseil scientifique garantit la nécessité et la pertinence des actions envisagées; le Tribunal s'oppose aux excès de pouvoir.

C'est dans le cadres des Nations Unies que les Etats promoteurs de la présente initiative envisagent la création de l'Organisation qu'ils proposent. Ils souhaitent la discussion la plus large et la plus ouverte qui soit possible afin que la convention qui, selon leur espoir, la couronnera soit à la mesure de son objet : la survie de la planète et des hommes qui en sont responsables tant à l'égard d'eux-mêmes que des générations futures.

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Prime Minister

This seems most extraordinary. There is no policy, no attempt to examine the scientific case, only a most elaborate institution. You will no doubt wish to get comments from the experts. But it does not look very promising.

Foreign and Commonwealth Office

London SW1A 2AH

18 November 1988

Dear Charles

Environment Initiative by President Mitterrand and M. Rocard

You wrote to Lyn Parker on 1 November about a telephone conversation between the Prime Minister and M. Rocard concerning a French initiative for a new international environmental organisation.

On 15 November M. Rocard asked Ewen Fergusson to call on him "very privately". M. Rocard briefed the Ambassador on the telephone conversation, clearly assuming that he knew nothing about it. His account was substantially the same as yours. He said that the exercise was strictly personal diplomacy on his part with the full endorsement of M. Mitterrand. His choice of Presidents/Prime Ministers to contact had been made in a somewhat accidental way, somtimes the result of fortuitous meetings. Fourteen Heads of State and Government had firmly committed themselves to participating. They were FRG - Chancellor Kohl; Spain - Felipe Gonzalez; Netherlands - Lubbers; Norway - Mrs Brundtland; Sweden - Carlsson; Senegal - Diouf; Tunisia - Ben Ali; Egypt - Mubarak; Jordan - King Hussein; India - Rajiv Gandhi; Australia - Hawke; New Zealand - Lange; Brazil - Sarney (with France). He had the impression that the Japanese Prime Minister might also come on board. The United Nations Secretary-General had given his general support and had accepted willingly that any institutions might be set up outside the UN but that some kind of UN umbrella or link. There might, for instance, need to be ultimate recourse to the International Court of Justice.

M. Rocard handed the Ambassador the attached letter to the Prime Minister together with the main document and the summary, as well as an (unathenticated) English translation.

M. Rocard said that although the proposal had a French origin, he wanted to establish as broad a base as possible. The three main enthusiasts were Chancellor Kohl, Felipe Gonzalez and Mr Lubbers. The last had said that, assuming that the document, as finally established, was authenticated by the signatures of the fourteen or more potential signatories, he would be ready to issue the document and in any case offer the holding of a meeting in The Hague, possibly as early as January. M. Rocard hoped that when the Prime Minister had had the chance to study the papers, she might be able to offer positive British support.

/M. Rocard

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M. Rocard said that he had not wanted to approach the United States during the electoral period. It was impossible to know whom to approach in China. He had spoken to the Soviet Ambassador in Paris and the French proposals would be put formally to Mr Gorbachev during M. Mitterrand's visit on 25/26 November. The Russians would not however be asked to sign the document. He had not consulted the Canadians because of the tricky situation over Franco-Canadian relations on fishing, and he had not consulted the Belgians or the Italians because of their governmental instability and the need not to "over-Europeanise" the initiative.

Sir Ewen Fergusson's judgement is that M. Rocard has hardly consulted his own administration on this project and that the papers had been handed over on the basis that they were personally for the Prime Minister. M. Rocard would be looking for a direct and early personal reaction from the Prime Minister. The Ambassador thinks it quite likely that President Mitterrand might mention the proposal at Mont Saint Michel on 30 November.

Despite the conspiratorial fashion in which the French are conducting this exercise, we assume that you will wish to have advice from the Department of the Environment and ourselves. I am therefore copying this letter to the recipients of yours. I should be grateful, however, if all would observe the caveat that no-one should reveal knowledge of all this to the French.

Yours ever

Robert

(R N Peirce)
Private Secretary

C D Powell Esq
Private Secretary
10 Downing Street

FRANCE

Relations pr 4

M E M O R A N D U M

The purpose of this paper is to present a broad outline of the convention project. The organisation to be created is referred to provisionally herein as the Institution.

I - WHY AN INSTITUTION

Bearing in mind what is said of the efforts of various international organisations to protect the environment, why should it be necessary to create a new institution whose efforts might simply duplicate those of others and disperse means and resources ?

The reason is twofold :

1.- The intended Institution would not handle environmental problems in general, but only those related to the biosphere on a worldwide scale : chemical composition, ozone layer, the greenhouse effect. Limitations of sovereignty would not be of a general nature.

2.- The Institution must provide for the swift implementation of means of action which would otherwise be difficult or at least slow to get under way :

- regulations ;

- the power to inform and if need be to inspect ;

- setting up a permanent Scientific High Committee ;

- funding compensation to make up for the sacrifices made by certain countries (particularly developing countries) for the benefit of mankind ;

- a general legal system which both guarantees member States against abuse of authority by the Institution and guarantees that member States comply with the decisions of the Institution.

.../...

II - GENERAL IDEA FOR THE INSTITUTION

1.- A name has to be found for the Institution. The name should be meaningful in both English and French, e.g. : GLOBE - AZURE - or initials which are significant, read well and strike the right note both in English and in French.

2.- A choice must obviously be made between two types of institution (or some form of mixture of the two) :

- a purely intergovernmental type of body, highly respectful of sovereignties, with decisions being reached in principle on a unanimous basis ;

- a much more "integrated" institution originating in the member States of course, but standing alone, with its own High Authority ruling on a majority basis and having powers of its own, with a Scientific High Council acting as a real "public prosecutor" in the struggle for survival. The Institution would be empowered to draw up regulations, inform, inspect, sanction, and so on.

This second solution seems preferable, at least in terms of the initial proposal to be made, for various reasons.

If the Institution is merely a sort of permanent intergovernmental conference, it seems unlikely that it would be any more effective than the existing system.

In an integrated organisation - particularly if sufficient room is made for the developing countries - wounds to national sovereignty resulting from sacrifices by certain countries may be soothed by the prospect of financial or economic aid.

It is easier to achieve ambitious goals by setting one's sights high initially and compromising when necessary than by setting one's sights low from the outset.

.../...

Finally, an audacious project could give rise to a staggered start, with the hard core of highly motivated countries accepting to take the lead initially (see pp. 11 and 12).

III - THE ORGANS OF POWER

The main difficulty that arises in the power structure of the Institution lies in the fact that :

- many member States would be expected to participate (which means that it would be impossible for everybody to be represented at every level of the Institution, unlike in smaller communities like the E.E.C.) ;

- the participants would be a heterogeneous group in terms of both geographical diversity and economic development levels ;

- the Institution would have to be quite "technocratic" given the nature of the problems to be solved, but it would also have to be "political" in view of the effects its decisions could have on economies and development policies.

These characteristics lead us to envisage an Institution made up of bodies with marked individual features, the overall effect of which is nevertheless to balance out the contradictory considerations outlined above.

The Institution would comprise four bodies :

- the Council of States

- the Scientific High Council

- the High Authority

- the Court.

.../...

A) THE COUNCIL OF STATES

It is made up of representatives of each member State on an equal footing. In view of the purpose of the Institution, any weighting of the votes was rejected because they could only be weighted on the basis of arbitrary criteria such as population or area, or of criteria likely to generate discord, such as GDP or contribution to the budget of the Institution. However, in order to avoid the drawbacks of decision-making by too large an assembly in which "automatic" majorities might build up, the powers of this Council and the exercise thereof are somewhat restricted, as follows :

- It is the primary organ of the Institution, the other organs being elected by it, allowing where necessary for regional interests to cushion the possibly brutal effects of a simple majority voting system.

- It is competent to take certain basic decisions : acceptance and rejection of membership, budget, five-year plans, and so on.

- In view of the substantial powers invested in the High Authority (which is far more than a mere executive body), it has a certain power to veto the decisions thereof.

B) THE SCIENTIFIC HIGH COUNCIL

The general idea is to make the Scientific High Council a prestigious, independent body. It must be a sort of "public prosecutor" or "ombudsman".

Its members shall be recruited on the strength of proposals submitted by qualified groups or persons (Nobel Prize panel, specialised institutions) and appointed by the Council of States.

.../...

The role of the High Council is a multiple one :

- First of all it is a scientific centre, centralising scientific knowledge and helping it to progress through the services it provides.

- It is a permanent surveillance and alarm service which applies to the High Authority to have inspections carried out or injunctions issued.

- At the technical and scientific level it is responsible for drawing up regulations or acts as in an advisory capacity in the drawing up of such regulations. In certain cases, the High Authority can only act with its approval. The High Council may appeal decisions of the High Authority before the Council of States and, in certain cases, take matters to the Court.

C) THE HIGH AUTHORITY

The High Authority, which is the keystone to the whole structure, is made up of members appointed by the Council of States but who act independently, not as representatives of their States. It must comprise enough members (depending on the number of member States) to provide fair representation for all the geographic, economic, cultural and political interests involved, but be small enough to be effective. Its membership could be fixed at 1/4 or 1/3 the number of member States (for example 15 members for fifty member States).

Although the High Authority is appointed by and answerable to the Council of States and responsible for implementing certain of its decisions, it is nevertheless invested with major powers of its own.

.../...

In general terms, the High Authority has the following powers :

- the power to inform and if necessary to inspect, on its own initiative or at the request of the Council of States, the Scientific High Council, the Court, the member States or certain organisations ;

- normative powers which it exercises in various ways (regulations, directives, recommendations) ;

- powers of injunction and possibly of sanction ;

- financial powers (compensation and assistance) ;

- the power to negotiate with international organisations and non-member States ;

- the power to act : intervention in the event of a disaster.

The treaty must define these rather complex powers very accurately :

- first of all, the High Authority rules on the basis of an absolute majority of its members, certain special cases requiring a reinforced majority ;

- furthermore, certain of its decisions may be blocked by veto (on a qualified majority basis) in the Council of States ; others require the approval of the Scientific High Council ;

- all the decisions of the High Authority may be submitted to the Court for a decision regarding their legality.

.../...

D) THE INTERNATIONAL COURT

Because of the specific nature of the Institution, it would seem more expedient to endow it with a jurisdiction of its own rather than refer litigation to the International Court of Justice.

The Court's members (11 for example) are specialists in international environmental law, elected by the Council of States. When the nature of the case being heard so requires, a number of members of the Scientific High Council (4, say) could be asked to sit in.

In general terms, its job is to interpret and enforce the Treaty.

In this respect, it may be asked to rule on decisions taken by other organs of the Institution.

It may use its powers of injunction to make member States fulfil their commitments (suspension of projects, conservation measures, prohibition).

IV - FUNDING

The Institution would operate on an annual budget drawn up by the High Authority and passed by the Council of States.

Its resources are made up in the main of contributions from member States.

Additional sources of funds may also be envisaged, however :

.../...

- voluntary contributions from States, corporations and private individuals ;

- a tax on firms which are a strain on the environment even though they operate within the law ;

- fines on firms which break the law.

The budget must cover the Institution's operating costs, as well as the upkeep of certain funds (scientific investment fund, special effort compensation fund, rescue and assistance fund).

The "philosophy" behind the budget must reflect strong commitment to the idea that protecting the biosphere, which has already been largely exploited by the industrialised countries, means that the developing countries must make sacrifices to avoid aggravating the situation, and that they will have to receive compensation for these sacrifices.

V - STATE SOVEREIGNTY AND POWERS OF THE INSTITUTION

This project seems at first sight to grant sweeping powers to an international organisation which threaten national sovereignties all the more in that its decisions do not require a unanimous vote and that not all States are represented on three of its major component bodies (the High Authority, the Scientific High Council and the Court). In a way, the impression is one of greater integration than in the E.E.C. prior to 1993.

We must therefore consider to what extent this impression is really accurate. Careful consideration of the question leads to the conclusion that although national sovereignty is encroached upon to a certain extent, the harm is less extensive than it would seem at first glance.

.../...

1.- The organs making up the Institution have considerable powers, individually or collectively, with regard to member States :

- regulatory powers of different types : recommendations, directives (which set objectives but leave it up to individual States to decide how to go about achieving them), regulations (of a compulsory nature) ;

- powers of surveillance and investigation : at any time the Institution is entitled to request and receive any information it may require ; it may send a team to investigate ;

- power of injunction : the Institution may order the provisional suspension of a public or private activity, a permanent ban or certain corrective measures ;

- power of sanction : this power may be used against firms (fines) as well as against States (ban on the purchase of certain "harmful" substances, for example). It goes without saying that the Institution has no physical means of coercion and cannot impose economic sanctions of a "general" nature ;

- fiscal power : the Institution may levy taxes on certain firms.

2.- These powers must be carefully measured, however :

- first of all, the scope of the Institution is limited and does not cover economic and financial life in general, which rules out any comparison with the E.E.C. ;

.../...

- secondly, the Institution's criteria for action are much more precise than those of a community with a more general vocation ; they are objectively tangible and it is the main role of the Scientific High Council to curb any temptation for the Institution to abuse its power ;

- finally, various rules relating to the distribution of power mean that the majority rule will only be used in rare cases and that the Institution will operate only in a climate of consensus.

Indeed, the very fact that power is shared amongst the four constituent organs is in itself a limitation of power.

The fact that geographical, economic and possibly political differences are taken into account in determining the membership of the High Authority should have a moderating influence.

VI - THE DECLARATION OF THE DUTIES OF STATES

1.- Bearing in mind the action and work of various organisations, declarations, resolutions, conventions, a body of rules currently in force or under negotiation already exists regarding the duties of States in protecting the biosphere. It would be an easy matter to collate and complete this existing material and shape it into a General Declaration. A text of this nature is included as a foreword to the draft Convention.

2.- The problem is how to use this Declaration. It could be included in a draft treaty as a foreword, as is the case here.

But it could also be the vanguard, the moving force behind efforts leading up to a Treaty.

.../...

The initiative would consist in drawing up a Declaration and inviting States to accede to it as to a Charter for the Preservation of Life.

To this invitation would be added the suggestion that those States wishing to go further should join forces in building the Institution (Treaty proper).

This approach, although highly dynamic, requires further thought, for the mere fact of the Declaration would constitute a political and moral, if not legal obligation for participant States to respect the terms thereof on the strength of a unilateral commitment, with no counterpart commitment from States which remain alien to the process.

3.- The Declaration could therefore be a way to set the whole machine in motion.

But if this start-up were to prove too difficult or too remote in time, we could seek the second stage of the rocket in the Scientific High Council, which would not in principle impinge upon the sovereignty of States and could therefore be set up as an instrument at the service of the Declaration.

CCA

EAP ov.

CDP 18/xi

Head of Chancery

cc: Minister (o/r)
C(F&C)
C(T)
C(A&E)

LUNCH WITH THE DIRECTEUR DE CABINET : 14 NOVEMBER 1988

Atmospherics

1. Monsieur Jacques Attali gave me lunch today at the Ritz Hotel. He arrived a quarter of an hour late and it took him sometime to calm down. Before we parted he revealed the reason: the President has a regular Monday morning foursome of golf at one of the private links in the Paris region. M. Attali is a permanent participant, the others being André Rousselet and a doctor who plays off scratch. M. Attali himself has a generous handicap. I did not discover what was the President's. I had commented that, to my untutored eye, the President had tremendous dignity, rivalled only by that of Haile Selassie. M. Attali commented that I would not say so if I had seen him play golf.

2. As an instance of the way in which the President keeps his eye on everything M. Attali said that the President had just noticed my name on a proposal (from M. de Grossouvre) that I should be invited to a Presidential wild boar shoot at Chambord. After confirmation of the agreement to announce the Mont Saint Michel meeting at 1100 on 18 November I said that Mr Powell had agreed that it made no sense for me to travel to Mont Saint Michel. M. Attali concurred. When I commented that it was very difficult for an Ambassador to judge the President's personality at first hand M. Attali said that it was an absolute rule that Ambassadors did not have private appointments with the President. There had been an occasional breakfast meeting eg with the US Ambassador, but that did not break the rule. Ambassadors normally did not get access to any restricted meetings with the President's high level visitors.

The Royal Visit

3. I took the opportunity to thank M. Attali for the President's welcome to the Prince of Wales, Marigny, Elysée banquet, personal conversations, admirable organisation and so on. M. Attali said that the President had taken a real interest in the personality and views of Prince Charles. He had thought it important to give public exposure to the Anglo-French relationship at this present juncture.

Bilateral relations

4. The message that followed on powerfully from this was the genera one that Britian and France shared many and important interests in common. It was not healthy that European affairs should be based to such a preponderant extent on the Franco-German relationship. There had been sixty meetings between Mitterrand and Kohl. The meetings

/between

between Mitterrand and Mrs Thatcher were conspicuous by their infrequency. He personally had far more frequent telephonic and personal contact with Teltschik in the Chancellor's office than he had with Charles Powell, although he knew from experience how effective bilateral or trilateral contact at that level could be. He was sure that M. Dumas had far more frequent contact with Herr Genscher than he had with Sir Geoffrey Howe, often on the telephone. He recognised that there were bilateral contacts at official level but they were insufficient. At a time when there was a risk of serious disagreement between France and Britain with the UK allowing itself by default to be left out of a number of important European developments, he thought it most important to try and find a way of thickening and raising the quality of our bilateral exchanges. There was certainly no hesitation on President Mitterrand's part. He had a high regard for Mrs Thatcher, her performance, her skill as a politician and her intellect. Nevertheless it was felt at the Elysée that Britain did not show adequate interest in working at the relationship with France. Given the number of difficult specific issues which could cause major tension between us over the next year, he expressed the personal view that, were similar problems to be facing the French vis-à-vis the FRG, a special high level task force would long ere now have been appointed to try to reconcile the differences. I tried to draw him out on how that would fit with our respective situations and personalities but he went no further.

5. I referred to the number of recent and forthcoming bilateral and multilateral Anglo-French contacts between now and the Anglo-French Summit, including the prospect that M. Rocard might go to London in early February (M. Attali warmly welcomed that) and emphasised our willingness to work constructively to reconcile our differences and to find common ground.

Community matters

6. Predictably M. Attali picked out the following as the most serious potential problems between us on which major progress in the EC as a whole could be expected during 1989, particularly during the French Presidency:-

(a) the liberalisation of capital movements;

(b) the harmonisation of VAT;

(c) monetary cooperation and in particular the creation of a European Central Bank.

Recent Franco-German contacts showed willingness on the German side to take account of French concerns. If the UK was not ready to move forward next year, then regrettably the train would go on without us.

7. I challenged this view of a Britain isolated on these financial/economic issues. It seemed to me that on liberalisation the French had made a commitment from which they could not escape. We had liberalised our capital movements in 1979. It was now a French, not a British, problem. M. Attali alleged that the FRG were on board with Italy, Spain, Belgium and the Netherlands; they would all be ready to accept some kind of with-holding tax. He pooh-poohed my point that a European tax regime would merely send deposits outside the Community. I also said that on tax harmonisation it was surely the French, too, who had a problem. They were the odd man out, not least so far as the balance between direct and indirect taxes were concerned. M. Attali saw this as a problem for the longer term. Third, I suggested that the Bundesbank problem was far from being resolved. M. Attali referred to the recent remarks by Herr Poehl's deputy. The Germans would be ready to make significant moves in the interests of European monetary cooperation. I said that we recognised the importance of the subject. We saw the timetable for negotiation as falling within the period of the French Presidency after the Delors Committee had reported. We were already prepared to take useful practical steps (like the recent ECU denominated bond issue). We were ready to work closely together, as could be seen from Lankester's recent visit to Paris. We did not have any serious discussion about the underlying intellectual arguments about the implications of economic and monetary union. Nor did we discuss the sterling/snake issue in detail though I referred to the problem of the current British inflation rate. Overall, however, the message was clear: «We have fixed the Germans and they are on our side».

8. M. Attali said that the President would certainly wish to touch on these issues on 30 November.

Other economic issues : debt

9. I said that the Prime Minister would not want to discuss M. Mitterrand's proposals on medium term debt until financial experts had analysed the French ideas in detail. I knew however that we were worried about the transfer of risk from commercial banks to creditor governments and about any new allocation of SDRs. M. Attali thought that the transfer risk was a small one and the need for greater liquidity genuine. He hoped, despite what I had said, that the Prime Minister might be able to indicate some reaction to his paper, which had been distributed in the Sherpas' framework.

Audiovisual

10. M. Attali confirmed that the President would wish to raise the Audiovisual Eureka. I said that we were waiting for the French ideas, mentioned at Hanover and by Mme Cresson, to be spelt out in greater detail. We supported Eureka activity on high definition TV, as at Brighton. We were interested in other ideas too. I asked whether M. Attali was aware that 80% of British TV programmes were already produced in Europe. His surprise and scepticism confirmed me in my view that the French do not really think of programmes

/produced

produced in the UK in English as qualifying for a European label. I should like to send M. Attali a short note confirming the figure and what it covers. He told me that what the French have in mind is a very light structure, perhaps one senior official per Member State, aimed at facilitating industrial collaboration, mergers and so on, in the production and dissemination of programmes. Some financing would be involved and he referred to the parallel of the European Investment Bank (though he did not spell out what that might imply). He commented that Robert Maxwell was a personal friend.

East-West strategic and defence issues

11. We agreed that the President and Prime Minister would want to have a wide ranging exchange in the aftermath of their respective visits to Moscow and Washington. M. Attali commented that it was particularly important to collaborate on the major strategic issues since M. Mitterrand and Mrs Thatcher, as the European Statesmen with experience of the past and stable political futures had a major role to play in briefing and steering the new President in the right direction (this point also came out of the discussion about meetings/practical collaboration at all levels).

12. I said that the Prime Minister placed considerable weight on getting the SNF modernisation decision through in 1989, if at all possible, though we recognised the need for sensitive handling, notably vis-à-vis theFRG. We were opposed to any organic link between SNF and conventional force reductions since that would only be an unrequited gift to the Soviet Union. We feared that if the FOTL decision was deferred till after 1989 it would become more not less difficult to take. The French might say that they had no direct role, because of the theological differences between us and the French on flexible response but we nonetheless looked to them for benevolent neutrality, if they could not actively support a 1989 decision. M. Attali said firmly that the French were not involving themselves in the issue at all.

13. I referred to the President's IHEDN speech and to my letter to M. Bianco. M. Attali seemed surprised that we had even learned about the President's remarks. I referred to the English speaking press reports immediately after the speech and said categorically that French suggestions, from whatever quarter, that the British deterrent might be less than wholly indpendent, created an unhelpful background for the consistent efforts which we were making to enhance our bilateral defence collaboration. Referring to President Mitterrand's October 1987 message, I then went through the main nuclear issues - warheads, targetting, water space management and ASMP etc explaining where and why we could and could not collaborate. M. Attali confirmed his general understanding of what was going on and did not try to suggest that anything significan was lacking. He did not suggest that defence collaboration would necessarily be raised by the President at Mont Saint Michel.

/14.

14. I then tackled M. Attali about the volte face by the French in Vienna and at the Quint meeting in Bonn. I referred to the Reykjavik compromise on which the work of the last two years and more had been based and to the efforts which we had made, eg over ATTU, to help the French. The latest French action was disruptive both in terms of European/US relations and, even more seriously, in terms of the prospects for a coherent alliance position at the NATO Council meeting on 8/9 December. We had the chance of presenting the Warsaw Pact with a sensible and coordinated Western stance. The French action risked throwing that chance away. M. Attali confirmed that it had been Herr Genscher's remarks at the Franco-German Summit which had drawn the President's attention to the bloc-to-bloc implications of current work on the CST. It was impossible for the Elysée staff to keep its eye on the detail of every single negotiation. The fact was, however, that those responsible had acted in violation of long-standing instructions. All that was happening now was a reassertion of standard French policy. I expressed scepticism, given the time which had elapsed since June 1986, and I reaffirmed the potentially damaging consequences of current French actions. Incidentally, I got no hint that the French line owes anything to current short term political considerations. M. Attali thought that we could certainly expect the President to mention his views at Mont Saint Michel.

Economic Summit

15. M. Attali said that there seemd to be some misunderstanding «in British circles» (eg Reuter) about what was planned. He confirmed what he had told the Sherpas about the arrangements for the 7 Nation Summit ie starting on the afternoon of 14 July through to p.m. on 16 July. Those meetings would definitely take place in the Arch of the Défense. The ceremonies/celebratory commemoration of the bicentennial would take place on 13 and the morning of 14 July, including the traditional march past, ending with a ceremonial lunch. The President would also invite the seven Heads of State and Government to this first part, as well as numerous other Heads of State and Government (eg from the third world). This would be a major opportunity for the world's leaders to meet. The President very much hoped that Mrs Thatcher would be present for the first part but, unlike the commitment to the 7 Nation Summit itself, it could not be called mandatory.

Residual issues

16. We did not talk about social Europe, merger controls, GATT, regional problems or the Moscow Human Rights Conference.

Jean Monnet

17. I took the bull by the horns and said that I had been sorry to see some hints in the press of French disappointment at the level of our representation at the ceremonies. As the President would know from the Prime Minister's letter, she and the Foreign Secretary were fully taken up with the State Visit by the President of Senegal. We had given very careful thought to the invitation to the Prince of

/Wales

Wales but had concluded that, in a gathering of present and past practising European politicians, he would not have been an appropriate choice. On the other hand we had been at particular pains to ensure that he could announce the Jean Monnet scholarships. I handed over a copy of our press release with an annotation showing the sum to be provided annually. M. Attali made no attempt to press the question of representation.

18. A final snippet. M. Attali seemed interested in the size of our Embassy diplomatic staff and strongly in favour of the practice whereby commercial work is integrated within the Embassy and under the Foreign and Commonwealth Secretary (this in contrast to French practice and the role of the DREE). He asked about the number of «diplomats» in the Embassy. I should like to send him a short letter indicating the number and role of our diplomatic staff, perhaps showing Whitehall department of origin. I <u>think</u> that his interest was not malign but reflected his known views on the effectiveness of British interdepartmental coordination, at home and abroad.

19. We should discuss how best to respond to this.

EF.

Ewen Fergusson

15 November 1988

cc: P J Goulden Esq, AUSS
J O Kerr Esq, AUSS
D J E Ratford Esq, AUSS

C D Powell Esq,
Prime Minister's Office

RESTRICTED FILE

SUBJECT
cc MASTER

cc RC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

1 November 1988

Dear Lyn,

PRIME MINISTER'S TELEPHONE CONVERSATION WITH M. ROCARD

M. Rocard telephoned the Prime Minister this morning and they had a brief talk. The issue was, as you predicted, the proposed creation of a new international/environmental organisation.

M. Rocard said that he and President Mitterrand had developed a proposal which they were keen to see the Prime Minister join in supporting. Next year would be the 200th anniversary of the Declaration of Human Rights which marked the beginning of the French Revolution. He and the President believed that a new human right should be created to mark that anniversary, the right to a safe environment. Before launching such a proposal, he hoped to obtain the support of 12 or 15 heads of government who would be co-signatories of a letter. That letter would propose the creation of a world organisation for the environment which would act as a regulatory authority. If the Prime Minister supported the principle, he would be ready to send her various preparatory documents. He had already talked to a number of colleagues including Chancellor Kohl, Mr. Gandhi, President Sarney and Mrs. Bruntland and they had indicated their agreement. He would be interested to hear the Prime Minister's reaction.

The Prime Minister said that several points immediately occurred to her. First of all, you could not have a human right to a safe environment since there were many threats to the environment which were beyond the powers of any human agency to control, for instance typhoons. It would be better not to try to create a specious link between practical proposals on the environment and human rights. The Prime Minister continued that there were two aspects to environmental problems. First there were the global problems such as the greenhouse effect and damage to the ozone layer. There was mounting international concern about them. Secondly there were more local or regional problems such as pollution in the North Sea, and of rivers, and acid rain. There were already a number of international conventions for dealing with most of these problems and they were regularly discussed at the United Nations and in the European Community. She would not wish needlessly to cut

across existing work. Indeed she was rather surprised that M. Rocard had not mentioned a role for the United Nations. Finally, she was very hesitant about the idea of an international agency with executive powers. However, she would be grateful if M. Rocard could send her the papers which he had prepared so that she could reach a more informed judgement on his proposal.

M. Rocard said that his proposal was intended to deal only with global problems of the atmosphere and perhaps the ocean rather than the second category of environmental issues mentioned by the Prime Minister. He had no wish to cut across existing international work on these issues, nor to exclude the United Nations. In confidence he could say Chancellor Kohl had raised objections to involving the United Nations but he would see him at the Franco-German Summit tomorrow and try to argue him out of these. However, the concept of an organisation with executive powers was at the very heart of his proposals: they would not mean much without it. He would, as the Prime Minister requested, send her the papers.

As you will see, the Prime Minister was careful not to reject the proposal out of hand while raising the obvious difficulties which it presents. The timing of M. Rocard's call presumably means that the French intend to go public with the proposal at the Franco-German Summit tomorrow. The Prime Minister has commented that this development makes it all the more important that we should move ahead very quickly with our own proposed initiative.

I am copying this letter to Roger Bright (Department of the Environment), Alex Allan (HM Treasury) and Trevor Woolley (Cabinet Office).

Yours ever,

(C.D. POWELL)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

CCPT
CC Blue

RESTRICTED

Foreign and Commonwealth Office

London SW1A 2AH

1 November 1988

Dear Charles,

Prime Minister's Telephone Conversation with M. Rocard: 2 November

Thank you for your letter of 27 October about M Rocard's attempt to telephone the Prime Minister. Because of the public holiday in France our Embassy in Paris have so far been unable to shed any light on the subject he wants to raise. They will try again tomorrow morning.

We consider it unlikely that M Rocard would wish to raise issues in which the President takes a close personal interest, such as defence, foreign affairs or European Community subjects. It is more likely that he wishes to suggest a meeting with the Prime Minister, or to mention a personal initiative of some sort.

M Rocard accepted in principle an invitation to deliver a Jean Monnet commemorative lecture at Chatham House. He will hope to call on the Prime Minister then. At present February looks a better bet to us than January. If M Rocard raises this, the Prime Minister might therefore steer him towards dates in early February. I shall be writing separately in greater detail.

The Prime Minister has agreed to travel to France on 30 November for a meeting with President Mitterrand (venue is yet to be proposed). It is just possible that M Rocard may wish to suggest that he also see the Prime Minister on this occasion.

As for personal initiatives, M Rocard recently proposed creation of a new international environmental organisation. When in Paris tomorrow, the Foreign Secretary hopes to discover more about French intentions. If M Rocard seeks the Prime Minister's support for this initiative, we recommend that the Prime Minister take a cautious line: that she would welcome full details of the proposal to which she will give careful thought; that she hopes M Rocard will give her time to reflect before making news of his approach public; and to question whether a new institution is really needed.

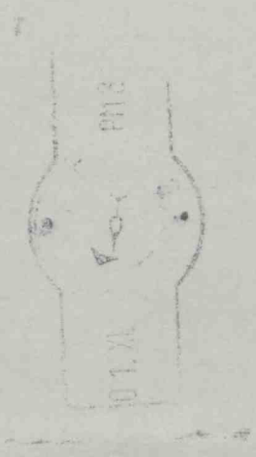
/Other

Other subjects to which the Prime Minister might refer are the major visit to France on 7-11 November by the Prince and Princess of Wales; the 9 November Jean Monnet Commemoration in Paris to which she and The Queen were invited (the Home Secretary will represent); and the 27 February Summit.

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street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PRIME MINISTER

FRENCH PRIME MINISTER

Monsieur Rocard remains adamant that he wants to telephone you, but it is not particularly urgent. We have settled tentatively on next Wednesday morning at 1000, i.e., a few hours before you leave for Poland. I hope this is all right.

CDP

CDP

27 October, 1988.

RESTRICTED

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

27 October, 1988.

FRENCH PRIME MINISTER

Monsieur Rocard tried to telephone the Prime Minister today, but it was impossible to find a time convenient to both of them. The same applies to tomorrow. We have tentatively agreed on 1000 next Wednesday, 2 November. His office do not seem to know what the subject is. I would be interested in anything which our Embassy can find out.

(C.D. Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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MIPT (NOT TO ALL): MY CALL ON THE FRENCH PRIME MINISTER: EUROPEAN DEFENCE

SUMMARY

1. EUROPEAN DEFENCE THE MAIN SUBJECT COVERED. ROCARD RECOGNISES THE INDEPENDENCE OF THE UK NUCLEAR DETERRENT AND UK'S GOOD FAITH IN PURSUING FRANCO-BRITISH COOPERATION. HE SEES UNOBTRUSIVE FRANCO-BRITISH NUCLEAR COLLABORATION AS A CONDITION FOR EUROPEAN CONVENTIONAL ARMS REDUCTION WHICH HE REGARDS AS ESSENTIAL WITH FRANCE PLAYING A LEADING ROLE.

DETAIL

2. ROCARD RAISED THE SUBJECT OF EUROPEAN DEFENCE. HE SAID THERE WERE ONLY TWO REALLY IMPORTANT QUESTIONS IN EUROPE: ONE WAS THE QUESTION OF A COMMON CURRENCY (WHICH WE DID NOT DISCUSS AT ALL), THE OTHER DEFENCE. I SAID THAT THERE SEEMED TO BE SOME MISCONCEPTION IN FRANCE ABOUT BRITAIN'S DEFENCE STRATEGY AND ITS RELATION TO FRANCE AND THE REST OF EUROPE. IT WAS IMPORTANT, ON THE FRENCH SIDE, TO BE AWARE OF UK SENSITIVITIES. IT WAS UNHELPFUL, FOR INSTANCE, IF FRENCH SPOKESMEN SUGGESTED THAT THE UK NUCLEAR DETERRENT WAS NOT GENUINELY INDEPENDENT. IT WAS, AND WAS KNOWN TO BE. THERE WAS CLOSE PRACTICAL COLLABORATION BETWEEN BRITAIN AND FRANCE ACROSS A WIDE RANGE OF DEFENCE ISSUES. WE WERE SENSITIVE TO FRENCH SUSCEPTIBILITIES AND WERE THEREFORE CAUTIOUS ABOUT DRAWING TOO MUCH PUBLIC ATTENTION TO IT. THIS COLLABORATION, AS THE PRIME MINISTER WOULD KNOW, HAD NUCLEAR ASPECTS, SOME OF WHICH I CITED. SOME AREAS OF POTENTIAL COLLABORATION, SUCH AS THE JOINT DEVELOPMENT OF THE NEXT STAGE OF ASMP, WERE DIFFICULT BUT FOR TECHNICAL AND FINANCIAL, RATHER THAN POLITICAL REASONS. THERE WAS NO LACK OF WILL ON OUR PART TO WORK FOR FURTHER PRACTICAL MEASURES OF ANGLO-FRENCH COLLABORATION.

3. THE PRIME MINISTER SAID HE AGREED. HE FULLY ACCEPTED THAT THE UK NUCLEAR DETERRENT WAS INDEPENDENT AND THAT WE HAD MADE A REAL CONTRIBUTION TO ANGLO-FRENCH COLLABORATION IN THE DEFENCE FIELD. HE WENT ON TO SKETCH OUT RAPIDLY HIS APPROACH TO EUROPEAN DEFENCE.

THREE FACTORS LAY BEHIND HIS THINKING:-

(I) THERE WAS A REAL RISK THAT GORBACHEV'S VARIOUS DEFENCE PROPOSALS WOULD BEGUILE THOSE EUROPEAN COUNTRIES WHICH DID NOT POSSESS NUCLEAR WEAPONS BUT WERE TROUBLED BY STRONG PACIFIST MOVEMENTS. THIS WAS DANGEROUS AND COULD DIVIDE EUROPE:

(II) THE INF AGREEMENT AND THE PROSPECT OF A STRATEGIC ARMS REDUCTION AGREEMENT MADE IT ESSENTIAL TO MOVE SPEEDILY TO DISCUSS CONVENTIONAL ARMS REDUCTIONS IN EUROPE:

(III) THE COUNTRIES MOST IMPLICATED IN SUCH DISCUSSIONS WOULD BE THOSE WITH LARGE CONSCRIPT ARMIES ON THE EUROPEAN CONTINENT. (WHEN ROCARD REMARKED THAT THE UK AS AN ISLAND WAS LESS CONCERNED, I REMINDED HIM OF THE SIXTY THOUSAND UK TROOPS STATIONED IN EUROPE).

4. ROCARD CONTINUED THAT FOR THESE REASONS AS WELL AS GEOGRAPHY ITSELF, FRANCE HAD A PRINCIPAL ROLE TO PLAY, AND HE KNEW THAT CHANCELLOR KOHL SHARED THIS VIEW. IT WAS IMPORTANT TO ACHIEVE A BREAKTHROUGH IN CONVENTIONAL ARMS NEGOTIATIONS WHICH WOULD-:

(I) ENSURE A COMMON EUROPEAN POSITION:

(II) SATISFY THE PACIFIST MOVEMENTS IN SOME COUNTRIES (BY DISTRACTING THEM FROM NUCLEAR MATTERS):

(III) CONVINCE NATIONAL CIVIL AND MILITARY LEADERS OF THE NEED FOR CONVENTIONAL ARMS REDUCTIONS:

(IV) SATISFY THE WAVERERS AMONG CONTINENTAL EUROPEAN COUNTRIES.

5. HE ARGUED THAT AN UNSTATED ASSUMPTION BEHIND SUCH A PROCESS (WHICH THERE WAS NO TIME TO TRACE OUT IN DETAIL) WAS THAT THE CONFIDENCE OF THE NON-NUCLEAR CONTINENTAL EUROPEANS WOULD BE PRESERVED BY THEIR UNDERSTANDING THAT THEY REMAINED PROTECTED BY A EUROPEAN-BASED NUCLEAR DETERRENT CAPABILITY AND THAT FRANCE AND BRIAIN WORKING TOGETHER WERE CAPABLE OF PROVIDING IT FROM THEIR NATIONAL RESOURCES.

FERGUSSON

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YOUR TELNO 1005 : MY CALL ON THE FRENCH PRIME MINISTER

SUMMARY

1. EUROPEAN DEFENCE THE MAIN SUBJECT COVERED (SEE MIFT, NOT TO ALL). 1992, NISSAN, MONTREAL (BELOW) AND OUR INVITATION TO ROCARD TO GIVE A JEAN MONNET MEMORIAL LECTURE (SEPARATE TELEGRAM) ALSO COVERED.

DETAIL

2. THE PRIME MINISTER WAS UNDER HEAVY TIME PRESSURE BUT IT WAS DIFFICULT TO DRAG HIM AWAY FROM DISCUSSION ABOUT THE ROYAL VISIT TO FOCUS ON SUBSTANTIVE ISSUES. HE WAS ACCOMPANIED BY PETIT HIS DIPLOMATIC COUNSELLOR) AND DOMINIQUE PERREAU (ADVISER ON EUROPEAN AFFAIRS). IN VIEW OF THE DOMESTIC POLITICAL DIFFICULTIES WHICH HE IS CURRENTLY FACING (MY TELNO 1027) HE WAS REMARKABLY GOOD TEMPERED.

1992

3. ROCARD REFERRED TO HIS CONVERSATION WITH THE PRIME MINISTER ON 10 JUNE WHEN HE HAD SAID THAT A CONFEDERATION OF EUROPE WOULD BE ACHIEVED IN 25 YEARS' TIME. HE WAS PREPARED TO CONCEDE THAT THIS MIGHT BE OPTIMISTIC - IT MIGHT TAKE FIFTY YEARS (EXCLAM) - BUT IT WAS INEVITABLE AND WOULD NOT WAIT UPON THE UK. I SAID THAT THERE WAS MUCH LOOSE RHETORIC ABOUT EUROPEAN-NESS: IT WAS IMPORTANT TO PAY ATTENTION TO WHAT MEMBER STATES ACTUALLY DID. THE UK HAD A GOOD RECORD, NOTABLY DURING ITS OWN PRESIDENCY, IN PUSHING FORWARD TOWARDS THE OPEN MARKET. ROCARD ACKNOWLEDGED OUR CONTRIBUTION. AGRICULTURE WAS DIFFICULT FOR FRANCE, FOR EXAMPLE. ANOTHER DIFFICULT AREA WAS TAX HARMONISATION. BUT THE DIFFICULTIES HERE WERE TECHNICAL AND WOULD BE RESOLVED.

NISSAN

4. I JUST HAD TIME TO RAISE THE QUESTION OF NISSAN IMPORTS TO EUROPE. I SAID THAT I HAD BEEN OVER THE GROUND WITH M. FAUROUX, THE MINISTER FOR INDUSTRY, BUT WISHED TO REGISTER WITH THE PRIME MINISTER THE GREAT POLITICAL IMPORTANCE WHICH WE ATTACHED TO THE ADMISSION OF THESE CARS INTO FRANCE. ROCARD REPLIED THAT FRANCE WAS A QUOTE GOOD EUROPEAN UNQUOTE AND WOULD ABIDE BY EUROPEAN RULING.

BUT THERE WAS A TECHNICAL DEFINITION TO BE AGREED. IN THE ITALIAN CASE, FIAT HAD EXAMINED THE CARS AND FOUND THAT 52 PERCENT OF THEIR COMPONENTS WERE JAPANESE. I SAID THAT WE WERE SATISFIED THAT THE PERCENTAGE REACHED WAS GENUINE. OUR OWN INTEREST LAY IN MAXIMISING LOCAL CONTENT.

ENVIRONMENTAL ISSUES

5. I HANDED OVER A COPY OF THE PRIME MINISTER'S ROYAL SOCIETY SPEECH. I SAID THAT FRANCE AND BRITAIN HAD A SHARED INTEREST TOWARDS ENVIRONMENTAL ISSUES: IN PARTICULAR WE HAD A COMMON APPROACH ON NUCLEAR MATTERS. ROCARD AGREED. THE PRESIDENT HAD DEFINED THE ENVIRONMENT AS ONE OF THE SEVEN PRIORITY AREAS OF HIS SEPTENNAT. HE SUGGESTED I MIGHT DISCUSS FURTHER WITH M. LALONDE, THE MINISTER RESPONSIBLE. ALTHOUGH M. LALONDE WAS ONLY A JUNIOR MINISTER HE WAS ATTACHED TO THE PRIME MINISTER AND CARRIED A SIGNIFICANT POLITICAL WEIGHT. I WILL ARRANGE TO CALL ON HIM IN DUE COURSE.

GATT MID TERM REVIEW

6. THERE WAS NO TIME TO RAISE THIS WITH THE PRIME MINISTER BUT I HAD A WORD WITH PERREAU ON THE WAY OUT. I SAID IT WAS IMPORTANT FOR THE UK AND FRANCE TO WORK TOGETHER IN THE MTM. THE BILATERAL ON 20 OCTOBER BETWEEN M. NALLET AND MR MACGREGOR SEEMED TO HAVE GONE WELL. I HOPED THAT FRANCE'S CONCERN WITH GLOBALITY WOULD NOT RESTRICT MOVEMENT IN SPECIFIC AREAS, NOTABLY AGRICULTURE. BUT THE EC NEEDED TO MOVE FORWARD IN RESPONSE TO RECENT US STEPS. PERREAU TOOK NOTE.

FERGUSSON

YYYY

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

7 June 1988

POSSIBLE VISIT BY FORMER PRESIDENT GISCARD D'ESTAING

Thank you for your letter of 6 June about M. Giscard's request to see the Prime Minister before Hanover. The Prime Minister has signed a letter to M. Giscard explaining that this simply is not possible. I enclose the letter and should be grateful if you could arrange for its delivery.

I am copying this letter to Alex Allan (H M Treasury).

C D POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office

10 DOWNING STREET

LONDON SW1A 2AA

THE PRIME MINISTER

7 June 1988

Dear Monsieur Giscard,

Thank you for your letter of 9 May, which I have just received.

I was very glad to have your account of the work being done by your Committee. Many of the issues you have been discussing, such as liberalisation of capital movements, development of the use of the private ecu, and closer co-operation on monetary policy between monetary authorities are under active discussion within the European Community, and I hope for further early progress on them. I am sure the work of your Committee will make an important contribution to the discussion.

It was good of you to suggest that we might meet to talk about these matters. Unfortunately my programme this month is very crowded, for I shall be out of the country at the Economic Summit in Toronto, and subsequently on a visit to Canada, for much of the mid-June period, and will have to leave for Hanover almost as soon as I get back.

With best wishes,

Warm regards.

Yours sincerely,

Margaret Thatcher

His Excellency Monsieur Valery Giscard d'Estaing, G.C.B.

10 DOWNING STREET

Prime Minister

M. Giscard has asked to tell you before the Hanover European Council to discuss financial cooperation. You simply cannot manage it – and anyway it is unlikely to be a productive discussion.

I hope you will agree to sign the attached letter. "Dear M. Giscard warm regards" CDP.

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

6 June 1988

Dear Charles

Possible Visit by Former President Giscard d'Estaing

In your letter of 2 May you said it would be difficult for the Prime Minister to see M. Giscard d'Estaing before the Hanover European Council. We have now received the enclosed letter from M. Giscard d'Estaing to the Prime Minister seeking a meeting. The letter implies (but does not explicitly state) that M. Giscard d'Estaing would like a meeting before Hanover. In discussion with our Embassy, Giscard's office have, however, made it absolutely clear that Giscard wants to meet the Prime Minister before Hanover.

As we discussed, and as our Embassy in Paris have already explained to M. Giscard d'Estaing's office, a meeting before the second round of the French elections on 12 June would not be appropriate. A meeting between then and the Hanover European Council is effectively ruled out because of the Prime Minister's other engagements. We therefore recommend that the Prime Minister should reply to M. Giscard d'Estaing explaining that she is unable to see him before the European Council. The letter need not say anything about a possible meeting after the European Council: we can wait to see if Giscard returns to the charge. I enclose a draft.

I am copying this letter to Alex Allan in the Treasury.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

Paris, le 9 Mai 1988

VALÉRY GISCARD D'ESTAING

Madame le Premier Ministre,

Le Comité pour l'Union Monétaire de l'Europe, coprésidé par l'ancien Chancelier Helmut SCHMIDT et moi-même, a établi un rapport : "Un programme pour l'action", résultant des travaux menés par le Comité depuis Décembre 1986, notamment au cours des cinq réunions plénières qu'il a tenues à Bruxelles (Décembre 1986), Bonn (Mars 1987), Bruxelles (Juin 1987), Rome (Novembre 1987) et Paris (Février 1988). Ce rapport marque l'accord de personnalités de nationalité et de formation différentes soucieuses de faire progresser de manière concrète la construction monétaire européenne.

Le programme pour l'action est fondé sur un petit nombre de propositions concrètes ; création d'une banque centrale européenne ; unification des circuits de l'Ecu public et de l'Ecu privé ; développement des opérations privées en monnaie européenne ; libération des mouvements de capitaux ; convergence des politiques économiques dans leur ensemble. Sa réalisation passe par l'engagement sans délai d'un double mouvement, l'un fondé sur des impulsions gouvernementales, l'autre résultant d'impulsions en provenance des marchés.

Il appartient au Conseil Européen de se saisir de ces questions et de donner une nouvelle impulsion à la construction monétaire européenne.

Aussi, le Chancelier SCHMIDT et moi-même avons transmis, dès le mois d'Avril, ce document au Chancelier KOHL, Président en exercice du Conseil Européen, et à M. DELORS, Président de la Commission des Communautés Européennes.

...

Il apparaît aujourd'hui que les questions de coopération monétaire européenne ont normalement vocation à figurer à l'ordre du jour du prochain Conseil Européen de Hanovre. Je vous prie en conséquence de bien vouloir trouver ci-joint un exemplaire du programme pour l'action du Comité pour l'Union Monétaire de l'Europe.

Compte tenu du poids du Royaume-Uni en Europe, du rôle de la place financière de Londres et du statut de la livre sterling, votre position personnelle sur cet ensemble de sujets revêt une très grande importance. Aussi, serais-je heureux d'avoir, de nouveau, l'occasion de m'en entretenir avec vous, de manière à vous faire part des réflexions conduites par notre Comité dans une perspective plus large de construction de l'Europe et d'affirmation de sa place dans le monde.

Je vous prie de croire, Madame le Premier Ministre, à l'expression de ma considération la plus distinguée,

Bien à elle de mon souvenir personnel le meilleur -

V. Giscard d'Estaing

Mrs Margaret THATCHER,
Premier Ministre du Royaume Uni

FOLLOWING IS AN INFORMAL TRANSLATION OF A LETTER TO THE PRIME MINISTER FROM M. GISCARD d'ESTAING DATED 9 MAY 1988

"The Committee for European Monetary Union, of which former Chancellor Helmut Schmidt and I are co-Chairmen, has just produced a report called "A programme for action". This is a result of the Committee's work since December 1986 and, in particular, of five plenary meetings held in Brussels (December 1986), Bonn (March 1987), Brussels (June 1987), Rome (November 1987) and Paris (February 1988). The report represents the agreed view of a number of eminent people of different nationalities and background. We are all anxious to see concrete progress towards European monetary construction.

Our action programme is based on a small number of concrete proposals: creation of a European Central Bank; joint circulation of the public and private ecu; greater use of European currency in private business transactions; liberalisation of capital movements; greater overall convergence of economic policy. For this to happen requires an immediate commitment to action on two fronts, one based on the initiative of governments, the other on market forces.

It must now fall to the European Council to discuss these issues and to give a fresh direction to European monetary construction.

With this in mind, in April Chancellor Schmidt and I sent our Committee's work to Chancellor Kohl as current President of the European Council and to M. Delors as President of the Commission.

CAHADE/1

These issues of monetary cooperation are expected to figure on the agenda of the next European Council in Hanover and I am therefore enclosing for you a copy of the action programme prepared by the Committee for European Monetary Union.

Given the influence of the United Kingdom in Europe, London's role as a financial centre and the status of the pound sterling, your own position on these issues is of great importance. I would therefore welcome, once again, the opportunity to talk to you about these issues so that I can tell you about the discussions in our committee and set them in the wider perspective of the development of Europe and the strengthening of Europe's role in the world."

[Courtesy ending]

Pap[redacted]removed from file

Date 6 – 6 – 88

Giscard d'ESTAING

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Prime Minister

DEPARTMENT:

TEL. NO:

Reference

CAHADC

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Confidential
Restricted
Unclassified

PRIVACY MARKING

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CAVEAT.....

Enclosures—flag(s).....

TO:

HE

M. Valéry Giscard d'Estaing GCB

Your Reference

Copies to:

[Pl. refer — with FCO letter]

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SUBJECT:

Thank you for your letter of 9 May, which I have just received.

I was very glad to have your account of the work being done by your Committee. Many of the issues you have been discussing, such as liberalisation of capital movements, development of the use of the private ecu, and closer cooperation on monetary policy between monetary authorities are under active discussion within the European Community, and I hope for further early progress on them. I am sure the work of your Committee will make an important contribution to the discussion. It was good of you to suggest that we might meet to talk about these matters. Unfortunately my programme this month is very crowded, for I shall be out of the country at the Economic Summit in Toronto, and subsequently on a visit to Canada, for much of the mid-June period, and I will have to leave for Hanover almost as soon as I get back.

With best wishes.

CH.

FRANCE: Relations
Pt 4

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CALL ON FRENCH FOREIGN MINISTER

SUMMARY

1. DUMAS WARMLY ENTHUSIASTIC ABOUT THE BILATERAL RELATIONSHIP AND LOOKING FORWARD TO FORTHCOMING MEETINGS. ON EC ISSUES, HE PLACED EMPHASIS ON THE ECONOMIC AND MONETARY ASPECTS. AGRICULTURE AND DEBT THE LEADING SUBJECTS FOR FRANCE AT TORONTO.

DETAIL

2. ON 26 MAY I PAID MY FIRST CALL ON M. ROLAND DUMAS SINCE HIS APPOINTMENT. THE FOLLOWING PARAGRAPHS SUMMARISE THE MORE IMPORTANT OPERATIONAL ASPECTS OF THE DISCUSSION. FULL RECORD WILL BE SENT TO WED IN THE BAG LEAVING 31 MAY.

BILATERAL RELATIONS

3. DUMAS SPOKE WARMLY OF HIS PERSONAL RELATIONSHIP WITH YOU AND SAID HE LOOKED FORWARD TO SEEING YOU AT THE FORTHCOMING SERIES OF INTERNATIONAL MEETINGS. WHEN I MENTIONED THE CLOSENESS OF THE RELATIONSHIP BETWEEN A NUMBER OF DEPARTMENTS IN PARIS AND LONDON, AND OF THE NEED TO CONTINUE REGULAR CONTACTS AT MINISTERIAL AND OFFICIAL LEVEL, HE ENTHUSIASTICALLY ASSENTED. HE ALSO ENDORSED MY COMMENT THAT THE DEFENCE RELATIONSHIP, AND PARTICULARLY THE SEARCH FOR AREAS FOR FUTURE COLLABORATION, WERE AN IMPORTANT PART OF BILATERAL LINKS. (HE WILL NOT BE AT SHULTZ'S NATO BRIEFING ON 3 JUNE, AS HE WILL BE SPEAKING AT UNSSD IN NEW YORK AT THAT TIME.)

THE PRIME MINISTER'S VISIT

4. I ASKED WHETHER DUMAS HAD ANY THOUGHTS ABOUT THE DISTRIBUTION OF SUBJECTS FOR DISCUSSION, AS BETWEEN THE PRESIDENT AND M. ROCARD, WHEN THE PRIME MINISTER VISITED PARIS ON 10 JUNE. HE IMMEDIATELY SAID THAT WE NEED HAVE NO COHABITATION WORRIES. THE PRESIDENT'S ROLE WOULD BE TO CONCERN HIMSELF WITH THE BROAD LINES OF STRATEGY, TAKING ACCOUNT OF HIS SPECIFIC CONSTITUTIONAL RESPONSE FOR FOREIGN AFFAIRS AND DEFENCE, LEAVING TO THE PRIME MINISTER AND THE GOVERNMENT THE DETAILED BUSINESS OF GOVERNMENT ITSELF. WE AGREED THAT THE PRIME

MINISTER AND THE PRESIDENT WOULD CERTAINLY WISH TO DISCUSS THE MOSCOW SUMMIT AND EAST/WEST RELATIONS GENERALLY. SPEAKING PERSONALLY, I SAID I THOUGHT THAT MRS THATCHER MIGHT WISH TO PLACE PARTICULAR EMPHASIS ON THE FRANCO-BRITISH DEFENCE RELATIONSHIP. HE THOUGHT THAT THE MORE DETAILED ISSUES AT TORONTO AND HANOVER MIGHT BE FOR THE MEETING BETWEEN THE TWO PRIME MINISTERS, LEAVING THE BROAD ORIENTATIONS OF EC POLICY FOR THE DISCUSSION WITH THE PRESIDENT. (SEE ALSO MY TELNO 522 FOR AN ELYSEE OFFICIALS'S VIEW).

EC ISSUES

5. I UNDERLINED THE UK'S DETERMINATION TO PRESS AHEAD TOWARDS 1992. I REFERRED TO KOHL'S LETTER AND SAID THAT WE WERE LOOKING FOR A PACKAGE OF PRACTICAL MEASURES. DUMAS' REACTION WAS TO PUT PARTICULAR WEIGHT ON THE ECONOMIC AND MONETARY ASPECTS. I SAID THAT IMPORTANT WORK WAS CONTINUING E.G. IN ECOFIN AND BETWEEN OFFICIALS ON THE PRACTICAL IMPLICATIONS OF COMMON CURRENCY, EUROPEAN CENTRAL BANK ETC. THESE WERE COMPLICATED QUESTIONS AND IT WAS IMPORTANI TO BE CLEAR ON THE IMPLICATIONS BEFORE RUSHING INTO DECISIONS. DUMAS REPLIED THAT THE ONLY WAY IN WHICH PROGRESS IN EUROPEAN CONSTRUCTION COULD BE MADE WAS FOR POLITICAL LEADERS TO LAY DOWN OBJECTIVES AND PROVIDE THE MOMENTUM: EXPERTS COULD ALWAYS FIND REASONS FOR NOT DOING SOMETHING.

TORONTO SUMMIT

6. WE HAD ONLY A BRIEF EXCHANGE ON TORONTO, DURING WHICH DUMAS SAID THAT AGRICULTURE AND DEBT WERE THE PRIORITIES FOR THE FRENCH.

VISIT OF THE PRINCE AND PRINCESS OF WALES

7. DUMAS INDICATED THAT, AT HIS LEVEL, APPROVAL OF THE DATES AND OF THE OUTLINE PROGRAMME FOR THE ROYAL VISIT COULD BE TAKEN AS READ. THE PRESIDENT'S APPROVAL, HOWEVER, HAD NOT YET BEEN RECEIVED FOR TRH'S PARTICIPATION IN THE ARC DE TRIOMPHE CEREMONIES ON 11 NOVEMBER (SEE ALSO PARAGRAPH 7 OF PARIS TELNO 522.)

FERGUSSON

YYYY

CONFIDENTIAL File KK

CC HMT
PC

10 DOWNING STREET

LONDON SW1A 2AA

2 May 1988

From the Private Secretary

POSSIBLE VISIT BY FORMER PRESIDENT GISCARD D'ESTAING

I have seen the Paris Telegram No. 412 about the proposed visit of former President Giscard d'Estaing. It seems to be most unlikely that a discussion of the subjects which Giscard d'Estaing wishes to pursue with the Prime Minister would be fruitful, and the period in question is an exceptionally busy one. I think we may have to stall on this.

I am copying this letter to Alex Allan in the Treasury.

C. D. POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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POSSIBLE VISIT TO LONDON BY FORMER PRESIDENT GISCARD D'ESTAING

SUMMARY

1. GISCARD HAS ASKED FOR A MEETING WITH THE PRIME MINISTER END MAY - EARLY JUNE ON THE SUBJECT OF EUROPEAN MONETARY CONSTRUCTION. RECOMMEND ACCEPTANCE, IF DIARIES FIT: GOOD OPPORTUNITY TO TALK MORE GENERALLY TO GISCARD ON THE FRENCH SCENE AFTER THE PRESIDENTIAL ELECTIONS.

DETIAL

2. SAUVET, GISCARD'S DIRECTEUR DE CABINET, CONFIRMED TODAY (LLEWELLYN SMITH'S LETTER OF 19 APRIL TO DAIN, WED) THAT GISCARD WOULD LIKE TO CALL ON THE PRIME MINISTER AT THE END OF MAY OR EARLY JUNE IN HIS CAPACITY AS JOINT CHAIRMAN (WITH SCHMIDT) OF THE COMMITTEE FOR EUROPEAN MONETARY UNION. SAUVET SAID THAT GISCARD'S AIM WOULD BE TO REPORT TO THE PRIME MINISTER ON THE WORK OF THE COMMITTEE IN GOOOD TIME BEFORE THE END-JUNE HANOVER EUROPEAN COUNCIL, AT WHICH MONETARY CONSTRUCTION WAS LIKELY TO BE ON THE AGENDA. SAUVET SAID THAT GISCARD'S DIARY WAS FILLING UP, BUT THAT HE WOULD HOPE TO BE ABLE TO FIT IN WITH WHATEVER DATES WOULD SUIT THE PRIME MINISTER. HE CONFIRMED THAT ON THIS OCCASION GISCARD WAS THINKING OF A CALL ONLY ON THE PRIME MINISTER.

3. I HOPE THAT THE PRIME MINISTER MAY BE ABLE TO SEE GISCARD. WHETHER OR NOT MONETARY CONSTRUCTION IS ON THE AGENDA AT HANOVER, IT SEEMS SET TO REMAIN A LIVE TOPIC IN THE MONTHS AHEAD. GISCARD IS A POWERFUL, BUT NOT ALWAYS REALISTIC ADVOCATE OF IT, AND IT WOULD BE USEFUL IF HE WERE TO HEAR OUR VIEWS FIRST HAND. AND IF NOT MORE IMPORTANT, A MEETING AT THE END OF MAY/BEGINNING OF JUNE WOULD PROVIDE A GOOD OPPORTUNITY TO DISCUSS THE POST ELECTIORAL POLITICAL SCENE IN FRANCE, IN WHICH HE MAY HAVE AN IMPORTANT ROLE TO PLAY.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 February 1988

Dear Brian,

VISIT BY FRENCH MINISTER OF DEFENCE

Thank you for your letter of 17 February about M. Giraud's visit in March. I am afraid that it will not be possible for the Prime Minister to see him. She has an enormous number of foreign visitors in the diary at present, far more - in the opinion of my colleagues here - than there should be. Moreover she thinks that a meeting with M. Giraud will lead to speculation about some new development in Franco-British nuclear co-operation which would not be justified or necessarily desirable at present.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office) and to Trevor Woolley (Cabinet Office).

Yours sincerely,

(Charles Powell)

Brian Hawtin, Esq.,
Ministry of Defence.

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MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7822~~xx 01-218 2111/3

MO 14/4V

17th February 1988

Dear Charles,

VISIT BY FRENCH DEFENCE MINISTER: 22ND MARCH 1988

We spoke about the possibility of a call on the Prime Minister by M. Giraud. You will recall that our Ambassador mentioned this idea before M. Giraud's visit last December but, at that stage, a call could not be fitted into the Prime Minister's diary. Our Ambassador has now returned to the charge and suggests that a call during M. Giraud's visit on 22nd March, when he is to speak at Chatham House on France and European defence, would be worthwhile. I attach a copy of his telegram.

Unfortunately, my Secretary of State will be away that day. But he agrees strongly with our Ambassador's comment that the Prime Minister would find M. Giraud a worthwhile interlocutor. You kindly agreed to look into the possibilities of a meeting.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office) and to Trevor Woolley (Cabinet Office).

Yours sincerely,
Brian Hawtin

(B R HAWTIN)
Private Secretary

Charles Powell Esq
No 10 Downing Street

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UNOFFICIAL VISIT BY FRENCH DEFENCE MINISTER: 22 MARCH

1. GIRAUDS CABINET (SCHLUMBERGER) HAVE TOLD US THAT GIRAUD HAS ACCEPTED AN INVITATION TO SPEAK AT CHATHAM HOUSE ON 22 MARCH ABOUT FRANCE AND EUROPEAN DEFENCE. THE MEETING IS AT LUNCHTIME, AND GIRAUD HAS ENGAGEMENTS IN PARIS THAT AFTERNOON, BUT SCHLUMBERGER IMPLIED

PAGE 2 RBDWDFA 1999 R E S T R I C T E D
THAT HIS MINISTER COULD ARRIVE IN TIME FOR A MORNING MEETING IF WE WISHED TO PROPOSE ONE.

2. IF MR YOUNGERS DIARY PERMITS, I RECOMMEND THAT HE OFFER TO RECEIVE GIRAUD. THIS WOULD ALLOW A GENERAL EXCHANGE OF VIEWS ON CURRENT ISSUES, AND THUS KEEP UP THE MOMENTUM OF ANGLO-FRENCH DEFENCE EXCHANGES (THE LATEST EXAMPLE OF WHICH IS THE USEFUL TALKS BETWEEN NICHOLLS, DUSP, AND CONZE ON 15 FEBRUARY). IT WOULD ALSO PROVIDE A STIMULUS TO PROGRESS ON THE PROPOSALS FOR CO-OPERATION IN THE CONVENTIONAL FIELD MENTIONED IN THE PRIME MINISTERS JANUARY MESSAGE TO MITTERRAND.

3. YOU MAY ALSO WISH TO CONSIDER DISCUSSING WITH 10 DOWNING STREET WHETHER THE PRIME MINISTER WOULD LIKE TO SEE GIRAUD (THE DIARY WAS TOO FULL FOR SUCH A MEETING DURING HIS OFFICIAL VISIT LAST DECEMBER). I BELIEVE THAT SHE WOULD FIND HIM A WORTHWHILE INTERLOCUTOR (HE HAS A FAIR CHANCE OF REMAINING WHERE HE IS IF BARRE WINS THE PRESIDENCY, THOUGH NOT WITH MITTERRAND OR CHIRAC).

4. NICHOLLS SAW GIRAUD BRIEFLY AFTER HIS TALKS WITH CONZE AND MAY

HAVE FURTHER INFORMATION ABOUT GIRAUDS PLANS.

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10 DOWNING STREET

LONDON SW1A 2AA

29 January 1988

From the Private Secretary

Dear Lyn,

ANGLO/FRENCH SUMMIT: PRIME MINISTER'S MEETING WITH M. CHIRAC

The Prime Minister held a meeting with M. Chirac at Lancaster House in the course of the Anglo/French Summit today. M. Bujon was also present.

Their talk covered three main subjects: the forthcoming European Council, arms control and defence co-operation, and the Middle East. Some of their exchanges were vigorous, not to say combative, and I would be grateful if the record could be treated with particular discretion.

European Council

M. Chirac said that the forthcoming European Council presented him with a real political problem. The French Presidential elections were just three months away. His own political interest lay in failure of the Brussels meeting, because any agreement reached there would inevitably be very badly received by French farmers. But for wider international reasons and for the sake of the Community's reputation, he was prepared to work for a success. Even so he could not afford to put all the farmers against him. He could accept a result which was slightly negative for France but not one which was very negative. The blame would all fall on his shoulders not on President Mitterrand's. It was the Government not the President which took decisions on this matter. So he hoped that solutions could be found which would not be too difficult for him. There would have to be compromises.

The Prime Minister said she was worried by the turn which discussions in the Agriculture Council had taken. The German Presidency's proposals would increase agricultural surpluses. They also wanted to substitute co-responsibility levies for price reductions in the cereals sector, with 70 per cent of the levies falling to be paid by the United Kingdom and France. They also proposed weakening the stabilisers in the oil seed and rape sector. She saw no serious prospect of an agreement in Brussels on the basis of

the proposals which had emerged from the recent meeting of Agriculture Ministers. She would be discussing these issues with Chancellor Kohl on 2 February. She was not convinced that he was really committed to reducing surpluses. She wanted to make quite clear that there was no question of Britain accepting an unsatisfactory compromise on agriculture in return for continuation of the Fontainebleau abatement.

The Prime Minister continued that she would go to Brussels with the intention of trying to achieve a solution. But judging from M. Chirac's introductory remarks, a solution which was satisfactory to us would be very difficult to him. She recalled that she had first asked him many months ago whether he wanted to bring these matters to a head before the French elections or after them. Perhaps it would be easier for the French Government to agree to effective measures to reduce surpluses at the June European Council.

M. Chirac said that postponement of decisions until June would be a high risk strategy. By then the Community would be running out of money and we would face the uncertain prospect of the Greek Presidency. The Brussels meeting had been fixed for better or worse. But he agreed that a failure would be grave for the Community's international reputation. He wondered whether the most satisfactory course would not be to say that the agreement (sic) reached between Agriculture Ministers should be adopted at Brussels, as a first step towards an overall solution which would be finalised at the June European Council. If the United Kingdom blocked any agreement on agricultural issues at the Brussels meeting, others would focus on the United Kingdom's abatement. France did not have any particular interest in creating difficulties over this - provided it could be agreed that everybody would contribute to the abatement - but other countries were more combative. He was confident that the Netherlands would soon rally to the agreement already reached by 10 Member States on agriculture, in which case the United Kingdom would be isolated with no chance of agreement to continue the Fontainebleau abatement. To sum up the choice seemed to him to lie between a partial solution at Brussels, to be completed at the Hanover meeting in June; or a breakdown in Brussels leading to the United Kingdom's isolation and a major row over the abatement.

The Prime Minister said that this was clearly no time for diplomacy. If M. Chirac thought that ganging up with the Germans to isolate Mrs. T. would lead her to give way they were sadly mistaken. She was ready to work for a solution in Brussels, but not one which would lead people to say that Europe was running away from tackling the agricultural surpluses. A solution must go the heart of the problems. Anyway, she did not see how M. Chirac could really accept the latest Presidency proposals which would leave French farmers as well as British farmers paying such an unfair share of the co-responsibility levies on cereals. The Community had already demonstrated that stabilisers

[redacted]uld work in the case of milk. We now had to apply the same solutions to other products. She was perfectly prepared to stand alone on this, because she knew that she had a very strong case. M. Chirac commented that, if the Prime Minister felt like that, it would be better to postpone the Brussels Council. The Prime Minister said she was not suggesting that. Anyway it was a matter for the Presidency.

M. Chirac continued that when the Prime Minister spoke of surpluses she seemed to forget the role of imports. The surpluses were created by imports. For instance France was proposing a Maximum Guaranteed Quantity for cereals of 160 million tonnes to allow exports of some 15 million tonnes. At the same time the Community was importing 56 million tonnes of animal feed. Yet the Community refused to negotiate with the United States to limit imports and refused to impose an oils and fats tax. The result was that the penalty had to be paid by European producers. This in turn bore most heavily on France. He could not accept that. The United States gave ten times more aid to its farmers than Europe did. Europe should insist that others reduced their surpluses too.

The Prime Minister said that M. Chirac seemed to be suggesting that the Community should not accept any imports but aim for self-sufficiency. That was a ludicrous position. Would it apply to textiles or steel or cars? The right way to deal with the problem of agricultural imports from the United States was to negotiate hard in the GATT. She did not for a moment think it was true that United States' subsidies for farmers were ten times those in Europe. Anyway the United States paid its farmers not to produce, while in Europe we paid them to produce surpluses. M. Chirac said that France could not accept any figure lower than 160 million tonnes for cereals. This would allow a fair level of exports. The Americans were engaged in systematic dumping in the Community's traditional markets. It seemed clear to him that there would be no agreement in Brussels. In that case it might be better to postpone the meeting, although France was not proposing this. If it went ahead, the United Kingdom would be isolated.

The Prime Minister said that she had no fear at all of being isolated in demanding that surpluses be brought under control. She recalled her earlier proposal for disposal of surpluses on national budgets, which would allow the Community to start with a clean slate. Allowing half of the Community budget to go to storage and disposal of surpluses was not leadership, it was abdication of leadership. M. Chirac said that if there was to be a bust up on agriculture there would be a bust up on the United Kingdom's abatement. The Prime Minister advised M. Chirac not to threaten her. The United Kingdom remained the second largest contributor to the Community's budget and our contribution had gone up faster than anyone else's since Fontainebleau. Without a satisfactory solution on agricultural spending and on our abatement, there would be no increase in the Community's own resources. This could

only be agreed by unanimity. There was no getting round that.

M. Chirac continued in very much the same vein over lunch, emphasising repeatedly that the German Presidency's proposals on agriculture represented the absolute limit of how far France was prepared to go.

Arms Control and Defence Co-operation

The Prime Minister said that it was important that the NATO Summit in early March should be a success. The overriding aim had to be to keep United States' forces in Europe. The meeting would also be an opportunity to influence American policies before the United States/Soviet Summit in Moscow. But there might well be problems with the Germans on the question of negotiations on short-range nuclear weapons. Her own position on this was absolutely firm. There should be no more reductions in nuclear weapons in Europe until chemical weapons and the imbalance in conventional forces had been dealt with.

The Prime Minister continued that she had written to President Mitterrand with some proposals for greater military co-operation between France and the United Kingdom within the broad framework of NATO. She recognised that France would not rejoin NATO's integrated military structure. But she would like to see the deployment of French forces co-ordinated with NATO deployments. She would also like to see the contingency arrangements for reinforcing British forces in Germany through Channel ports and French airfields exercised.

M. Chirac said that there was no change in the French position on rejoining the integrated military structure of NATO. But there was considerable evolution in French defence policy. The United States' will to defend Europe would steadily weaken. It was necessary, therefore, for Europe to strengthen its own defence. The more Europe co-operated the stronger it would be and the better able to compensate for the inevitable weakening in the United States' commitment. France was trying to move forward in three areas. The first was by strengthening the WEU as an instrument for co-ordinating Europe's defence efforts. The second was to develop bilateral co-operation with Germany. This would continue to develop. Thirdly, they sought a better overall co-operation with other European countries, for instance with Italy and Spain in the Mediterranean, but above all with the United Kingdom. He had made proposals to us about this, for instance over the joint development of an air to ground missile, but there had not been much progress. In none of this was France seeking to erode NATO, of which she was a loyal member. The United States had spoken in support of what France was doing.

M. Chirac continued that, like the Prime Minister, he was opposed to a third zero option in Europe. But the Germans would press hard for it and his own assessment was that it would come, not so much because of the Germans but

because of the Americans. A future Administration would want it for political reasons. Indeed he would say that the third zero option was inevitable. The Russians would offer to get rid of all their short-range nuclear weapons but would insist that NATO surrendered its dual capable aircraft in order to make it a fair deal (given that they would be surrendering far more short-range nuclear weapons). The Prime Minister said that she did not take such a gloomy view. We had been able to exert considerable influence on American policy, for instance following the Reykjavik Summit. Britain and France must go on making clear that they would not agree to reductions in short-range nuclear weapons.

M. Chirac returned to the question of defence co-operation. He would prefer not to say that this should be within the framework of NATO but rather within a European-American framework. It might be necessary to rethink the structures of the Alliance. The key was to strengthen European co-operation. He was very ready to consider joint manoeuvres between British and French forces in Northern Germany, naval exercises in the Channel and reinforcement exercises through the Channel ports. He also continued to hope that we could co-operate on the air to ground missile, which was by far the most effective response to threats to denuclearise Europe. The point he wanted to stress most strongly was that the United States supported French views on the need for Europe to co-ordinate its defence policies. The Prime Minister said that she did too, provided it was all within the broad framework of NATO. What worried her was that Franco-German activities might in the long term undermine NATO.

Middle East

The Prime Minister said that, as President of the United Nations Security Council, we were doing our best to secure agreement to a resolution imposing an arms embargo on Iran. M. Chirac said that our efforts had France's full support. The Prime Minister referred briefly to President Mubarak's visit and the importance of keeping an international conference in the forefront of attention. M. Chirac said that France was exactly of the same view.

I am copying this letter to Alex Allan (HM Treasury), Brian Hawtin (Ministry of Defence) and Trevor Woolley (Cabinet Office).

yours sincerely,

Charles Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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CAP C

FROM: J M G TAYLOR
DATE: 26 January 1988

NOTE FOR THE RECORD

CAP
26/1

MEETING WITH M. ROCARD

M. Rocard paid a courtesy call on the Chancellor at 9.00am on 22 January. He was accompanied by M. de Caubles de Nayves and M. Richard. Sir Geoffrey Littler was also present.

2. M. Rocard began by expressing concern about the need to resolve technical matters relating to European future financing at Heads of Government level. This reflected the failure of lower level Councils to deal with the issues. The Chancellor agreed that the lack of progress in the Agriculture Council was very depressing. He hoped that there would be progress at the European Council in February. But if the Agriculture Council did not resolve the issues currently before it, the prospects were not bright.

3. The Chancellor said that CAP reform was not only vital for the future of the Community, but was also an essential ingredient to the solution of agricultural over-production worldwide. M. Rocard agreed. But he thought there was no solution to the problems of the CAP from inside. French farmers would not buy any cuts if that left room for producers in non-EC countries to take their place in world markets. This problem should be approached at an international level. Non-EC countries must play their part. If the Community was ready to participate in an international agreement, it could pressurise the other major exporters (which he described as Australia, New Zealand, the United States, Argentina, and Canada)

to participate. The Prime Ministers of Australia and New Zealand had told him that they would play their part in such an agreement. But the Community would need to make concessions itself.

4. The Chancellor agreed that international co-operation was essential. The Japanese should also be brought on-side. We should work within the GATT framework to achieve this. An agreement of this sort would, however, take time and should not be allowed to hold up a solution on the Community front.

5. M. Rocard disagreed. GATT was too big. But there was no point in seeking a Community solution ("surgery from inside") until pressures were brought to bear on the major exporters. The Chancellor said that the UK faced political difficulties with its own farmers. Although they were fewer in number than in France, they were powerful and well organised. We had therefore to devote much time and effort to persuading them of the need to accept reductions in Community support. They were now coming round to realise that the status quo could not continue.

6. M. Rocard agreed that there could be no general solution, in a Community context, to the problem of surpluses. Solutions must be reached on a product by product basis.

7. M. Rocard said that Germany would need to be persuaded on board for a Community solution to be reached. Something must be offered to the Germans. The Chancellor said that a solution to the agricultural and future financing problems of the Community must be found during the German Presidency. M. Rocard agreed.

8. The meeting ended at 9.45am. M. Rocard said at the beginning of the meeting that he wished to discuss the prospects for the

United Kingdom joining the EMS. In the event, however, there was no time for a discussion of this.

J M G TAYLOR

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 January 1988

PRIME MINISTER'S MEETING WITH M. ROCARD

The Prime Minister had a talk with M. Rocard yesterday evening. They covered the prospects for the Presidential elections in France, European defence and agricultural problems in Europe.

M. Rocard was realistic about his election chances. Obviously it all depended on President Mitterrand's decision whether to be a candidate. Looking on the bright side, uncertainty over Mitterrand's intentions meant that he (Rocard) was not constrained by the Socialist party machine and its policies. He would be a free agent. Whatever happened he would continue to play a role in moderating socialist policies, particularly their economic policies. They were well ahead of the Labour Party in this respect.

The Prime Minister set out her views on European defence much in the terms of her recent message to President Mitterrand. The most important single task was to keep United States forces in Europe. Rocard was at pains to stress the points of convergence between Britain and France, particularly on nuclear deterrence and arms control. Franco-German cooperation was not intended to exclude Britain. He was interested in some of the proposals which the Prime Minister made for ways in whch French forces could cooperate more closely with NATO. While making the usual points about the consensus in France on defence policy, he said that he could not disagree with the logic of the Prime Minister's analysis of the need for France to move towards a full role in NATO. It was a problem of time. National pride was at stake.

On agriculture, the Prime Minister suggested that French and British views on the need for reform of the CAP and the means by which it should be achieved were probably closer than those of France and Germany. But a decision appeared to have been taken in Paris on wider political grounds to support the Germans. If this were confirmed in practice, it would make it very difficult to reach a successful conclusion at the forthcoming European Council. M. Rocard was again at pains to

emphasise points of similarity between his own views on agriculture and ours, although he thought we underestimated the sharp practice of the Americans in subsidising their agriculture and trying to block EC exports. He saw the only effective way of controlling agricultural surpluses as product by product international agreement between the five or six man exporting countries (US, Europe, Australia, New Zealand, Canada and Argentina).

M. Rocard said at the end that we would find him a good ally of Britain.

I am copying this letter to Brian Hawtin (Ministry of Defence), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Trevor Woolley (Cabinet Office).

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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Foreign and Commonwealth Office

London SW1A 2AH

19 January 1988

Dear Charles,

Michel Rocard

Rocard will call on the Prime Minister at 1700-1730 on 21 January as part of his Category I sponsored visit to the UK. He will also be meeting the Foreign and Defence Secretaries and the Chancellor of the Exchequer (as well as Mr Kinnock). Mr Mellor will host a dinner for him.

Rocard

I attach a copy of Sir Ewen Fergusson's despatch of 10 November on the 1988 French Presidential Elections, paragraphs 8-10 of which deal with Rocard. Also attached is a copy of a letter on Rocard from John Weston (Paris) and a personality report. Although Rocard's prospects for the Presidency are slight, they cannot entirely be discounted. His chances depend upon Mitterrand's standing down and Chirac supporters' declining to support Barre in the second round of voting (or vice versa). Rocard's present difficulty is that Mitterrand will not say whether he will stand again or not. If he does, Rocard will probably withdraw (despite his earlier denials) in order to avoid splitting the Socialist Party vote and sustaining a humiliating defeat at Mitterrand's hands in the first round. There are rumours of a deal under which Mitterrand may have offered Rocard the Prime Ministership, if he wins.

If, however, Mitterrand pulls out, Rocard will have little time to overcome divisions in his own Party and establish himself in the eyes of the public as a wholly credible contender for the Presidency. At present, with the focus on Mitterrand's intentions, Rocard is finding it difficult to capture public attention. He is projecting himself as a moderate, pragmatic social democrat, in an attempt to win over undecided voters in the centre, but he may risk losing support on the Left. Whatever the outcome, however, he will continue to be an influential figure on the French political scene, and one whose instinct seems to favour closer relations with Britain as well as with the FRG.

France: Economy

Rocard has been keen to dissociate himself from the ideological excesses of the Socialists in 1981-3, but is also critical of he present Government's record and policies. The French economy has emerged from 1987 in better shape than seemed likely at mid-year (despite the Stock Market slump), although it continues to perform below potential. Growth is currently about 2.75% and OECD forecasts indicate a decrease to 1.5% in 1988 and 1.25% in 1989. Inflation is down from 5.7% in 1985 to about 3% at present. Unemployment at 10.4% is higher than in the UK. French industry's competitiveness is currently causing concern: the 1986 trade balance showed a deficit of $2.3bn.

EC Issues

It will be worth talking to Rocard about current EC issues. As a former Agriculture Minister he is likely to be interested in the negotiations and, no longer being in government, may reveal some of the potential differences of opinion between Mitterrand and Chirac. What is said to him is also likely to get back to Mitterrand.

Before Copenhagen the French took a clear decision to work in partnership with the Germans on agriculture even though their interests did not coincide. The French Government received a critical press following the outcome at Copenhagen and there were some intimations that Mitterrand was disposed to blame Chirac for the outcome. Present signs are that the French still wish to work closely with the Germans. There are, however, substantial disagreements over cereals (the French want price reductions; the Germans want production controls and no price reductions) and over set aside, where the Germans favour a much higher level of Community support than the French. Our interest lies in reminding the French of where our interests are close and in avoiding any further widening of the gap between us on contentious issues such as the abatement.

We recommend that the Prime Minister:

- stress that we are keen to work with the French and Germans for an agreement in Brussels in February which builds on the Danish Presidency's text;

- ask how Rocard sees the future of CAP reform, given the conflict between the present pattern of Community spending and France's growing interest in more effective control, especially on the cereals regime;

- ask about the possibility of France's exerting influence on Germany over cereals where French interests lie in stricter budget control than the Germans want, and over set-aside, where the Germans are seeking a higher level of Community finance than the French want;

- emphasize the importance of the stabiliser package on the lines proposed by the Commission, not least as a means of constraining the future growth of Mediterranean products;

- underline that there is a particularly close identity of interest between the UK, France and Germany in controlling the growth of the structural funds and that we must continue to work together on this; and

- make clear the importance of avoiding any dilution of the Fontainebleau agreement, if there is to be an acceptable settlement.

Gorbachev and East/West Relations

Rocard will probably wish to hear the Prime Minister's view of Gorbachev and his prospects. She could refer to:

- Gorbachev's political position: Eltsin's fall was a setback, but he is determined to press on with change despite resistance in the party and elsewhere. The June Party Conference will be vital for his efforts to restructure the Party.

- the introduction on 1 January of major economic reforms, including cost-accounting of 60% of Soviet enterprises; implementation will be very difficult in practice, since the central planning mechanisms are all intact.

- on human rights, the improvements, which are welcome, but the lack of fundamental policy changes.

- the potential for beneficial change in Eastern Europe, but also the risk of instability created by Gorbachev's influence and internal reform.

On East/West relations, we recommend that the Prime Minister welcome the closeness of UK and French views - a major factor in achieving the INF Treaty on Western terms. She could also welcome the proposed series of meetings between Shultz and Shevardnadze to prepare the Moscow Summit. In building East/West confidence it will be important to continue pressing for progress on regional issues and human rights as well as arms control. On Afghanistan, the Soviet Union is building up expectations of a withdrawal this year: we are encouraging this, whilst stressing that Afghans must be free to choose their own government. On CSCE, we attach importance to maintaining a firm Western line on human rights, and remain sceptical about the Soviet proposal for a Moscow Humanitarian Conference.

Arms Control

We recommend that the Prime Minister stress the importance we place on the early ratification of the INF agreement and encourage Rocard to speak in favour of the treaty. She could also welcome the firm line taken by President Mitterrand on SNF modernisation and confirm to Rocard our support for the arms control agenda reaffirmed at the Brussels NAC in December 1987; a 50% START agreement, a global ban on chemical weapons and a correction of the conventional imbalance in Europe.

Defence issues

Rocard is likely to be particularly interested in the Prime Minister's views on Western defence. He himself is keen for Franco-German cooperation not to be exclusive and for Anglo-French cooperation to develop also. The Prime Minister could indicate our broad support for recent developments in Franco/German defence relations provided that they bring France into closer cooperation with NATO. We would not want France's developing bilateral relationships with different countries, including the UK and the FRG, to weaken multilateral arrangements for collective defence. We have in this context noted President Mitterrand's assurances that the French aim is to strengthen existing defence arrangements. We welcome developments in Anglo-French relations, particularly in equipment

collaboration and the nuclear field, and are looking at ways of making further improvements.

World Economy

Finally, if Rocard asks about the world economy, the Prime Minister could underline the fact that tackling the continued imbalances requires co-ordinated action. This is likely to be a major preoccupation in 1988. Some progress has been made in Japan, and the US is taking some steps to put its house in order. However, in the FRG several years of substantial domestic demand expansion are needed to cut the trade deficit. It will be important also to counter protectionism. There is an emerging consensus that a mid-term review of the Uruguay Round should take place in winter 1988/89. Whilst avoiding any shift of attention from substantive negotiations, we shall want to ensure that an "early harvest" package contains reaffirmation of the general principles on agricultural reform. French support for this will be necessary.

The UK and France have a common political interest in helping resolve debt problems, especially those holding up Africa's economic recovery. Reducing interest rates on Paris Club debt rescheduling would help. IMF-led adjustment programmes throughout the developing world need to be strong to be effective. French support is necessary on both counts.

I am copying this letter to Alex Allan (HM Treasury) and Brian Hawtin (MOD).

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFI

cc Bsp

cc Mr Warren (Immed)
Sec (NATO/UK)(P)
Mod (Rm 5196)

SH 13/1

BRITISH EMBASSY,
PARIS.

8 January 1988

David Dain Esq
Western European Department
Foreign and Commonwealth Office

Mr Fry 11/1
Mr Blunt

An important contribution to the briefing, which I did acknowledge.

Dear David,

MICHEL ROCARD

1. With Michel Rocard due to call on the Prime Minister, the Secretary of State and Mr Younger on 21 January, and the Chancellor of the Exchequer on 22 January, you may find it useful to have an assessment of his position and prospects.

2. These have changed little since the Ambassador's Despatch of 10 November «The 1988 Presidential Election: The Race and the Runner». Rocard's dilemma remains as set out by the Ambassador, namely that, although he has declared himself a candidate for the Presidency, and is campaigning energetically, no-one is currently paying much attention. Interest on the Left remains focussed on Mitterrand, who continues to tease the country about whether or not he will stand for a second term (probably because he has not yet made up his mind). This guessing game distracts attention from Rocard (and other potential Socialist candidates) and makes it difficult for him to make his presence felt or his voice heard. He is likely to have to put up with this for some weeks yet. No-one knows when Mitterrand will finally announce his intentions but the betting in the Socialist Party (PS) is not before the second half of February and perhaps not until early March.

3. If Mitterrand decides to stand again, it seems increasingly likely that Rocard will withdraw his candidacy, despite insisting last year that he will remain in the race whatever happens: if he does not withdraw, he risks expulsion from the PS, and a humiliatingly low score in the first round of the elections which might well destroy his career. If, however, Mitterrand chooses to stand down, Rocard remains the front runner for the Socialist Party nomination. After Mitterrand, he is comfortably the most popular Socialist politician in the opinion polls, and he commands a sizeable courant within the PS, probably of between a quarter and a third of party members. Rocard's hope is that this would be enough to persuade the party, including Mitterandists disappointed by the President's withdrawal, to fall in rapidly behind him, without the need for a contested and possibly

/bloody

bloody primary for the nomination. But this may be too optimistic: others in the PS, such as Fabius and Chevènement, may make a fight of it, as much for reasons of internal party politicking as because they can hope to beat Rocard. The damaging spectacle of a divided Socialist Party squabbling for the nomination only weeks before the Presidential elections take place would hardly be best calculated to impress the electorate at large, or to assure that the PS was in top form to fight those elections on behalf of Rocard (or any other candidate).

4. However, even if everything were to go perfectly from Rocard's point of view and he secured the nomination without a fight (perhaps even with Mitterrand's endorsement), he would still remain an outsider for the Presidency. The very fact that Mitterrand had opted out would suggest that he did not believe a Socialist victory was likely this year; and if the odds seemed unfavourable to the tried, tested, and now widely popular Mitterrand, they would be even more unfavourable to Rocard. The latter may be well regarded but there is as yet no very clear public perception of what he represents, nor any sure conviction that he has the intellectual, and indeed physical, stature that the electorate look for in the occupant of de Gaulle's throne.

5. In an attempt to counter this, Rocard has been busy trying to give himself a sharper political profile recently, recalling that he warned that the ideological excesses of the first two years of Mitterrand's septennat (1981-83) would prove mistaken, and projecting himself as a social democrat of moderate, pragmatic persuasion. He has been trying to establish himself as the candidate of the Centre-Left, a keen supporter of the market economy, but also of high social spending, a Socialist distrustful of dogma who would try to govern from as near the centre of the spectrum and with as wide a consensus as possible. Many Frenchmen find this attractive (which helps in part to explain his consistently good poll ratings), but it is not an altogether comfortable position for him. Within the PS some on the Left are suspicious of his commitment to «genuine Socialism», while outside the party many electors of Centrist sympathies are more naturally inclined to Barre than to Rocard. He thus risks a loss of support and confidence on the Left, without necessarily attracting any compensating gain on the Centre-Right.

6. Nevertheless, if Rocard's prospects of victory are not currently very bright, the conventional wisdom is that they cannot be entirely dismissed. His entourage argue that once the distracting uncertainty of Mitterrand's intentions has been resolved (they assume by a Presidential

/decision

decision not to run) there will be a surge of interest in, and support for, Rocard. They claim that the PS will put aside its differences; that all those disposed to vote for the Left will swing behind Rocard as the only credible candidate; and that many in the Centre will also shift to Rocard when, in the course of the campaign, they come to realise that Barre is only masquerading as a Centrist and that his instincts and reflexes are really Gaullien in character (even though he is not formally a Gaullist). This, they claim, will ensure Rocard a very strong showing in the first round and an excellent launching pad for the second, decisive round which they argue the Right will probably lose because it is disunited. According to their scenario, many of Barre's supporters will refuse to switch to Chirac if he emerges as the Right's champion, and many of Chirac's will similarly refuse to go to Barre if instead he triumphs in the first round; so allowing the Left's candidate, Rocard, to capture the Elysée. There are a good many ifs in all this, and a good deal of brave talk. It is I suppose just possible that things could work out in this way (though personally I have never believed it).

7. Should Rocard against these odds become President, he would be well disposed towards the UK. He seems genuinely to like and admire much that is British and is an advocate of close Franco-British relations. He has also been arguing within the Socialist Party for a close, trilateral Franco-British-West German relationship as essential to the future of Europe, both within the Community, and in the context of European defence. I would expect him to want to explore these issues as fully as possible in London. The fact that the Prime Minister, Secretary of State, Chancellor of the Exchequer and Mr Younger were willing to give up time to see him would of course help us to get off to a fast start with the new administration. But in any case if, as seems more likely, his hopes of the Elysée do not materialise, the attention paid to him in London should nevertheless prove a good investment: he is likely to remain a major figure on the French political scene, and an influential voice within it, for some time to come.

P J Weston

CONFIDENTIAL

ROCARD, MICHEL

Député. Former Minister of Agriculture.

Born 1930 in the suburbs of Paris. Son of Professor Yves Rocard CBE, a distinguished nuclear physicist. Studied literature and entered the Ecole Nationale d'Administration (ENA). Inspecteur des Finances 1958. Head of the Economic Budget Division in the Planning Department of the Ministry of Finance 1965. Secretary-General of the Commission des Comptes et des Budgets Economiques, 1965-67. Resigned from government service in 1967 to stand (unsuccessfully) in Legislative elections at PSU (Parti Socialiste Unifié) candidate. Secretary General of the PSU 1967-73. PSU Presidential candidate, 1969. PSU Deputy for the Yvelines, 1969-73. Joined Socialist Party 1974. Member of the National Secretariat 1975-79. PS Deputy for the Yvelines since 1978. Minister for the Plan 1981-83. Minister for Agriculture from 1983 until his resignation in 1985.

Rocard made his name as a national figure during the May events of 1968. His party was the only one to be identified with the student movement, and its leaders occupied key positions in the main student and teacher organisations. He broke with the PSU in 1974 after its failure to amalgamate with the Socialist Party. He then rose swiftly in the Socialist Party. During the past decade, Rocard has moderated his leftist image. He is an advocate of the introduction into French industry and government of autogestion (in industry, workers' control; in government, decentralisation). This is the last remaining link between the Rocard of the late 1960s and the present day. On economic policy he is a moderate.

At the PS Congress at Metz in 1979 a re-alignment of forces within the Party left Rocard and his ally Mauroy in the minority. Both remained members of the Executive bureau of the Party but lost their places as National Secretaries. In 1980 Rocard made an unsuccessful bid for the PS's nomination for the 1981 Presidential election. Subsequently he played no formal part in Mitterrand's campaign, although on the eve of the second round he was asked to appear on television to defend Mitterrand's economic policies from Giscard's accusations that they were extremist.

Rocard remains one of France's most popular politicians. Opinion polls taken after Mitterrand's victory suggested that he would have been the most popular choice of the electorate as a whole for the post of Prime Minister. But his past rivalry with Mitterrand and his political position fairly far to the right of Mitterrand's socialist coalition gave little real prospect of his being put in charge of the Government. As Minister responsible for the Plan he had the chance to put into practice his ideas about economic self-management and decentralisation, but had to combat the tendency of his Ministerial colleagues to exclude him from their deliberations. He got off to a good start at the Ministry of Agriculture in terms of his relations with the difficult farming community, but later ran into some difficulties with them over CAP reform and domestic issues. His resignation in May 1985 was allegedly motivated by opposition to the introduction of proportional representation for legislative elections. He has concentrated since on trying to strengthen his position for the 1988 Presidential elections. He remains top of the opinion polls and has announced his intention to run again to become President. But some doubt if he has either the 'killer instinct' or the organisational talent to make it to the top. He has a stong intellect, and keen political instincts. A good speaker when audible (very rapid delivery), his distinctive brand of intellectual garrulousness some times speaks more of a hyper-clever university don than a statesman of Presidential stamp.

In 1980 he visited the UK as a COI Category I sponsored visitor. He met FCO Ministers and representatives of the CBI and the TUC. Rocard speaks good English. He is divorced and remarried (to a sociologist). He has two children by each marriage.

SRWBFI

RESTRICTED

cc BKp

PRIME MINISTER

MEETING WITH M. ROCARD

You are to see M. Rocard briefly on Thursday afternoon.

M. Rocard is the leading figure of the right-wing of the French Socialist Party. He has declared himself a candidate in the Presidential election. Whether he has any chance at all depends on whether President Mitterrand decides to run. While that decision is pending, no one takes Rocard's prospects very seriously. But he is nonetheless an important and responsible figure and could well be Prime Minister under a re-elected Mitterrand. His position in the French political spectrum lies somewhere between that of Denis Healy and David Owen in the U.K. He has previously served as Minister for the Plan and Minister of Agriculture. He is visiting the United Kingdom as a Category I Sponsored Visitor.

You will find some weighty briefing in the folder. I don't think it matters very much what you talk about, more that you should give him a clear impression of your views. I suggest that you try to cover:

- European defence, drawing on the proposals which you put to President Mitterrand;

- European Community, concentrating on the prospects for the European Council; and

- East/West relations

You will also want to get his assessment of French politics and how the election campaign is likely to develop.

M. Rocard speaks good English.

C.D.?

(C. D. POWELL)
19 January 1988

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

12 January 1988

REPLY TO PRESIDENT MITTERRAND

I enclose the Prime Minister's proposed reply to President Mitterrand's message of October about Anglo/French defence co-operation. As you will see, it is substantially revised from the version enclosed with your letter, the main purpose being to tighten up the text.

Subject to any comments from the Foreign Secretary and the Defence Secretary, I should be grateful if it could now be despatched as soon as possible.

I am copying this letter and enclosure to Ian Andrews (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

CHARLES POWELL

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

FILE

REVISED COPY

DSG
c FCO
MOD
CO
PE

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T4/88

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

SUBJECT cc OPS
MASTER

12 January 1988

'T' Message

Dear M. President,

I wanted to think carefully before replying to your letter of 6 October dealing with our cooperation in defence matters.

We have to recognise that in some ways we approach things from a different viewpoint because France is not part of NATO's integrated military structure.

But there are many areas of common ground: firm commitment to the principle of nuclear deterrence, determination to maintain the independence of our national deterrent forces, the importance we both attach to a strong Western alliance. We are also in close agreement about the right priorities for the next steps in arms control.

Both our countries have a close defence relationship with the Federal Republic of Germany. Ours is illustrated by the fact that one third of the British Army and half of the Royal Air Force's active units are based forward to defend German territory, indeed that of France and other European members of NATO as well. France too maintains some troops in Germany although not based forward. You have recently taken steps to develop closer Franco/German cooperation in this field.

NATO has developed very effective consultative and force planning procedures, which have a vital role in Europe's

defence. My concern is that separate defence arrangements between France and other European countries, either bilaterally or in small groups, may give the appearance of substituting for these or diminishing their importance. That would undermine NATO's cohesion which is not in the interests of any of us. I know that this is not your intention. But I very much hope that ways can be found of associating France more closely with these collective defence arrangements. The fact that the main European members of NATO were able to set out clearly in the WEU Platform the key points on which they agree was a useful step.

Against this background of efforts to strengthen collective defence, I believe that there is more that we can do together bilaterally. I welcome the discussions which Mr. Younger has had with M. Giraud about nuclear defence cooperation, as well as our growing practical cooperation in the equipment procurement field.

There are also other areas which we might encourage our people to discuss. For instance we could look at ways in which French forces could be more closely involved in the forward defence of the FRG, particularly whether they could make a contribution in the NORTHAG area. Because of the numerical advantages enjoyed by the Warsaw Pact, assuring an adequate forward defence of this region is vitally important. This is also an area where the forces permanently deployed in peacetime come from the European members of the Alliance. In times of crisis or war it would be of great value to have French forces actively committed to its defence.

There is also the area of reinforcement, where plans have existed for some years to allow British reinforcements destined for Germany in times of crisis or war to use certain French facilities, subject to the agreement of the French Government of the day. I should like to see us exercise these plans on a contingency basis by deploying

British forces through French Channel ports and by the use of French airfields by RAF aircraft. I believe that our military experts should also examine other ways in which our current joint exercises could be further developed.

I would also like to see consideration given to the scope for further joint naval planning and exercises in the Eastern Atlantic and Channel areas, where our two Navies have particular responsibilities.

More generally, I would hope that France might be able to consider ways in which the Alliance's major military commanders could take greater account of France's own force plans in their defence planning.

I believe that cooperation in all these ways would serve to supplement the important work already done on nuclear and other matters and would contribute to the strength of the NATO Alliance as a whole. They could have a particularly important influence at a time when the United States is likely to be looking ever more closely at how to tailor its overseas commitments to its resources.

These ideas are put forward in a positive spirit. I would be interested to hear your personal reaction to them at our forthcoming Anglo/French Summit.

Yours sincerely

Margaret Thatcher

His Excellency Monsieur François Mitterrand, G.C.B.

CONFIDENTIAL

MR POWELL CDD

Message to Mitterrand

Thank you for showing me the slimmer version of the draft message.

2. My only comment concerns the reference in the fourth paragraph to French troops in Germany. There are 50,000 French troops in the area around Baden-Baden adjacent to France. It is therefore arguable whether the French presence is "not on this scale" in comparison with our forces of 66,000 in the Federal Republic. You could either say "France too maintains troops in Germany"; or "France too maintains troops in Germany, although not based forward".

C L G Mallaby

12 January 1988

CONFIDENTIAL

(3)

10 DOWNING STREET
LONDON SW1A 2AA

I think it needs tightening a little and sharpening up

Prime Minister

Anglo/French Defence Cooperation

This is a draft reply to President Mitterrand's message to you of last October about defence cooperation.

We have been arguing with FCO and MoD for some months on the substance. I have considerably damaged their latest effort to produce the attached draft.

I think that it is now about right and puts the

French on the spot.

In any case, we ought to get a reply from before the Anglo-French summit at the end of the month.

If you are content:

"Dear Mr. President"

"With warm regards"

CDG

"V"

CCPC

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

23rd December, 1987

Dear Charles

I have just received through the diplomatic bag a letter addressed to the Rt. Hon. Margaret Thatcher MP, Prime Minister, by Monsieur Jacques Chirac, French Prime Minister.

I enclose it herewith.

Yours

Luc

Luc de La Barre de Nanteuil

Charles Powell, Esq.
Private Secretary to the Prime Minister,
Prime Minister's Office,
10, Downing Street,
London S.W.1.

France - Volunteers.

16 copies.

Prime Minister

Some points of interest.

CDP 17/12.

MO 14/4V

14th December 1987

NUCLEAR MATTERS: NOTE FOR THE RECORD OF THE DEFENCE SECRETARY'S MEETING IN RESTRICTED SESSION WITH THE FRENCH DEFENCE MINISTER, 14TH DECEMBER 1987

1. The Defence Secretary's meeting on nuclear matters with M. Giraud lasted 45 minutes. CDS, DCSA (for the ASMP item), DUS(P), and D Nuc Pol/Sy were present; and on the French side the Ambassador, M. d'Amecourt, Admiral Goupil and M. Scheller.

2. The main topic discussed was future theatre nuclear weapons with particular focus on the ASMP and possible variants of it. Mr Younger floated the idea of trilateral US/French/UK co-operation in a future system. M. Giraud by no means rejected this, and agreed to explore it further, as a first step giving the US the detailed information on the ASMP which has now been made available to the UK.

3. Progress on bilateral nuclear exchanges. Mr Younger said that he was pleased that the initial round of talks had gone well. One cycle was now complete. For the future, we thought that the talks on nuclear weapon concepts and deterrence criteria could be extended to cover the security aspects of arms control and developments, including the requirement for post-INF modernisation, the need to resist any trend towards the denuclearisation of Europe, and the inter-relationship of conventional and nuclear arms control proposals. Exchanges on intelligence and nuclear weapons security and survivability could usefully continue. And the scientific and technical discussions now initiated should be pursued. M. d'Amecourt and Mr Nicholls confirmed that the exchanges so far had gone well. The Secretary of State's proposals, which reflected exchanges between officials, were agreed.

4. Theatre nuclear weapons/ASMP. Mr Younger expressed gratitude for the French presentation to officials in Bourges in October. We were studying options to replace the existing UK TNW and were still some way from making a decision. We would need to make a decision on system choice by about mid-1989 in order to meet an in-service date of the turn of the century. There was little alternative to a collaborative solution, on cost grounds. The ASMP was impressive, but its range of 300 kms at high level fell short of our requirement. We also wished to know more about the penetrativity of the system at high level. Studies were in hand. The ASMP's technology would be 20 years old by the time it came into service with us. But we certainly did not rule out a variant of the ASMP with a longer range. We had been briefed at Bourges on proposals for extending the range. Were there firm plans for an ASMP Mk II, and if

so in what timescale? The US also had plans for a new TASM broadly in line with our own requirements. Trilateral, ie US/French/UK, development could be attractive. How would M. Giraud regard this?

5. M. Giraud said that at present the ASMP had 90 kms range at low level and 350 at high altitude. It had 250 metres accuracy. Tests had shown that 400 kms range at high level could be achieved by modification to the software only. Mr Younger noted that these figures were different from what we had previously heard. Mr Barnes said that the British team had been told at Bourges that the range varied according to the launch conditions. M. Giraud confirmed that the figures had changed as a result of calculations done since the Bourges visit. The range had not been an important part of the weapon specification. It would take four to five years to modify the ASMP to fit the Tornado. A new variant could be produced if the time and money were available. The French had looked at two possibilities in this regard: improved accuracy, which meant modifications to the inertial guidance system; this would take 6 years and a limited amount of investment - say 1 billion francs; or an increase in range to 180 kms at low level and 800-2000 at high level. This would be an entirely new start and would take 10 years plus say 10 billion francs (excluding production; the unit production cost would be twice that of ASMP). The French were not very enthusiastic to embark upon such a development by themselves. He would have no objection to the possibility of trilateral co-operation being explored with the US, although this would be on the basis of a new programme which would be of high risk compared to the tried and tested ASMP. Longer range meant the missile became heated and this would be demanding to overcome. It would however, if we were to go down this road, be silly not to try to co-operate with the US since they were trying to do the same thing. He also took it that a programme would from our point of view need to be seen as co-operative rather than a sale by France. He saw no difficulty in presenting it thus. Perhaps we might purchase the ASMP to meet our short-term needs, and for the longer term co-operate on a new generation of weapon.

6. Mr Younger said that we were not seeking a missile in the short-term partly because our requirement did not arise until the turn of the century and partly because in any case we would not have the capacity to produce a warhead until after the Trident programme was completed in the 1990s. Mr Barnes confirmed that the development and production of a warhead, from start to finish, would take some 10 years. M. Giraud said that he could not see how to help to shorten this timescale unless we were prepared to purchase the warheads from France, which was no problem so far as he was concerned. As for the French timescale, as he had said, it would take some 6 years to produce a variant of the ASMP with improved accuracy.

7. Mr Nicholls said that, as to our requirement, we were looking at the trade-offs between flight profile (high or low), range and accuracy. M. Giraud repeated that it would take 10 years and considerable improvement to redesign the weapons; and the French had

no requirement for their own part to do so. Mr Younger said that our own requirement arose from the need to threaten Soviet territory, at the turn of the century, with an aircraft-launched weapon. It would be useful, as he had suggested, to explore the possibilities for trilateral co-operation with the US with the aim - so far as the British were concerned - of taking a firm decision on system choice by mid-1989. Ought we to proceed by a joint approach to the US? Mr Weinberger, to whom he had spoken, had not ruled out a trilateral approach; nor had Mr Carlucci. M. Giraud suggested a trilateral meeting at Bourges. The French had not yet given the US as complete a briefing as they had given to the British. Mr Carlucci ought to be briefed on this ASMP.

8. M. Giraud asked whether our insistence on developing our own warhead, rather than buying from the French, was immutable. It was a pity that we were set on duplicating the development which the French had already done. The Secretary of State and CDS emphasised the importance of our retaining an independent capability in this field. It would be a very major change of orientation to do otherwise. Mr Younger also repeated that we had no requirement for a weapon until the late 1990s and could not afford on financial grounds to bring forward the programme. A short term project was therefore not a starter; co-operation in the longer term was a distinct possibility.

SSN Visits

9. The Secretary of State said that he understood that the formal exchange of letters setting out undertakings to provide compensation after an accident, on which the UK had passed proposals to French officials, were held up by a drafting difficulty. He hoped that the exchange of letters would soon be agreed. M. Giraud said that resolution of the problem was not far off.

10. The meeting closed with a brief discussion of the line for dealing with the press at the press conference later that morning.

Ministry of Defence

14th December 1987

Distribution

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PS/Prime Minister ✓
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PS/Sir Robert Armstrong
HM Ambassador Washington
HM Ambassador Paris

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

6 December 1987

Visit to the UK by
Monsieur Michel Rocard

Thank you for your letter of 4 December about M. Rocard's visit. The Prime Minister could see him at 1700 on 21 January.

(CHARLES POWELL)

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

CCPC

Foreign and Commonwealth Office

London SW1A 2AH

4 December 1987

CDP
1700 21/1

RDS

Dear Charles

Visit to the UK by Michel Rocard

In your letter of 10 November you said that the Prime Minister was willing to receive M Rocard should he visit the UK and the timing of his visit be convenient. Rocard has now put forward two sets of dates: 13-14 January or 21-22 January. The Foreign Secretary would probably be able to meet Rocard during either period. It would now be helpful to know if the Prime Minister would be able to receive Rocard on one or either of the sets of dates put forward.

I am copying this letter to John Howe and would be grateful to know whether Mr Younger would similarly be able to receive a call by Rocard on one or either of these sets of dates.

Yours ever

Robin Culshaw

(R N Culshaw)
Private Secretary

C D Powell Esq
PS/10 Downing Street

FRANCE ; Relations : RL

CONFIDENTIAL

10 DOWNING STREET

LONDON SW1A 2AA

26 November 1987

From the Private Secretary

VISIT OF M. GIRAUD

Thank you for your letter with the Defence Secretary's suggestion that the Prime Minister might like to meet M. Giraud when he is in London on 14/15 December. The Prime Minister simply has too much on at present to manage this. We might as an alternative try to arrange for M. Giraud to sit next to the Prime Minister at lunch during the Anglo-French Summit early next year.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office).

Charles Powell

J.F. Howe, Esq.,
Ministry of Defence.

VCCR (1)

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-930 7022

Prime Minister
Would you wish to do this? I don't think it is a high priority. Can do at this time CDP 25/11

MO 14/4V

24th November 1987

Dear Charles,

VISIT OF M. GIRAUD, 14TH-15TH DECEMBER

M. Giraud is visiting the United Kingdom in mid-December at Mr Younger's invitation. This is one of the regular meetings of this kind between the two Ministers, which take place about every six months; the Defence Secretary made a similar visit to Paris in the Spring.

In the light of the Prime Minister's recent exchanges with President Mitterand and M. Chirac, Mr Younger wonders whether on this occasion the Prime Minister would like to meet M. Giraud. If so, he would propose to bring M. Giraud over to Downing Street for half an hour or so. He believes that M. Giraud's own line of thinking on European defence co-operation and Anglo-French co-operation in particular would be interesting for the Prime Minister to hear at first hand. Such a meeting would also enable the Prime Minister, if she wishes, to reinforce the points on the modernisation of theatre nuclear weapons, including the possibility of triangular co-operation involving the United States, which she made to M. Chirac at the weekend.

If this idea commends itself to the Prime Minister, perhaps we can discuss how best to fit a short meeting into the Prime Minister's diary and into the programme for M. Giraud's visit. From the point of view of the latter, the Monday would be easier than the Tuesday when M. Giraud is making visits out of London.

I am copying this letter to Tony Galsworthy in the Foreign and Commonwealth Office.

Yours sincerely,
John Howe.

(J F HOWE)
Private Secretary

C D Powell Esq
10 Downing Street

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FCO 3 BEU

file

bc. P.C.

COPIED TO PM: MEETINGS WITH R. MAXWELL 11/87

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

19 November, 1987.

Dear Lyn,

FRANCO-BRITISH YOUTH EXCHANGES

Mr. Robert Maxwell came to see the Prime Minister this evening. In the course of their discussion Mr. Maxwell said that he had recently seen Monsieur Chirac, and found that he was anxious for some initiative which would give impetus to Franco-British relations. He compared the constant institutional advances in Franco-German relations with the absence of anything similar in France's relations with the United Kingdom. In the course of their talk, M. Chirac had said that he would propose to the Prime Minister, when they meet next Sunday, that there should be an expanded programme of Franco-British youth exchanges. Mr. Maxwell said that he hoped that the Prime Minister would feel able to respond positively to this.

The Prime Minister is quite open to the idea in the abstract, but has not considered the implications of the proposal either in terms of organisation or expenditure. I should be grateful if you could let me have, for the purposes of Sunday's meeting, a brief note setting out what already exists in the field of youth exchanges with France, and suggesting how the Prime Minister might best respond to a proposal for expanding them.

I am sending copies of this letter to Alex Allan (HM Treasury) and Martin Dinham (Overseas Development Administration).

yours ever,

Charles Powell

C.D. Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

RESTRICTED

MINISTRY OF DEFENCE
MAIN BUILDING WHITEHALL LONDON SW1
Telephone 01-~~930 7022~~ xxxxxxxx 01-218 2111/3

MO 14/4V

10M November 1987

Dear Lyn,

VISIT OF M. MICHEL ROCARD

Thank you for sending John Howe a copy of your letter of 6th November to Charles Powell on the subject of the proposed visit of M. Michel Rocard to the United Kingdom. The Secretary of State would be content, in principle, to see M. Rocard. No doubt you will propose dates in due course.

I am sending a copy of this letter to Charles Powell at No 10.

Yours ever

(I C F ANDREWS)
Private Secretary

Lyn Parker Esq
Foreign and Commonwealth Office

FRANCE

Relations

PT 4

CONFIDENTIAL

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

10 November, 1987.

Thank you for your letter of 6 November about the invitation to Monsieur Rocard to visit the United Kingdom.

The Prime Minister has noted that she thinks it a bit much to hand out these invitations without any reference to her, and then expect her automatically to meet the people concerned. However, she has relented to the point of saying that she will see M. Rocard if he comes and the timing is convenient.

(C.D. Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

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Y/cs no

10 DOWNING STREET

Prime Minister

I understand your
invitation at this,
which is entirely
justified.

On the other hand,
Rocard has declared
(not declined) his
candidature: and since you
have seen the other
three main candidates, it
is a little difficult to
blackball him. Agree to a brief meeting? CSP.

R6.11.87

I think it's a bit much to hand out these instructions without any reference to me & then expect me to meet the people concerned. I am not sure that either Mitterrand or Chirac or Barre would be very pleased

Foreign and Commonwealth Office
London SW1A 2AH

6 November 1987

Prime Minister

Agree to see M. Rocard? (Since you have seen all the other likely candidates, perhaps you might do).

CDP b/f.

Dear Charles,

Sir Ewen Fergusson has extended a COI Category I invitation to visit the UK to Michel Rocard, French Socialist Party député and presidential candidate (a personality note is enclosed). Rocard's immediate reaction was to welcome the opportunity such a visit would present to talk to British leaders, particularly on European and defence issues: he specifically mentioned the Prime Minister and the Secretary of State for Defence. The dates remain highly uncertain, since Rocard would have to fit any visit into his tight campaigning schedule. December or January look the most likely months. If diary commitments permitted, the Foreign Secretary would invite Rocard to call on him.

I appreciate the pressures on the Prime Minister's diary, but we should like if possible to tell Rocard that the Prime Minister would in principle be prepared to receive him for a short call, should the timing of his visit permit.

DECLARED ??

Rocard is currently at the centre of the French political stage. He commands support from a significant slice of the French Socialist Party and has already declined his candidature for next spring's Presidential elections. He continues to insist that he will run for the Presidency even if Mitterrand stands again, although many believe that he would in fact then bow out in order not to split his Party. If, however, Mitterrand opts not to stand again, Rocard is the most likely choice for the Socialist Party nomination and could just win the election if the Right failed to mobilise its full vote in the second (and decisive) round.

Rocard is on the right wing of a French Socialist Party which is itself currently in a pragmatic mood. He is committed to nuclear deterrence, favours close French involvement in Western defence and has spoken of the importance of the Anglo-French defence relationship and against too exclusive an emphasis on the Franco-German. As Minister for Agriculture during the French EC Presidency, he steered through the milk quota regime in spite of farming opposition. Of the four leading contenders for the Presidency, he is probably the most genuinely sympathetic to the UK.

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I am copying this letter to John Howe, Ministry of Defence, and would be grateful if he would let me know whether Mr Younger would similarly be prepared in principle to receive a call by Rocard.

Yours ever,

Lyn Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/No 10 Downing Street

CONFIDENTIAL

ROCARD, MICHEL

Député. Former Minister of Agriculture.

Born 1930 in the suburbs of Paris. Son of Professor Yves Rocard CBE, a distinguished nuclear physicist. Studied literature and entered the Ecole Nationale d'Administration (ENA). Inspecteur des Finances 1958. Head of the Economic Budget Division in the Planning Department of the Ministry of Finance 1965. Secretary-General of the Commission des Comptes et des Budgets Economiques, 1965-67. Resigned from government service in 1967 to stand (unsuccessfully) in Legislative elections at PSU (Parti Socialiste Unifié) candidate. Secretary General of the PSU 1967-73. PSU Presidential candidate, 1969. PSU Deputy for the Yvelines, 1969-73. Joined Socialist Party 1974. Member of the National Secretariat 1975-79. PS Deputy for the Yvelines since 1978. Minister for the Plan 1981-83. Minister for Agriculture from 1983 until his resignation in 1985.

Rocard made his name as a national figure during the May events of 1968. His party was the only one to be identified with the student movement, and its leaders occupied key positions in the main student and teacher organisations. He broke with the PSU in 1974 after its failure to amalgamate with the Socialist Party. He then rose swiftly in the Socialist Party. During the past decade, Rocard has moderated his leftist image. He is an advocate of the introduction into French industry and government of autogestion (in industry, workers' control; in government, decentralisation). This is the last remaining link between the Rocard of the late 1960s and the present day. On economic policy he is a moderate.

At the PS Congress at Metz in 1979 a re-alignment of forces within the Party left Rocard and his ally Mauroy in the minority. Both remained members of the Executive bureau of the Party but lost their places as National Secretaries. In 1980 Rocard made an unsuccessful bid for the PS's nomination for the 1981 Presidential election. Subsequently he played no formal part in Mitterrand's campaign, although on the eve of the second round he was asked to appear on television to defend Mitterrand's economic policies from Giscard's accusations that they were extremist.

Rocard remains one of France's most popular politicians. Opinion polls taken after Mitterrand's victory suggested that he would have been the most popular choice of the electorate as a whole for the post of Prime Minister. But his past rivalry with Mitterrand and his political position fairly far to the right of Mitterrand's socialist coalition gave little real prospect of his being put in charge of the Government. As Minister responsible for the Plan he had the chance to put into practice his ideas about economic self-management and decentralisation, but had to combat the tendency of his Ministerial colleagues to exclude him from their deliberations. He got off to a good start at the Ministry of Agriculture in terms of his relations with the difficult farming community, but later ran into some difficulties with them over CAP reform and domestic issues. His resignation in May 1985 was allegedly motivated by opposition to the introduction of proportional representation for legislative elections. He has concentrated since on trying to strengthen his position for the 1988 Presidential elections. He remains top of the opinion polls and has announced his intention to run again to become President. But some doubt if he has either the 'killer instinct' or the organisational talent to make it to the top. He has a stong intellect, and keen political instincts. A good speaker when audible (very rapid delivery), his distinctive brand of intellectual garrulousness some times speaks more of a hyper-clever university don than a statesman of Presidential stamp.

In 1980 he visited the UK as a COI Category I sponsored visitor. He met FCO Ministers and representatives of the CBI and the TUC. Rocard speaks good English. He is divorced and remarried (to a sociologist). He has two children by each marriage.

SECRET AND PERSONAL

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4/Ri

Foreign and Commonwealth Office

London SW1A 2AH

4 November 1987

Dear Charles,

Thank you for your letter of 23 October about your conversation with M. Bujon on that day. It was an instructive illustration of the complexities (of which my letter of 19 October warned) of the conduct of French foreign policy under cohabitation.

As regards the substance of M. Chirac's ideas as conveyed by M. Bujon, FCO and MOD officials are preparing a paper analysing the history, current activities and policy implications for the United Kingdom of the French attitude to Western defence. They hope to submit this jointly to the Foreign and Defence Secretaries by mid-November. The aim of the paper is to provide the fuller analysis for which the Prime Minister has asked (your letter of 22 October). On the basis of this work the Foreign and Defence Secretaries propose to offer their recommendations on the issues raised by the Prime Minister.

The views of M. Chirac, as well as the views of President Mitterrand himself, will be covered in the study. In the meanwhile, there is one point on which French and German intentions have become clear. The German element of the Franco-German brigade will not be taken from forces assigned to SACEUR but from German territorial forces which are under national control. The German Defence Minister made clear at the WEU Ministerial in The Hague on 27 October that the establishment of this brigade would not mean any reduction or deterioration in the German contribution to NATO.

I am sending copies of this letter to John Howe (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street

SECRET AND PERSONAL

With the compliments of

THE BRITISH AMBASSADOR

BRITISH EMBASSY
35 rue du Faubourg Saint-Honoré,
75383 PARIS CEDEX 08

Ambassador ✓ cc C(I)
C(F+C)

Very well worth having
Ione — see my 'Impressions' despatch re the importance
in French eyes of 'Mrs Thatcher'; I had not then seen this!
cc to M. Rafferty AUSS (Europe)

IFRI YEARBOOK AND THE UNITED KINGDOM

1. It is not often that one can point to some measurable end product flowing from a given input in the diplomatic business. But I offer the attached candidate as a possible modest example.

2. Every year the French Institute for International Affairs produces a major annual report on world economic and strategic trends which is launched at a major reception in Paris and covered by the media. The 1985 edition of «Ramses» carried a 4-page article on the British economy which painted a largely down-beat picture and ended with the conclusion that ''the British economy still has to demonstrate its capacity to begin a new phase of growth, failing which it would appear to be foundering still deeper in a decline which has become irreversible.''

3. We took this up vigorously with the Director of IFRI, who eventually admitted that the piece had been unjust. The following year we obtained publication in IFRI's regular journal «Politique Etrangère» of a corrective piece by a British economist whom we had recommended to IFRI. I also persuaded the Director of IFRI, Thierry de Montbrial, to undertake a 10-day COI sponsored visit to the United Kingdom last Autumn, during which no effort was spared to give him good access and direct exposure to what is actually happening now in the United Kingdom. He returned very pleased with his visit and saying that his most striking impression had been the degree to which France and Britain share the same kinds of problem.

4. The 1987 edition of «Ramses» was published last week. Prominent in Chapter 1 of the report, it is gratifying to find an article under the heading «Great Britain: The Triumph of Margaret Thatcher». Even allowing for the undeniable achievement of the June General Election, the general tone of this article is much more up-beat. It notes in particular the recovery of national self-confidence, the emergence of a new generation of senior officials and politicians, ''more deeply European than were their predecessors'', the better growth performance from 1982-86 of Britain by comparison with both France and the FRG, the predicted growth rate for 1987 ahead of both the United States and Japan. The final conclusion is that despite some negative phenomena ''it is nonetheless true that the essential merit of Margaret Thatcher is to have been able to give back to the British their taste

/for

for success and economic competition.'' It would, of course, be a mistake to exaggerate the effect of this article by itself. Nevertheless, it is consistent with the improved image the UK has been obtaining more widely in the French media over the last year or two. I hope Mr Roberts will send a copy of the article to the Visits Section of the COI as proof the their efforts do not go unrewarded.

P J Weston

2 November 1987

La Grande-Bretagne : le triomphe de Margaret Thatcher

Contrairement à la République fédérale d'Allemagne, la Grande-Bretagne ne se pose pas de problèmes existentiels d'identité nationale. Bien au contraire, elle semble avoir retrouvé une conscience nouvelle d'elle-même et de ses possibilités avec Margaret Thatcher. La réélection de la dame de fer, lors des élections du 11 juin 1987, pour un troisième mandat consécutif, constitue un événement sans précédent au XXe siècle.

Peut-on parler d'un réalignement politique majeur résultant d'une "révolution Thatcher" ou faut-il voir dans le succès des conservateurs l'effet de la crise profonde du parti travailliste et des difficultés de l'"alliance" — la grande perdante des dernières élections — à s'imposer comme une troisième force dans un système traditionnellement bipartisan ?

Lorsque Margaret Thatcher arrive au pouvoir en 1979 en bénéficiant du soutien sans précédent des ouvriers qualifiés et d'une partie de la base des militants syndicaux, son succès fut largement attribué à des considérations économiques : agi-

tation dans les entreprises consécutive à "l'hiver du mécontentement", diminution profonde des revenus réels due à la récession, déclin industriel, incohérences enfin du pouvoir socialiste précédent. Lorsqu'elle fut reconduite au pouvoir en 1983, Margaret Thatcher bénéficia de "l'effet Falkland" ainsi que des dissensions intestines et du glissement vers la gauche du parti travailliste. Toutefois, c'est l'ensemble du paysage politique britannique qui semble avoir lentement mais profondément évolué depuis 1979. La montée d'une droite plus conservatrice et radicale et la progression d'une gauche néo-marxiste au sein du mouvement travailliste ont constitué les deux manifestations parallèles d'un même phénomène traduisant la faillite et le rejet du consensus de l'après-guerre. En ce sens, certains en Grande-Bretagne n'hésitent pas à dire que 1979 a marqué la "fin de l'ancien régime". Peu après, alors que le parti travailliste "dérapait à gauche", le pays se portait vers la droite ou peut-être vers un nouveau territoire politique. La Grande-Bretagne dans sa majorité suivait Margaret Thatcher dans son entreprise de démantèlement des structures du pouvoir de l'ordre ancien. Elle acceptait que le pouvoir des syndicats soit d'abord battu en brèche puis brisé, que soient retirées les subventions aux "canards boiteux", aux industries inefficaces et en surreffectif, que soient privatisées les entreprises d'Etat et que soit limité le pouvoir financier des municipalités socialistes. L'extension de l'accession à la propriété de ses logements et le développement de l'actionnariat ont également joué un rôle dans la transformation de la société britannique, en contribuant à créer un nouveau centre politique constitués par les nantis, *The Haves*, élargissant ainsi la base électorale du parti conservateur.

Mais la réélection de Margaret Thatcher s'explique également par la crise profonde que traverse le parti travailliste. Depuis 1924, le parti travailliste représente une des deux forces majeures de la vie politique anglaise. Aujourd'hui, la déviation gauchiste de ce parti est en train de menacer son maintien comme alternative de gouvernement crédible en Grande-Bretagne. La politique étrangère et en particulier le dossier nucléaire ont constitué le talon d'Achille du parti de Neil Kinnock. Les Britanniques ont accueilli sans enthousiasme le stationnement d'armes nucléaires américaines sur leur territoire, mais ils sont, à l'exemple des Français, attachés à la dissuasion nucléaire. Le parti travailliste s'est engagé à bouter les armes nucléaires américaines hors de Grande-Bretagne, à désarmer la force de sous-marins Polaris et à annuler son remplacement par le programme Trident. Il s'est par ailleurs prononcé pour une renonciation par l'OTAN de l'utilisation en premier de l'arme atomique (*no first use*), pour un retrait de toutes les armes nucléaires stationnées en Europe et pour l'adoption par l'OTAN d'une stratégie purement "conventionnelle".

Le contraste entre le "triomphe" de Margaret Thatcher à Moscou et le traitement réservé à Neil Kinnock à Washington à l'approche des élections n'a pu que renforcer le choix d'une majorité de Britanniques en faveur du parti conservateur. La plupart des Anglais demeurent attachés à la politique de la défense de la Grande-Bretagne et aux valeurs de l'Alliance atlantique, même s'il existe en Grande-Bretagne un courant anti-américain important qui s'est manifesté notamment par l'impopularité de la décision de Margaret Thatcher de soutenir activement le raid américain contre la Libye en avril 1986.

Au-delà de l'automarginalisation des travaillistes et de l'échec de l'alliance qui n'a jamais su surmonter le handicap de son bicéphalisme, c'est la personnalité de Margaret Thatcher elle-même qui a constitué un facteur essentiel du succès politique de l'expérience conservatrice.

Avant même les élections générales de juin 1987, Margaret Thatcher était de plus en plus comparée, dans la presse britannique, au général de Gaulle. Ce qui est certain, c'est que l'Angleterre semble avoir retrouvé une confiance en elle-même qu'elle avait perdue, avec la perte de son Empire et la montée de la crise économique.

La victoire de Margaret Thatcher correspond en Grande-Bretagne à l'apparition d'un climat politique et social différent. Il aura fallu quarante ans à la Grande-Bretagne pour se réconcilier avec elle-même. Sa quête d'un rôle post-impérial dans le monde est achevée. Elle semble satisfaite d'être pleinement devenue une puissance moyenne européenne, dont l'importance s'est accrue en Europe du fait même de la continuité au pouvoir et de l'énergie de Margaret Thatcher. Ce rôle diplomatique plus visible que joue désormais en Europe cet Etat traduit aussi pour partie l'apparition d'une nouvelle génération de hauts fonctionnaires et de politiciens plus profondément européens que ne l'étaient leurs prédécesseurs.

Mais le tournant le plus important a été de nature économique. Après des décennies de déclin relatif, l'économie anglaise semble être "repartie". De 1982 à 1986, le PIB de la Grande-Bretagne s'est accru de 13,3 % (celui de la France de 8 %, celui de la République fédérale d'Allemagne de 9 %). L'économie britannique progressera plus vite que celle des Etats-Unis et du Japon en 1987. Certes, ces comparaisons sont à très court terme et le coût social du "renouveau" a été fort lourd : de 1979 à 1986, le chômage a triplé en Grande-Bretagne. Les explosions de violence urbaine et le "hooliganisme" sportif n'ont fait que constituer les éléments les plus visibles de cette crise sociale qui se traduit également sur le plan économique par la disparité croissante entre un Sud prospère et un Nord en pleine décadence. Il n'en reste pas moins que le mérite essentiel de Margaret Thatcher est d'avoir su redonner aux Britanniques le goût du succès, de la réussite et de la compétition économique.

IMPRESSIONS OF FRANCE

The British Ambassador at Paris to the
Secretary of State for Foreign and Commonwealth Affairs

SUMMARY

1. Impressions not «first» impressions. Never forget how closely France and Britain's pasts have been interwoven. Despite frequent ministerial and official contact since Britain's entry into the Community, there is still scope for misunderstanding (paragraphs 1-4).

2. «Uncertainty» characterises France at present. With the collapse of the Socialist experiment (1981-3) consensus on the degree of state involvement in the economy has broken down. Far reaching measures of liberalisation introduced since March 1986 (paragraphs 5-9). Cohabitation under increasing strain as Presidential elections approach. Doubts about the Constitution itself. Rise of the extreme Right (paragraphs 10-12). Economy not responding to Government policies. Growth at most 1.5% this year. Unemployment still high. Consequences for 1992 (paragraphs 13-16). The background to the emotional component of French agricultural policies (paragraphs 17-18).

3. Shibboleths of French defence policy shaken by prospective nuclear force agreements. This encourages closer collaboration with the UK. Basic understandings which formed the Franco-German relationship changing. French recognition and dislike of dependence on US nuclear forces. Return to the NATO integrated command structure impossible but practical collaboration with NATO has increased (paragraphs 19-25).

4. French pride and pretence disguises changes. Difficult moment to judge France's future. But attitudes to UK changing. Our similarities and common interests. Admiration of British stability (paragraphs 26-29).

CONFIDENTIAL

BRITISH EMBASSY

PARIS

27 October 1987

The Right Honourable
Sir Geoffrey Howe QC MP
Secretary of State for Foreign and
Commonwealth Affairs

Sir,

IMPRESSIONS OF FRANCE

1. No-one, like me, with a traditional liberal education, can reach the age of 55 and still have 'First' impressions of France. Nor do I aspire to be a 1987 Major Thompson, tempting though it is to portray the character of this curious country and its people - about whom few Britons can be neutral. And judgments of France are scarcely possible except as the obverse of judgments about Britain, so inseparably linked are our backgrounds - and our foregrounds, about to be linked physically for the first time by Eurotunnel.

2. As I sit in Duff Cooper's elegant library, I have tried to find a copy of an essay by, I think, Lord Acton - one of his rare written works, «Britain and France, Then and Now». At the end of a century in which we had more often than not been at odds with the French, it reminded the English of the extent to which their culture and their history had been, for a thousand years, inextricably interwoven with those of France. The book helped to change the intellectual climate and to pave the way for the Entente Cordiale. For the last thirty years at least we have perceived the French as difficult, and at times hostile. It is no less important today to keep 'Britain and France' in perspective.

3. We ought to understand each other well; since 1 January 1973 and our entry into the European Community, successive British Prime Ministers have met French Presidents and Prime Ministers, and Foreign, Finance, Agriculture, Transport, Social and, increasingly, Defence Ministers - and other Ministers as well - have met their counterparts, with unfailing regularity, inside and outside the framework of the EC. Once Embassies in Europe were the indispensable channel for contact with European administrations; it is not so now, as multilateral and bilateral meetings at Ministerial and official level not to speak of telephone conversations, necessarily proliferate, and not only the number of contacts but the range of their subject matter ineluctably expand. There ought not to be scope therefore for misunderstanding. But there is.

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4. «Do you love France enough?»: question by an ardent and well-placed British francophile on hearing of my appointment to Paris. Well ... up to a point. How do I feel, how does it look, after four months in France, and five years away from the European scene?

5. One word recurs: «uncertainty».

6. The collapse of the 'Socialist experiment' between 1981 and 1983 brought down with it the dominant position in French intellectual life - since the war at least, under governments of both 4th and 5th Republics - of the 'intellectuels de gauche'. But the French intelligentsia has not yet settled solidly behind an alternative political philosophy. The Socialists are seeking to reformulate their strategy; should they be Socialists or social marketeers? Those who represent the non-Socialist alternatives on the right are divided among themselves. Some continue to share with the Socialists the more-than-three centuries old tradition of 'dirigisme', statism, Colbertism, centralised administration (call it what you will), which is still an important strand of the legacy left to today's France by Louis XIV and more recently by de Gaulle. Yet there are others, in and out of government, who proclaim the virtues of liberalism, decentralisation, deregulation and private enterprise, and the need to loosen the shackles of this 'most governed and administered country' (as Léotard, the leader of the Parti Republicain, described it to me recently).

7. In economic terms, the events of 1981-3 brought home to many in the French establishment from the centre-left to the right that State control would not work in an increasingly interdependent world and that there must be more reliance on market forces and greater freedom for France's economic and industrial structure. This process started during the second phase of M. Mitterrand's Presidency, under Prime Minister Fabius and Finance Minister Bérégovoy, and has been carried forward and intensified by Prime Minister Chirac and his Finance Minister, Balladur. The last eighteen months have seen important and far-reaching changes in economic management, including the virtual abolition of exchange controls, liberalisation of prices, the introduction of market forces to control the supply of credit in the economy, moves to liberalise the Bourse and financial markets, and a major privatisation programme. This pace of change itself creates uncertainty.

8. There are some in the Government, such as Madelin or Léotard, who would go further, faster, but Balladur is prudently cautious. Of course, the pressures for change do not come solely from within government. The internationalisation of financial markets requires liberalisation of the Bourse within France. The creation of a single European market requires French industry to be more competitive, and State aid to be loosened. These external factors will weigh on whichever government, centre-left or centre-right, emerges from the Presidential elections next May.

/9.

9. Eighteen months of liberalism cannot undo centuries of State control. Nor is it yet at all clear that those who believe in greater freedom will win the day, so strong are the forces of habit and dependance on State initiative (M. Chirac still finds it hard to understand why Mrs Thatcher cannot 'direct' a privatised British Airways to purchase Airbus). Indeed, actions designed to reduce the grip of France's 'nomenklatura' (the caste of largely ENA-trained intellectuals who so dominate all aspects of French public life), such as the recent halving of the ENA intake, could easily result in making a self-perpetuating system even more rigid in its caste-creating qualities.

10. Confusing as the political debate may be, an assertive patriotism remains the common form of political expression, cemented by the nationalistic inheritance of de Gaulle. Indeed, one reason for our Prime Minister's widespread popular respect here is that, in so many French eyes, she seems successfully to blend her nationalism with an enviable combination of authoritarianism and liberalism.

11. The current pre-electoral climate is guaranteed to foster uncertainty. The Assembly elections in March 1986 ended the experiment of a majority Socialist Government, and left the greater part of the electorate yearning above all for the efficient management of the nation's affairs, without excessive ideological bias. Given, however, that a Socialist President remained in place, the elections also inevitably represented the start of the election campaign for the May 1988 Presidential elections. Since the return after the long summer holidays, the tempo of electioneering has significantly hotted up and its tone looks likely to get nastier in the months to come. Cohabitation is an experiment which causes much discomfort, though perhaps more to the political class than to the public at large. The Constitution of the 5th Republic was designed to respond to a deep French searching after firm government, under a leader who could act through a clear chain of command. That is not the case now. Mitterrand and Chirac now make less and less pretence at avoiding their differences. And as the elections approach, the divided loyalties on the Right, between Chirac and Barre, become more apparent. Yet the divisions are not clear-cut; there is no two-party system, no obvious 'right' to match the 'left' and - given the swing to moderation during the second phase of Socialist government between 1983 and 1986 - the political debate as yet is scarcely about policies so much as about personalities, and all the more confusing to the French electorate. Some are asking whether the 5th Republic will continue to provide political stability (often an elusive ingredient in French public life in the past), or whether there is now a risk that it could go the way of the 4th Republic. The shape of the Constitution, and the role of French political institutions, could well figure in the Presidential campaign.

12. One cause of current uncertainties stems from the rise of the extreme Right of M. le Pen and the National Front, which owes part of its support, especially that part drawn from the Communist Party, to the jealousies and frustrations of working class people who are most closely in contact with the immigrant population -

unwelcome but increasingly familiar neighbours and, at the lower-paid end of the scale, competitors for jobs. France, of course, for all its theoretical attachment to liberal values, retains significant racialist currents. One reason why the numerous Jewish population keeps a low profile (there is no evident Zionist political force, no articulate opposition to French policy towards the Arabs, no «Conservative Friends of Israel») is for fear of provoking latent anti-Semitism. And there is growing concern about anti-immigrant sentiment, focussed on the problem of absorbing not only substantial numbers, perhaps four and a quarter million already, but a widespread and growing Islamic component, estimated at between two and a half and three million Muslims living in France. In 1965 there were four mosques in France; there are now nearly a thousand. These pressures awaken serious concern about France's national identity. How can France's culture, language, religion, be preserved if the fecund Moslem maintains his continuing pace of infiltration? It is not surprising that one of the most sensitive political issues should be reform of the Code of Nationality.

13. The uncertainties of the political scene go in hand with an unpredictable but worrying economic climate. France, accustomed during the 'good years' to a growth rate of 6-7% per annum, faces growth of at most 1.5% this year and probably not much more next. Even before the slump in world stock markets, the performance of the Bourse was looking sufficiently worrying to be raising question marks over at least the timing of the government's privatisation programme (in 18 months, the number of shareholders has grown from 1.5m to 6m, but the phlegm which recognises that shares go down as well as up has yet to be absorbed by so many newcomers to the market; and their potential disappointment could well have electoral consequences). Unemployment - on a rising long-term trend - remains obstinately high at around 2.65m, though it has remained relatively stable since the spring of this year. Slow consumer demand, and an unexplained increase in stocks reflect a reduction in business activity; and there has been a succession of poor monthly trade figures. (There is envy for our own more confident economic performance.) The Minister of Finance is visibly concerned at the social security deficit and the practical pressures on him to enforce budgetary stringency are growing at a time when electoral preoccupations make tough policies more difficult.

14. In short, the economy is not responding as the government would hope to its policy of controlled public expenditure, reductions in the budget deficit, tax cuts and supply-side measures to liberalise industry. The prospects over the next year or two at best look mediocre.

15. It is against this background that the present government looks ahead to 1992 and the single European market. 'European Construction' has always been an unexpressed synonym for 'French hegemony in Europe'. Leaving aside the Right's exploitation of the «challenge of 1992» as a means of focussing public attention on

a more distant future than the elections of 1988, there is considerable concern whether the traditional structure of French financial and commercial institutions can be reshaped rapidly enough to withstand the shock of a more open market and freer international competition. It is much easier to see the weaknesses, such as relatively small financial markets, traditional dependance on government support for manufacturing industry, restrictive labour practices, poor productivity, inadequate market orientation, than to see how the European construction of the 1990's will allow France to play in Europe the leading role that all Frenchmen think is rightly theirs.

16. Having said this, I must correct the emphasis. Our own economy took time to respond to new policies and new stimuli. Our own experience has shown that economic change takes time to work through the system. France is a country with substantial material and human resources. With reasonable continuity of government policies and a reasonably stable international environment, France could surprise us. That, in many ways, is what the forthcoming election is all about.

17. In one direction, the French look forward with some confidence. By 2020 they expect to be the most populous country in Western Europe with a population of over 58m on the latest forecasts, slightly outstripping the UK, and constrasting with the FRG's expected 10m fall to a figure of no more than 51m. That, however reassuring in one sense, provokes other worries, notably the possible immigrant component in French population growth, and the implications for the FRG's economy and defence.

18. France still retains a high proportion of its population employed on the land, some 7%, compared with 2.5% in the UK. Perhaps more tellingly, the rural population of France stands at some 20% of the total, compared with 10% or less in the UK. Whereas the great movement to the towns in Britain occurred during the 19th century, especially following the agricultural depression of the 1870's, in France the movement has very largely taken place since the war. This means that, unlike the UK, where the bulk of the electorate is four, five or even six generations removed from the soil, in France it is mostly no more than one or two generations removed. The link with the countryside is strong. As Kipling said, «They give to La Terre the reverence they deny to some other gods; and she repays their worship». Or she has done hitherto. I am struck by the emotive quality of the French approach to agricultural problems within the European Community. Most Frenchmen with whom I have talked about EC policies have rationally accepted the need for budgetary constraints, for tighter discipline, for sensible accounting, all the more so since the major change towards France's becoming a net contributor to the EC budget. They point to the fact that France has accepted, and has succeeded in putting into effect, restrictions on agricultural production since 1984 which would have seemed inconceivable ten years ago, at least not without serious local consequences in the rural areas. Yet no-one looks forward with other

than the deepest anxiety to an accountant's Europe in which large areas of a France made beautiful over a thousand years by the hand of man are perforce taken out of production and revert to scrub, wasteland and depopulation. To state this is not necessarily to sympathise. But it is important that we should understand the force of the emotion and its electoral and therefore political consequences.

19. Nowhere can prevailing French uncertainties be seen with greater clarity than in the field of defence. Reykjavik and the prospect of an INF Agreement have caused a profound psychological shock. For nearly thirty years, since the return of de Gaulle, «French national independance» in defence has been a shibboleth. However hypocritical we may have found it for France to pursue an 'independent' policy which in practice depended on the maintenance of the US nuclear umbrella and on NATO force protection on the Central Front, the French have steadfastly perceived how it suited their national advantage, offering not only the chance to tailor weapons specifications so that they accorded with the demands of profitable Third World markets, but - more plausibly - the means by which national pride could be used to prevent the growth of anti-nuclear sentiment, so obvious and so dangerous elsewhere in Europe. There have been past questionings but Reykjavik has been the trigger to force Marianne to look at her own nakedness. The nuclear deterrent force may be independent but is it a deterrent? 30% of a defence equipment budget spent on 'nuclear' starves the conventional forces of equipment and training. (The French contribution to the recent Franco-German exercise «Cheeky Sparrow» did not impress all its observers.) Yet the role of conventional forces in European defence must increase in importance, and - if German population declines - who in Europe will provide the men for the conventional armies to keep the Soviet aggressor at arms length from France? The French defence industry faces far severer competition - Dassault has not won a new military export order for two years. Budgetary constraints are growing. This is one element in the growing pressure by the lively Defence Minister, André Giraud, towards closer collaboration with the UK in the defence equipment field, not only on conventional weapons, where useful progress has been made (the Lancaster House Conference in September) but on nuclear matters also. There are practical commercial and technological justifications for moving in that direction. But the new pressure reflects a changing set of political imperatives.

20. At the heart of the current French dilemma lies the ambiguities of its relations with the FRG. The Franco-German relationship, on which so much stress is being placed in the run up to the 25th Anniversary of the Franco-German Treaty on 22 January 1987, is and must remain the basis of stability in Western Europe and of European construction in the EC. The French have, from the start, perceived the magnet of European Community Construction as a way of locking the FRG into the West; that is a powerful argument for them against 'disarray', a euphemism for divisive quarrels, particularly those which France might lose.

21. Yet some of the basic understandings which formed the Franco-German relationship are changing. First, forty two years after 1945, the emotional pressure on the post-war generation of leaders is felt less strongly by their successors (Chirac was only 12 when the war ended). Germany is perceived to be changing, not to France's advantage. When I went to Brussels in 1972 we took it as read, however irritating it was for us, that Germany needed France more than France needed Germany, that if an EC dispute forced Germany to make a choice for or against France, the choice would go to France, that the Germans would back down, that the French knew that they would back down and that the Germans knew that the French knew that they would do so. It is not necessarily the case now. The French do not like being dragged behind the Deutsch Mark chariot. They cannot control a German agricultural policy which puts farmers' returns before competitivity and now works to the disadvantage of the French in those sectors where they are both highly efficient and export orientated. There are conspicuous differences in foreign policy (Iran). And above all they look with concern about what may happen within the FRG and in the inner-German relationship.

22. Atavistic French fears of Germany were, perforce, dampened down in the post-war years. They are resurfacing. There is no longer the personal understanding between Mitterrand or Chirac and Kohl which there was between de Gaulle and Adenauer, or Giscard and Helmut Schmidt. A Socialist-led government under Brandt, solidly committed to NATO, with its domestic opposition firmly on the right, looked more reassuring than a weakly-led CDU/CSU/FDP coalition, with an SPD under the unknown Oskar Lafontaine facing who knows where? Genscher cannot be relied on to take account of French interests. Many Frenchmen, looking intently at recent developments on the FRG internal scene would share an informed view expressed recently to me that the FRG was less stable than it seems, and the West Germans less stably anchored to the democratic structures and practices of the Bundesrepublik than they have hitherto seemed. While President Honecker's visit was in many ways reassuring for the 'correct' way in which he played it, the fact that it occurred at all nonetheless acted as a reminder of the strength of Pan-German feeling. When all looked well in the Franco-German relationship, when the FRG seemed immutably locked into a Westward orientation, when super-power protection looked solid, it was possible for the de Gaulles and Giscards to flirt with special relationships with the Soviet Union. But 'things fall apart'. Gorbachev's sophistication makes matters worse. Hence the persistent fears about 'neutralism'. It is not, of course, neutralism which the French fear, but the risk that, in the aftermath of some US/Soviet deal, the situation in Central Europe would so evolve that the nightmare of German reunification might draw closer. And they are no keener on that just because it may be half a century away.

/23.

23. Gaullist attitudes to the United States have scarcely been lessened with time. The French remain dependant, and know that they are dependant, on American strategic nuclear capability and on the continuing presence of US forces in West Germany. They carefully maintain close working relations with the Department of Defence (indeed they enjoy reminding us that a 'special relationship' is not a 'unique relationship'). Yet they do not like their dependance on the Americans. And while strong US leadership may be difficult to cope with, they particularly dislike what they perceive as the weak, unpredictable and unsophisticated US leadership of the last two years. Although the French look to the United States with a sense of historical affinity, they resent the cultural and linguistic domination of the Anglophones (which has inevitable consequences for their relationship with us). That reinforces their national aspiration after visible separateness in defence policy, justified with firm conviction and excessive frequency by their proclaimed success in maintaining a national consensus behind their nuclear policy. That is why it remains political dogma that a French return to the integrated command structure of NATO is impossible.

24. Faced with the uncertainties of future US attitudes to European defence, as they perceive it, and the unpredictabilities of the FRG, the French leadership has moved in two directions. Clandestinely, certainly without public admission that there has been a change of policy, practical collaboration with NATO has significantly increased and, so long as it can be kept out of the political arena, seems likely to go on increasing. Secondly, the Western pillar of the alliance has to be strengthened, but without, of course, a French return to the integrated command structure. That means emphasis on WEU, however ironical it may seem to those who have long wondered how the French could fulfil their obligations under the Brussels Treaty without being in the integrated command structure. Above all, it means continuing visible efforts to find ways of enhancing collaboration with the FRG. The message is «weak point, shout». That is why we see the French pressing ahead enthusiastically whenever they see an opening (Franco/German Brigade, Franco/German Defence Council, Franco/German manoeuvres). It is also part of the pre-electioneering game: Mitterrand, vis à vis Chirac, needs to show that it is the President, not the Prime Minister, who determines defence policy. Nevertheless, for all the nationalistic rhetoric in which French policy is often shrouded, I believe that Mitterrand is sincere when he says that the French have no wish to harm NATO's coherence, which - as they know well - remains their own most effective protection.

25. Closer Franco-German defence co-operation creates further French uncertainties since it reveals the inconsistencies on which current French defence strategy is based. If French troops are in Germany, are they covered by French nuclear capability? Are German troops? Do the French stick by the 'trip wire' and the 'massive nuclear retaliation' of the late 50's? Or is there a new current (as one might interpret some recent remarks by the

Minister of Defence) in favour of their own form of flexible response? And if so, can their relationship with the FRG avoid being affected by the prospective use of tactical nuclear weapons on German soil? Although there are those, on the French side, who are increasingly asking these questions, I have been astonished at the paucity and low level of intellectual debate in political circles about defence/strategic issues. Perhaps I am a little too harsh - the lack of debate is more a function of French embarrassment at having to admit publicly untoward truths which fly in the face of shibboleths which no-one dares too brazenly to dismantle. But the effect is that the Emperor at present has no clothes, and is yet far from being ready to put on the NATO clothes which would theoretically be available to him.

26. One comes back to French pride - which is such a part of French politics. Change is possible; change is taking place; but it must be salted by a liberal dose of French pretence. This is behind 'Francophonie' - the Summit in Ottawa, the special relations with the Francophone Africans, the French role in the South Pacific. Yet if there is one change which I notice most over the past fifteen years, it is in the reduced stridency with which the French impose the use of their language, and accept, even volunteer, the use of English. They too are becoming Americanised. Inevitably, TV leads the way. A limited market, widespread restrictive practices and the high cost of sustaining too many stations, mean that French programmes for the French occupy only a limited part of viewing time and French viewers are slowly being subverted from the purity of their linguistic nationalism by the Trojan Horse of an undiluted diet of dubbed American films on their third-rate television networks. «Le forcing», le «price-earnings ratio», even l'«UNESCO» - there are some sectors of French life where pretensions of independance are becoming more and more difficult.

27. Uncertainty feeds despondency; a current catch-word is 'morosité'. I suspect, however, that the early stages of an election campaign are not the most helpful moment at which to achieve a positive, or even a balanced judgment of 'which way modern France?' And tempting though it is to take delight in the way that things seem to be going better at present for us than for France, it is essential not to underplay the importance of France for us, or indeed for the stability of the West as a whole. The reality, as distinct from the pretence, of French life is that, as Gaullist glory fades, objective realities bite and political extremes converge towards the centre. France today is less able to go it alone. This profoundly affects not only her attitude to defence, or to foreign policy, or to the 'nature of Europe', but also her attitude to us, her traditional rival and her ally.

/28.

28. France is still a rich and powerful country, with a similar sized population on twice our land area, conveniently placed in the European market area and a substantial market for our goods (roughly 8.5% of exports in either direction). In the last few decades, the French have become somewhat richer than us, on almost any basis of calculation (GDP, per capita GDP, per capita GDP using purchasing power parities). Our industrial bases are very similar. French public expenditure is higher than ours, absolutely and as a proportion of GDP (50% to 40%), but we spend very similar sums on defence. The French spend twice what we do (far more if the DOM/TOMS are included) on aid - but we both retain from our imperial past important human, cultural and commercial interests in the world outside our borders. We have the same strategic situation - dependent on the super-power nuclear umbrella and protected from direct attack on land by the FRG and other foreign armies. We are, each in our own idiosyncratic ways, «Europeans».

29. This year at least five and a half million British tourists will spend an average of two weeks each in France, spending over £220m. I wish that the figure were comparable in the other direction. That is a task to tackle, especially once Eurotunnel and the single European market make movements between our two countries after 1992 even easier. We already work much more closely together than we did on EC questions, which is not to pretend that the next six months, complicated by the French elections, will not see some fiercely fought battles. And we have come together significantly, if not yet with much practical achievement, in our defence exchanges. At the highest level, the personal relationships are perceived by the French to be in good shape. While some of them may have found the Anglo-French relationship easier to manage when they were up and we were down, there is no lack of sincerity in their admiration for the present British leadership - across the spectrum of French political life. And against the uncertainties of today's France, Britain's stability and resolution are slowly coming to be perceived as a valuable buttress for France's own security and economic health.

30. I am sending copies of this despatch to the Private Secretaries to the Secretary of State for Defence and the Chancellor of the Exchequer, HM Ambassadors in Washington and all EC posts, HM Permanent Representatives at NATO, the UN, and the European Community and to HM Consuls-General in France.

I am Sir
Yours faithfully

Ewen Fergusson

Blind copy:

C D Powell Esq
Private Secretary
10 Downing Street

SECRET AND PERSONAL 14

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LPE

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 October 1987

Dear Tony,

MEETING WITH MONSIEUR BUJON

I enclose a note of a talk which I had today with M. Bujon who had come over at M. Chirac's request. We were both clear that we were talking personally. It would be helpful to have any comments on the exchange, although I would not want the note circulated at all widely or the fact of the meeting referred to in contacts with other French officials.

I am copying this letter and the note to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office) on the same restricted basis.

Yours ever,

(C.D. POWELL)

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

SECRET AND PERSONAL

PRIME MINISTER

TALK WITH MONSIEUR BUJON

You may like to see my note of my talk today with M. Bujon, M. Chirac's diplomatic adviser, who came over at M. Chirac's request. As you will see it was mainly concerned with European defence issues. In the light of what he had to say, I am coming to the view that it would be useful if I were to have another talk with Herr Teltschik. Would you agree to this?

Chirac is keen to have an informal bilateral with you in the second half of November to prepare for the European Council and wonders whether you would be willing to go to Paris for a half day during a weekend (e.g. 21/22 or 28/29 November). I know you will not be keen but I think it might be useful. Perhaps we could discuss this.

C.D.P

(C.D. POWELL)

23 October

DCAABT

cc B/Op

NOTE FOR THE RECORD

MEETING WITH MONSIEUR BUJON

Monsieur Bujon, Diplomatic Adviser to Monsieur Chirac, came to see me today. The main purpose of his visit was to discuss European defence questions. But we also touched briefly on a number of other current topics.

European Defence

M. Bujon said that there was considerable confusion within the French government over European defence issues, largely the result of cohabitation. M. Chirac wanted to be sure that the Prime Minister fully understood his position, which was by no means identical with that of President Mitterrand. He would therefore start by explaining the background.

When President Mitterrand and Chancellor Kohl had met last July, they had apparently decided that, against the background of a looming INF agreement, there needed to be some sort of initiative in the field of European defence. They had set M. Attali and Herr Teltschik to work with instructions to come up with proposals. In the course of discussions during late July and August - from which the French government as opposed to the Elysee had been excluded - the Germans had tabled a paper proposing the creation of a Franco-German Defence Council. They suggested that this should meet regularly to harmonise strategy, to supervise the deployment of the mixed Franco-German Brigade, and discuss doctrine for the use of France's short-range nuclear weapons (or pre-strategic weapons, to use his phrase). Attali for his part appeared to have tossed in a proposal for a step forward in parallel towards monetary integration.

M. Chirac had discovered the existence of these discussions at the end of August and had intervened strenuously with President Mitterrand. The latter had appeared to retreat somewhat, and had agreed with M. Chirac that dicussions should

advance cautiously, and that there should be contacts in parallel with other governments such as the United Kingdom. Subsequently Chirac had also spoken to Chancellor Kohl at their meeting in Ludwigsburg, and explained that President Mitterrand's proposals went beyond the agreed position of the French government. But only three days later, President Mitterrand made a public statement in Germany, while attending the Franco-German manoeuvres in Ingolstadt, to the effect that France and Germany were discussing the creation of a Defence Council, which might also be open to countries such as Spain and Italy. This led to another row between President Mitterrand and M. Chirac, and agreement that there should now be a moratorium on public statements while the issues were examined in greater detail. This had not stopped President Mitterrand making further comments during his State Visit to Germany this week. His telephone call to the Prime Minister could be explained by a guilty conscience, stemming from the reference to Italy and Spain as possible partners in the Defence Council, while omitting the United Kingdom.

To sum up: the proposed Franco-German Defence Council was a German idea, as was the mixed brigade. Chirac did not want to be hurried into ill-considered initiatives. He was open to discussion with other countries, particularly the United Kindom. But this whole area of European defence was particularly delicate in France in the run-up to the Presidential elections. M. Chirac had to be careful not to get himself into a position where he seemed to be blocking a European initiative favoured by President Mitterrand. To do so would carry a heavy political cost.

Turning to nuclear issues, M. Bujon said that M. Chirac had been surprised by the proposals which President Mitterrand had put into his recent message to the Prime Minister, since he knew that they were ideas which had already been discarded as too ambitious at this stage. (Incidentally he said that the French government had received a copy of President Mitterrand's message to the Prime Minister from the French Ambassador in London, who had got it from a British source.)

The French government had been no less surprised by President Mitterrand's comments this week in Germany, which seemed to imply that French short-range nuclear weapons might be moved up to the Elbe, so that their use would not automatically involve German territory. This in turn contradicted what the President had said only a week or two earlier in an interview with Le Monde, in which he had dismissed short-range nuclear weapons as largely irrelevant, and said that France would concentrate on strategic nuclear weapons and the neutron bomb. None of this had been debated within the French government, although the government shared President Mitterrand's concern about the steady drift of German opinion towards complete removal of all short-range nuclear missiles. Even Strauss was talking of a third zero option.

I said that this account of the perils and problems of cohabitation was fascinating, but left me even more confused about French policy and intentions. I would like to offer some personal comments. Our own starting point was full commitment to the collective defence of Europe through NATO. We would judge any proposals by whether they contributed to or detracted from that. At first sight, President Mitterrand seemed to be proposing a series of privileged, bilateral defence relationships between France and other partners. Whatever the motive - and it might well be the intention that these bilateral relationships would be parallel to NATO rather than substitute for it - the effect might be to loosen the cohesion of NATO, or at least to making the further and closer integration of Europe's forces in NATO more difficult. This worry was strengthened if one considered some of the practical aspects of the Franco-German proposals. For instance, all German units were supposed to be committed to SACEUR. But this would patently not apply to the mixed Franco-German Brigade. It might therefore be considered as detracting from SACEUR's authority. There seemed to be no idea of deploying French troops in a crisis to the northern sector where they would be most useful. Moreover it was suggested that the proposed Defence Council would discuss Franco-German strategy.

But could there be a strategy which applied to France and Germany and not to other European members of NATO, particularly Britain with 60,000 troops in Germany? Of course if the purpose was to provide some sort of cover for integrating the role of French forces more closely into NATO, that would be welcome. But nothing so far put to us was open to this interpretation. Another source of some concern was the French attitude on WEU. Their proposed Charter or Declaration was valuable, and we supported it: but their determination to prevent the move of WEU institutions to Brussels where it could work more closely alongside NATO was bound to add to the impression of diluting or distracting NATO. In saying all this, I was not reflecting any considered British government view. Indeed, our public statements about Franco-German cooperation had been positive and welcoming. But there were some concerns about where the path which France seemed to be treading might lead. As for Franco-British nuclear cooperation, this was being discussed between Defence Ministers, and it would be a mistake to try to wrench it out of those channels.

M. Bujon said that these were fair comments. He would try to explain French motives - or at least M. Chirac's motives - more coherently. There were two main factors. First, Franco-German cooperation was seen in France as the motor of Europe and no Presidential candidate could afford to look hesitant about it. The approaching anniversary of the Elysee Treaty created an irresistible occasion for a further step forward. Secondly, there was a very genuine fear in France of signs of drift in Germany, apparent not just on the issue of short-range nuclear weapons but also in the renewed interest in re-unification. This had to be countered by anchoring Germany firmly into a European defence system. That said, any steps forward on Franco-German defence cooperation were likely to be modest. The mixed Franco-German Brigade would be created by the juxtaposition of national regiments and only the staff would be mixed. The units comprising it would, on the German side at least, be territorial forces. There were many difficult problems still to be addressed, for instance,

the question of nuclear cover for the French component of the mixed Brigade. Similarly, the Defence Council proposal was not really ripe for decision. The most it was likely to amount to was a joint declaration of intent to coordinate strategic thinking more effectively. The Germans' main motive in proposing it was to try to use the proposal to force France into prior consultation on the use of French short-range nuclear weapons. There was not much will on the French side to go forward on this. More generally France understood the constraints imposed by Germany's participation in the integrated military structure of NATO and for that matter by France's own doctrine on nuclear weapons. There was no thought of trying to revive ideas of a European defence community.

M. Bujon continued that M. Chirac would like to see any step forward on Franco-German consultation balanced by a Franco-British initiative. There were various forms which this could take. But given that France and Britain were the only two nuclear powers in Europe and strongest in their support of nuclear deterrence, it seemed natural to look to the nuclear field. One possibility would be a commitment to a joint study of the successor to France's ASMP (air to ground missile) or of a new Cruise missile. The French government understood that Britain was locked into the United States for its strategic nuclear requirements, but this did not apply to other sorts of nuclear weapons. Or we might establish a joint Anglo-French Defence Commission or Working Group. He was not authorised to make any specific proposals, but was simply casting around for ideas. The only point M. Chirac wished to stress was his desire to see Franco-German cooperation matched by Franco-British cooperation.

I said that I appreciated the spirit behind these last remarks and the desire to maintain a balance between Britian and Germany. The place to make specific proposals was in the discussions between Defence Ministers. I remained concerned, however, that privileged bilateral relationships would detract from the collective effort in NATO. Germany was already

anchored into the European defence system through its membership of NATO. That should be reinforced. I did not think we could take matters much further. I was sure that the Prime Minister would be grateful for the account of M. Chirac's thinking. No doubt they would want to discuss this subject when they next met.

We also discussed a number of other issues.

European Community

M. Bujon noted that experts from his office would be meeting Mr. Lavelle and others on Monday. He had the impression that French and British officials were working well together. He thought that M. Chirac was becoming steadily more sceptical of the possibility of reaching agreement at the European Council in December, although he would be prepared to work for one. He did not mention an oils and fats tax (although I would not read much into that).

Gulf

There were no differences of view. The French Government support the recent US action. They have no plans at present to withdraw their aircraft carrier from the area. They agree on the need to keep up pressure on the Russians at the United Nations.

In reply to my question, M. Bujon said that there were no new developments on the French hostages. He did, however, refer to a plan to release some of the locally engaged staff detained within the Iranian Embassy in Paris in the hope that this would be seen as a goodwill gesture and lead to some corresponding concession by the Iranians.

New Caledonia

M. Bujon complained about the section of the CHOGM communique dealing with New Caledonia. I said that we had done our best

FRANCE : Anglo French Relations pt 4

and the French were lucky to have got off so lightly. M. Bujon expressed concern about the forthcoming vote at the United Nations but said that France hoped to win some extra supporters to its side.

Falklands

M. Bujon said that M. Chirac had made a genuine effort to persuade President Mitterrand to change the French vote this year to an abstention but had not succeeded. I said this was disappointing.

Submarines for Canada

M. Bujon confirmed that the Canadians had approached the French Government about the possible purchase of nuclear submarines. The French were sceptical whether the Canadians would really buy them as well as of their capacity to cope with them. He complained of anti-French bias in the lower reaches of the Canadian defence ministry.

Bilateral between Chirac and the Prime Minister

M. Bujon said that M. Chirac would very much welcome a bilateral meeting with the Prime Minister in the second half of November to prepare for the European Council. He suggested a half day at a weekend. The election campaign made it difficult for Chirac to travel. If at all possible, it would be a kindness if the Prime Minister were to go to Paris.

C.D.P.

(C.D. POWELL)

23 October 1987

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FRANCE: Anglo-French Relations

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

22 October 1987

Dear Tony,

PRIME MINISTER'S TALK WITH PRESIDENT MITTERRAND

Thank you for your letter of 19 October covering a translation of President Mitterrand's recent message to the Prime Minister and giving an assessment of Franco-German discussions on defence.

The Prime Minister finds the judgements in your letter on the complacent side and would give greater weight to the hazards than you do. She takes the view that the French are indeed being forced by circumstances to abandon the Gaullist policy of national defence. But rather than edge back closer to NATO, they seem to be trying to construct an alternative system of European defence based on a number of bilateral - or so far bilateral - agreements with France at the centre. Hence the proposals for a closer Franco-German cooperation in the conventional field and Franco-British cooperation in the nuclear field. This of course runs strictly counter to our policy of strengthening NATO and the multilateral defence of Europe. If we allow it to go too far it carries the risk of loosening NATO cohesion - or at least slowing down the process of closer integration - without producing anything adequate in its stead, and also of alienating the Americans. In other words, she would argue that the French realise the inadequacies of their present defence policy but are too proud and too selfish to come back fully into the integrated military structure of NATO, seeking instead a French solution. In the Prime Minister's view, this ought to be apparent to the Germans but there is a risk that they are so befuddled with the political benefits of being seen to promote Franco-German cooperation that they may allow themselves to lose sight of their wider interest in preserving NATO. In that case, we ought to be doing more to bring the risks home to them.

The Prime Minister would like to see a rather fuller and more sophisticated analysis of the possible dangers for us of what is going on in the Franco-German field and of how we should react. Your letter says that these matters are the subject of continuing study and discussion between the Foreign and Defence Secretaries. That may give rise to the further view that she wants to see. The Prime Minister would hope to

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See FCO to CDP 4/11/87

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see these fairly soon since the issue is likely to come up in her contacts with French and German leaders over the next month or so.

I am copying this letter to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Yours sincerely.

C. D. POWELL

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

PRIME MINISTER

FRANCO/GERMAN DEFENCE COOPERATION

I attach a translation of President Mitterrand's message, following his telephone conversation with you, about Franco-German defence cooperation, together with the FCO's commentary on it.

The FCO conclude that Franco-German cooperation, so far at any rate, is symbolic more than practical; that it holds no significant risks for Germany's commitment to NATO; and that, since we cannot in any case do anything to block Franco-German cooperation, we should join the Germans in trying to involve the French more closely in the collective defence of Europe.

This judgement is surely too complacent and insufficiently political.

This is because:

- rather than edge back closer to NATO, the French are trying to construct a Franco-centric system of European defence, based on a series of bilateral agreements or understandings with France as the major partner in each of them. This runs directly counter to our interest in strengthening the defence of Europe on a multilateral basis;

- at the same time, the French are playing games with WEU. They are proposing a grandiose declaration on European Security, while resisting any moves to make WEU more practically effective by moving it to Brussels, where it can be more closely associated with NATO;

- all this must bring with it a risk of loosening the cohesion of NATO - or at the least slowing down the process of closer integration - without producing

anything adequate to put in its place;

- in short, the French are dissatisfied with their present defence policy, but too proud and too selfish to come back fully into NATO, seeking instead a 'French' solution;

- this cannot be in our interest when we have invested so much politically and militarily in NATO. Moreover Franco-German cooperation risks, if not side-lining us, at least reducing our influence;

- the Germans ought to realise this too, but are so befuddled with the political benefits of being seen to promote Franco-German cooperation that they are allowing themselves to be led up the garden path.

Some of this may be overstated. But I think one can construct sufficient of a case about the risks to NATO from the course the French are pursuing to warrant your asking the FCO for a more sophisticated analysis which looks at both sides of the case and comes up with a clear recommendation on how we should react, e.g., by doing more to point out the risks to the Germans.

Agree? Yes - I don't like the proposed alternative

CDP

CDP
21 October, 1987.

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c/PC.
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Foreign and Commonwealth Office

London SW1A 2AH

19 October 1987

Dear Charles,

(97)

Prime Minister's Talk with President Mitterrand

Your letter of 3 October asked for an assessment of the Franco/German discussions on defence. I enclose a translation of President Mitterrand's subsequent message. see T181/87

The French

President Mitterrand's initiative is further evidence that French defence thinking is moving away from Gaullist isolationism. This can be seen in the creation in 1981 of the Force d'Action Rapide (FAR), one of whose purposes is, as Mitterrand's letter makes clear, to fight alongside German troops; in the French display of interest in cooperation with the Germans and with ourselves; in increased readiness to envisage equipment collaboration in Europe; in their willingness to become involved again in the conventional arms control process, after staying out of the MBFR negotiations; and in their revived interest in the WEU.

The main reason for this shift is a growing recognition that a purely national defence policy makes neither strategic nor economic sense. This has been fuelled by anxiety at the possibility that one day economic, demographic or congressional pressures may force the US Administration to cut back on the numbers of US troops stationed in Europe; and by French concern, not least in the light of the Reykjavik Summit, that the Americans are no longer solid on the crucial nuclear issues. A third factor is a conscious effort to anchor Germany to the West, based on fear of a German drift towards neutralism. Despite the President's assurances that M Chirac is also behind his initiative, Mitterrand's current activity may also owe something to determination to show that he is the prime mover in French defence policy. Chirac has been noticeably cool in his public comments on Mitterand's efforts.

The Germans

Mitterrand's initiatives are welcome to the Germans because they may offer a means of involving the French more closely in forward defence of the FRG. The Germans have always been solid Allies: they claim that they fully

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recognise the need not to undermine arrangements made with other NATO allies. But there must be some risk that their enthusiasm for working with the French could draw them into arrangements which could detract from their obligations under the Alliance's integrated military structure (IMS), on which their security ultimately relies.

The Substance

The Franco/German measures so far announced (and listed in President Mitterrand's letter) do not yet amount to very much from the military point of view. The agreement last year between Mitterrand and Kohl that if there was time the French President would consult the Chancellor before using French tactical nuclear weapons on German soil does not commit the French to more than a crisis hot line, and only if they are disposed to use it. In the recent "Cheeky Sparrow" exercise, there was a minimum of joint activity by French and German units, although deployment of French troops within 100 kilometres of the inner-German border is one of the most tangible results to date of German efforts to bring the French into forward defence of the FRG. The joint brigade so far appears likely to be more symbolic than operational. The joint Defence Council could represent no more than a formalisation of existing consultations, raised to head of state/government level. There seems at present to be no likelihood that the Council would take decisions cutting across NATO Force Planning. Thus far, therefore, the measures have had at least as much symbolic as practical value. They do not amount to any profound re-orientation of German defence policy away from NATO.

UK Policy

Our attitude to the measures needs to take into account the political as well as the military factors, and possible future developments as well as the current position. There are potential hazards: if Franco/German efforts were to cause the Germans to give lower priority to their commitment to the Alliance, or cause the Americans to believe they could reduce their commitment to the defence of Europe, this would clearly be bad for the Alliance and for the UK. But there is no sign at present that these risks are real. Indeed, there could be practical benefits, both to ourselves and to the Alliance, if we join the Germans in trying to involve the French more closely.

On the nuclear side, we are considering the suggestions set out in President Mitterrand's letter, although they go beyond the list agreed by Mr Younger and M Giraud. In settling the agreed topics for these exchanges, we explained to the French that, at this stage at least, there were a number of areas we did not think it appropriate to include. These included sharing patrol cycles and information on targetting. We are following French plans to develop a new air to surface missile; the French will be giving us a technical demonstration on 30 October. On the conventional side, we should consider stimulating French support (from the First French Army as well as the FAR) for NORTHAG; and use in crisis by our aircraft of French airfields. More generally, any step which enables the Alliance to exploit more fully its defence resources (and French resources are certainly not fully exploited to Alliance benefit currently) is to be welcomed at a time when Alliance defence budgets are under increasing strain. The French are clearly interested in collaborative or reciprocal ventures and there are a number of significant projects in prospect.

We should encourage the French (and the Germans) to keep the risks clearly in mind. President Mitterrand's response to the Prime Minister suggests that he has registered them; and his letter stressed that Franco/German cooperation falls within the framework of the Alliance. But he also makes clear that the French consider that it has a momentum of its own. British opposition to the latest moves would not halt them; the two countries would move ahead on their own. Our leverage will be greater if we accept the invitation to try to steer the relationship in the right direction from the inside. This will make it easier for us to ensure that the US angle is fully taken into account; and that Franco/German activities remain subordinated to Alliance activities as a whole.

The Foreign Secretary believes that the best way to achieve this goal is by further developing our already strong bilateral defence links with both France and Germany, and by seeking where possible a modest amount of triangular discussion. To do so will have the added advantage of helping to fulfil broader and more far reaching British policy objectives. These relate to the need for careful management of inevitable longterm changes in the US/European balance within the Alliance, in particular the requirement for Europeans to take greater responsibility for their own defence in the future. The 3 major European defence powers will play a key part in steering European developments in the right

direction, particularly in locking smaller or weaker countries into cooperative efforts which will ensure that they enhance their contribution. Without some small, inner management core the European performance is likely to drift, and to be fractured and inadequate. Strong bilateral defence relations between ourselves, the French, and the Germans, will provide the basic foundation for this enterprise, in which the UK is well placed to take the lead. But we shall only be able to do so if we take an inside track at the outset.

These matters are the subject of continuing study and discussion between the Foreign and Defence Secretaries. We have also initiated some discussion with the French and the Germans, aiming to ensure that developments remain palatable to ourselves, the Americans, and the Alliance as a whole.

I am copying this letter to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

Yours ever,

Tony Galsworthy

(A C Galsworthy)
Private Secretary

C D Powell Esq
10 Downing Street

file DS2ADN

cc PC
cc FCO

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

7 October 1987

PROPOSED CALL BY MONSIEUR LEOTARD ON THE PRIME MINISTER

Thank you for your letter about the efforts being made by Monsieur Leotard and his staff to secure a meeting with the Prime Minister.

I am at a loss to know when or how Monsieur Wajsman had a long conversation with the Prime Minister. He was one of the members of the staff of Le Figaro to whom she gave an interview last January. Most of the interview was in the form of written question and answer. But there was a meeting with Monsieur Wajsman and one other in your Embassy at which a few oral questions were added and photographs taken. I was present throughout and do not recall any discussion then of a possible meeting with Monsieur Leotard. I have checked with one or two possible contacts, such as Hugh Thomas, who deny any knowledge of Monsieur Wajsman. I cannot easily check with the Prime Minister herself since her mind is on other things in Blackpool, but I have to say that I take Monsieur Wajsman's claims with a large pinch of salt.

Whatever the truth of the matter, I do not see any prospect of the Prime Minister being able to see Monsieur Leotard in the near future.

C D POWELL

His Excellency Sir Ewen Fergusson, K.C.M.G.

EA

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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary 6 October 1987

MESSAGE FROM PRESIDENT MITTERRAND

I enclose the text of the message which President Mitterrand has now sent to the Prime Minister to follow up their discussion on Saturday 3 October about Franco-German defence and the prospects for nuclear co-operation. I should be grateful if you could have a translation made before the weekend for the Prime Minister.

I am copying this letter and enclosure to John Howe (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

C. D. Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

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SUBJECT
CC MASTER
OPS.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T181A/87

ZZ 061400Z
LONDRES DE PARIS
SECRET GOUVERNEMENTAL-NR 773
BT

FM MONSIEUR FRANCOIS MITTERRAND
PRESIDENT DE LA REPUBLIQUE FRANCAISE
PARIS

TO MADAME MARGARET THATCHER
PREMIER MINISTRE DU ROYAUME UNI
DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD
LONDRES

PARIS, LE 6 OCTOBRE 1987

MADAME LE PREMIER MINISTRE,

AINSI QUE NOUS EN ETIONS CONVENUS, JE VOUS ECRIS POUR POURSUIVRE NOTRE DIALOGUE SUR L'ETAT ACTUEL ET LES PERSPECTIVES D'AVENIR DE LA COOPERATION FRANCO-ALLEMANDE ET DE LA COOPERATION FRANCO-BRITANNIQUE EN MATIERE DE DEFENSE ET DE SECURITE.

AVEC LE CHANCELIER SCHMIDT, PUIS AVEC LE CHANCELIER KOHL, J'AI METHODIQUEMENT CHERCHE, DEPUIS MAINTENANT SIX ANS, A CONCRETISER ET A FAIRE PROGRESSER LE RAPPROCHEMENT FRANCO-ALLEMAND INITIE IL Y A VINGT-CINQ ANS. LE TRAITE SIGNE LE 22 JANVIER 1963 A L'ELYSEE PAR LE GENERAL DE GAULLE ET LE CHANCELIER ADENAUER STIPULAIT EN EFFET QU'EN MATIERE DE DEFENSE:''LES AUTORITES COMPETENTES DES DEUX PAYS S'ATTACHERONT A RAPPROCHER LEURS DOCTRINES EN VUE D'ABOUTIR A DES CONCEPTIONS COMMUNES''.

MAIS CES DISPOSITIONS SONT RESTEES LETTRE MORTE JUSQU'A CE QUE NOUS DECIDIONS, LE CHANCELIER KOHL ET MOI-MEME, LE 22 OCTOBRE 1982, DE REDONNER VIE A CETTE PARTIE OUBLIEE DU TRAITE EN ORGANISANT, ENTRE MINISTRES, RESPONSABLES MILITAIRES ET HAUTS-FONCTIONNAIRES, LES CONSULTATIONS REGULIERES QUI EN DECOULENT.

TROIS POINTS ONT TOUJOURS ETE CLAIRS POUR LE CHANCELIER KOHL ET POUR MOI-MEME, COMME JE CROIS POUR NOS ALLIES ET PARTENAIRES QUE NOUS AVONS TENUS REGULIEREMENT INFORMES: CE RAPPROCHEMENT S'INSCRIT DANS LE CADRE DE NOTRE ALLIANCE., IL DONNE LIEU A DES DEVELOPPEMENTS UTILES POUR NOS DEUX PAYS ET POUR TOUS NOS ALLIES., ENFIN, NI LA FRANCE, NI LA REPUBLIQUE FEDERALE D'ALLEMAGNE N'ONT A MODIFIER EN QUOI QUE CE SOIT LEURS POSITIONS RESPECTIVES EN CE QUI CONCERNE L'ARME NUCLEAIRE ET L'APPARTENANCE A L'ORGANISATION MILITAIRE INTEGREE DE L'ALLIANCE.

LE RAPPROCHEMENT FRANCO-ALLEMAND A DONC PROGRESSE CES DERNIERES ANNEES. EN 1983, J'AI DECIDE LA CREATION DE LA FORCE D'ACTION RAPIDE DESTINEE, ENTRE AUTRES MISSIONS, A AGIR AUX COTES DES FORCES ALLEMANDES.

LES FORMATIONS COMMUNES D'OFFICIERS ONT ETE ENCOURAGEES. LORS DU SOMMET FRANCO-ALLEMAND DU 28 FEVRIER 1986, LE CHANCELIER KOHL ET MOI-MEME AVONS PREVU L'ORGANISATION DE GRANDES MANOEUVRES FRANCO-ALLEMANDES, CELLES-LA MEME QUI VIENNENT D'AVOIR LIEU EN BAVIERE. LORS DE CE MEME SOMMET, JE ME SUIS DECLARE DISPOSE, SI LES DELAIS LE PERMETTAIENT, ET TOUT EN RAPPELANT QU'EN LA MATIERE LA DECISION NE PEUT ETRE PARTAGEE, A CONSULTER LE CHANCELIER DE LA REPUBLIQUE FEDERALE D'ALLEMAGNE SUR L'EMPLOI EVENTUEL DES ARMES PRESTRATEGIQUES FRANCAISES SUR LE TERRITOIRE ALLEMAND.

PLUS RECEMMENT, EN MAI 1987, LE CHANCELIER KOHL A PROPOSE QUE LA FRANCE ET LA REPUBLIQUE FEDERALE D'ALLEMAGNE METTENT SUR PIED UNE UNITE COMMUNE. J'AI APPROUVE CETTE IDEE QUI EST AUJOURD'HUI A L'ETUDE ET DEVRAIT ABOUTIR DANS UN DELAI RAPPROCHE.

EN RAISON DE L'ENSEMBLE DE CES DEVELOPPEMENTS, LE CHANCELIER ET MOI-MEME AVONS RESSENTI LE BESOIN DE COURONNER CET EDIFICE ET NOUS ENVISAGEONS QUE NOS RENCONTRES SUR CES QUESTIONS POUR NOUS INFORMER, ARBITRER ET IMPULSER SOIENT MIEUX ENCORE COORDONNEES. NOTRE REFLEXION SE POURSUIT SUR LE ROLE ET LE CONTENU D'UN CONSEIL DE DEFENSE FRANCO-ALLEMAND. IL S'AGIT TOUJOURS D'ALLER DANS LA MEME DIRECTION, CELLE D'UNE PLUS GRANDE COMPLEMENTARITE FRANCO-ALLEMANDE, D'UNE PLUS GRANDE INTEROPERABILITE, POUR REPRENDRE LA TERMINOLOGIE MILITAIRE. CELA NE PEUT, A MES YEUX, GENER OU AFFAIBLIR L'ALLIANCE, BIEN AU CONTRAIRE.

C'EST PARCE QUE JE PLACE LA COOPERATION MILITAIRE FRANCO-BRITANNIQUE DANS UNE PERSPECTIVE COMPARABLE QUE J'EN SOUHAITE EGALEMENT L'INTENSIFICATION, NOTAMMENT EN MATIERE NUCLEAIRE, PUISQUE LA FRANCE ET LA GRANDE-BRETAGNE SONT LES SEULES PUISSANCES EN EUROPE OCCIDENTALE A DETENIR CETTE ARME. NOUS AVONS EU L'OCCASION D'ABORDER CETTE QUESTION A PLUSIEURS REPRISES, EN PARTICULIER LORS DE NOTRE RENCONTRE A LONDRES APRES LE SOMMET DE REYKJAVIK. J'AI DECLARE LE 15 JANVIER 1987 A CHATHAM HOUSE, QUE J'ETAIS FAVORABLE A CETTE COORDINATION NUCLEAIRE FRANCO-BRITANNIQUE.

J'AI DONC TROUVE PROMETTEUSES ET UTILES LES CONVERSATIONS DE MM. YOUNGER ET GIRAUD QUI ONT FAIT SUITE AUX PREMIERS CONTACTS QU'AVAIENT PRIS A CE SUJET MM. HERNU ET QUILES AVEC LEURS HOMOLOGUES. COORDONNER LES PATROUILLES DE NOS SOUS-MARINS NUCLEAIRES LANCEURS D'ENGINS, REPARTIR LES TACHES DE SURVEILLANCE DES ZONES DE PATROUILLE
S
DE CES SOUS-MARINS, ECHANGER DES INFORMATIONS SUR NOS PLANS DE FRAPPE RESPECTIFS DE FACON A POUVOIR LES COORDONNER, REALISER EN COMMUN UN MISSILE NUCLEAIRE AIR-SOL, PROCEDER A DIVERS ECHANGES TECHNOLOGIQUES, SONT, A MES YEUX, DES OBJECTIFS DU PLUS HAUT INTERET.

LES EFFORTS AINSI ENGAGES PAR NOS PAYS POUR MIEUX COOPERER ENTRE EUX REPONDENT A LA NECESSITE POUR L'EUROPE DE MIEUX ASSURER SA PROPRE SECURITE, DONC DE RENFORCER LA SECURITE COMMUNE DE L'ALLIANCE.

A DES TITRES DIVERS, L'ESPAGNE, L'ITALIE, LA BELGIQUE, LES PAYS-BAS ONT, CES DERNIERS MOIS, MARQUE DE L'INTERET POUR TELLE OU TELLE FORME DE COOPERATION EUROPEENNE EN MATIERE DE DEFENSE.

ET J'AI RAPPELE, LE JEUDI 24 SEPTEMBRE, EN REPUBLIQUE FEDERALE D'ALLEMAGNE QUE NOTRE REFLEXION ETAIT OUVERTE AUX PARTENAIRES EUROPEENS QUI LE DESIRAIENT.

J'AI VOULU QUE VOUS SOYEZ TENUE AU COURANT DE CES DEMANDES ET J'AI ETE HEUREUX DE VOUS ENTENDRE AU TELEPHONE LA SEMAINE DERNIERE.

JE VOUS PRIE D'AGREER, MADAME LE PREMIER MINISTRE, L'EXPRESSION DE MA TRES HAUTE CONSIDERATION.

FRANCOIS MITTERRAND

BT

QDNNXTR

JCKABE(2)

LETTER FROM PRESIDENT MITTERRAND TO THE PRIME MINISTER, 6 OCTOBER

As we agreed, I am writing to you to continue our dialogue on the current state and future prospects of Franco/German cooperation and Franco/British cooperation on Defence and Security.

With Chancellor Schmidt and later Chancellor Kohl I have been seeking consistently for six years now, to give body to and take forward the Franco/German rapprochement which began 25 years ago. The Elysee Treaty signed on 22 January 1963 by General De Gaulle and Chancellor Adenauer laid down indeed that on Defence "the competent authorities of the two countries will make efforts to bring their doctrines together so as to reach common assessments".

But this undertaking remained unimplemented, until Chancellor Kohl and I decided on 22 October 1982 to revive this forgotten section of the Treaty by establishing the regular consultations between Ministers, military staffs and officials which flow from it.

Three points have always been clear for Chancellor Kohl and myself, and I believe for our Alliance partners, whom we have kept regularly informed. First, this rapprochement takes place within the framework of our Alliance. It permits developments which are useful for our two countries and for all our Allies. Finally neither France or the FRG is required to modify in any way its own position on nuclear weapons or on belonging to the Alliance's integrated structure.

Franco/German rapprochement has made progress in recent years. In 1983 I decided to create the Rapid Action Force which is intended, among other functions, to act alongside German forces. Common training of officers has been encouraged. At the Franco/German Summit of 28 February 1986 Chancellor Kohl and I looked forward to the organisation of large scale Franco/German manoeuvres, which indeed have just taken place in Bavaria. At that Summit I said that I was ready, if time permitted, to consult the Chancellor of the FRG about eventual use of French pre-strategic weapons on German

territory, although I made clear that the decision on this question cannot be shared.

More recently in May 1987 Chancellor Kohl proposed that France and the FRG should organise a joint military unit. I endorse this idea which is currently being studied and should come to fruition in the near future.

In the light of these developments, Chancellor Kohl and I feel the need to crown the edifice, and we plan to coordinate still better our meetings on these questions to inform each other, to take decisions and to spur us on. We are continuing to reflect on the role and content of a Franco/German Defence Council. This too would be intended to move in the same direction of a greater Franco/German complementarity, or interoperability to use a military term. In my view this cannot inconvenience or weaken the Alliance; on the contrary.

It is because I place Franco/British Military cooperation in a similar perspective that I should like to see it intensified, particularly in the nuclear field, since France and Great Britain are the only Western European powers to possess these weapons. We have discussed this question several times, in particular during our meeting in London after the Reykjavik Summit. I said at Chatham House on 15 June 1987 that I welcomed this Franco/British nuclear coordination.

I therefore found promising and useful the conversations between Mr Younger and M Giraud which have followed the first contacts on this subject which M Hernu and M Quiles had with their opposite numbers. The most worthwhile aims in my view would be coordinating the patrols of of our ballistic nuclear submarines; dividing their task of surveillance of patrol zones; exchanging information on our strike plans in such a way as to coordinate them; producing together a nuclear air to ground missile; and various technological exchanges.

The attempts begun by our two countries to cooperate better together, respond to the need for Europe to safeguard better her own security and therefore to strengthen the common security of the Alliance.

In various ways Spain, Italian, Belgian and The Netherlands have in recent months shown interest in one or another form of European cooperation on defence. I underlined on Thursday 24 September in the FRG that our thinking was open to European partners who wished to join.

I wanted you to be kept up to date with these requests, and I was pleased to talk to you on the telephone last week.

FRANCE : Relations : PL 4

CC/PC

BRITISH EMBASSY,
PARIS.

6 October 1987

FROM THE AMBASSADOR

C D Powell Esq
Private Secretary
No 10 Downing Street
London SW1

My dear Charles,

PROPOSED CALL BY M. LEOTARD ON THE PRIME MINISTER

1. We had a word the other day about Patrick Wajsman; you may remember that John Fretwell wrote to you about him on 4 November 1986 and that you replied on 18 November 1986.

2. Wajsman, who remains an editorialist on Figaro and a personal adviser to François Léotard, spoke to my Private Secretary on 30 September to claim that Mrs Thatcher had recently responded favourably to his suggestion that she should meet Léotard in his capacity as the leader of the Parti Républicain. You told me that, to the best of your knowledge, there had been no recent contact between Wajsman and the Prime Minister, and there was certainly no commitment to see Léotard. Moreover you made it clear that, given the Prime Minister's very full programme - of which we here are well aware - there was definitely no prospect of her sparing the time to see Léotard, should that be recommended to her.

3. Peter Tibber has now had a further approach from Wajsman. He emphasised that Léotard was fully aware of what he was doing and it had his support. Wajsman had been put in touch with Mrs Thatcher by «a close friend of hers» and had had a long conversation with her before the summer; he (Wajsman) would be writing directly to Mrs Thatcher very soon.

4. I have not so far been available to see Wajsman but, in the circumstances, ought to do so, particularly because I shall be paying an official call on Léotard on Thursday 15 October. I could of course use a call by Wajsman to probe more fully his claim of direct contact with No 10 and the Prime Minister, but it would make my life easier if you could give me a «confirm or deny» answer before I see him. Perhaps a quick telephone call?

/5.

5. All this is of the nature of an arabesque on the issue of substance whether I should recommend that Léotard was a worthy candidate for Prime Ministerial attention. On that I should prefer to defer a view until after I have seen him, but my instinctive reaction is to see every action by French politicians at present as determined by relatively short term electoral considerations. In these circumstances I am sure that I ought to put my views through the regular FCO channel!

Hope to see Carla myself on Sunday.

Best wishes,

Ewen

Ewen Fergusson

cc: A C Galsworthy Esq CMG
Private Secretary to
the Secretary of State

FRANCE : Relations PTT

SECRET

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

3 October 1987

Dear Resident Clerk,

PRIME MINISTER'S TALK WITH PRESIDENT MITTERRAND

You might like to ensure that the enclosed letter goes into the Foreign Secretary's box on Sunday night.

Yours sincerely,

CHARLES POWELL

The Resident Clerk,
Foreign and Commonwealth Office.

SECRET

SECRET

SUBJECT cc MASTER

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

3 October 1987

Dear Tony,

PRIME MINISTER'S TALK WITH PRESIDENT MITTERRAND

President Mitterrand telephoned the Prime Minister this morning, his office having warned us late yesterday evening that he wished to speak to her on the subject of defence.

President Mitterrand said that he wished to raise two matters with the Prime Minister: first to tell her about his conversations with Chancellor Kohl at the Franco-German Summit in Bavaria; and secondly to consider the prospects for Anglo-French nuclear cooperation. He saw the conversation as continuing the sort of discussion which he and the Prime Minister conducted following the Reykjavik Summit.

On the Franco-German aspect, he wanted to let us know that there had been confidential discussions between M. Attali and Herr Teltschik about the possibility of establishing a more formal framework for Franco-German discussions on defence and strategic issues. The structures of the Franco-German Treaty signed in 1963 had already been strengthened on the occasion of the Treaty's twentieth anniversary in 1983. These new proposals would take the process further forward and give substance to the Franco-German Council (which I understood him to say already existed). The initiative for this had come from Chancellor Kohl (a point which he made twice), and the main purpose was to reinforce existing cooperation. There were a number of obvious difficulties in the way of closer cooperation: for instance Germany's membership of the integrated military structure of NATO and France's determination to maintain exclusive national control over her nuclear deterrent. The President interjected that he wanted to make clear that the present German government was not seeking French nuclear cover, as Chancellor Schmidt had done in his time. But if a conflict were to break out in Europe there would be no time for idle chat, and the proposed Council would reduce the time constraints on consultation. It could also work on strategic problems such as the participation of French forces in the forward battle in Europe.

President Mitterrand said that he wanted the Prime Minister to know from him that this idea was around. It might be taken further at the 25th anniversary celebrations of the Franco-German Treaty in late January 1988, although much work remained to be done, and quite likely no more than a declaration of intent would be feasible at that stage. In

essence what he was seeking was a strengthening of the 1983 arrangements rather than a fundamental change in the nature of Franco-German relations on defence matters. He wanted to stress that Mr. Chirac was also behind the initiative. It could become the embryo or nucleus for wider European defence cooperation. Spain and Italy had already expressed interest although there had as yet been no negotiations with them. A Franco-German Council which would be a decision-making body was not for tomorrow. But there was a firm intention on the part of both countries to move forward.

President Mitterrand said that, against this background, he also wanted to see discussions about Anglo-French nuclear cooperation continue. The should cover such issues as coordination of the two countries' nuclear maritime forces, to avoid overlapping in their patrol areas and functions. He would be writing very soon to the Prime Minister to explain his thinking more fully. He was interested in bringing discussion down from the theoretical plane, on which it had largely taken place so far, to consideration of practical possibilities. He was not proposing that the two Governments should reach for the moon, only that they take some useful steps.

The Prime Minister said that she was grateful to the President for speaking frankly to her. She would be equally direct. His first proposition caused her concern. She had been very careful in her public comments on Franco-German defence cooperation, describing it as perfectly natural. She saw no objection to informal contacts. But NATO was and should remain the decision-taking body for Europe's defence, and she feared that the more formal and structured proposals described by the President would undermine NATO. She hoped that France and Germany would make haste slowly. She assumed that the President would not mind her discussing these issues with Chancellor Kohl on the same basis. The President confirmed that he had no objection to this.

The Prime Minister continued that, on the second point concerning Anglo-French nuclear cooperation, she would prefer to await President Mitterrand's letter rather than try to discuss it on the telephone. There had of course already been some discussions. She had been distressed by the recent leaks to the press. It was better to keep these matters very confidential.

President Mitterrand said that the Prime Minister's reaction contained some sound advice. But there was already a special relationship between France and Germany, including in the defence field. Some improvements had been made to the Franco-German Treaty on its twentieth anniversary and there was no reason why there should not be further improvements on the twenty-fifth anniversary. But the objections of substance mentioned by the Prime Minister must be dealt with seriously. He wanted to stress that he attached great importance to Franco-British cooperation. The Prime Minister replied that she did too.

In conversation after the call had taken place, the Prime Minister said that she was not at all happy about the trend in Franco-German discussions. They were all too likely to end up weakening Europe's defence rather than strengthening it. It was important to consider the likely impact on opinion in the United States, particularly in Congress. She doubted whether Chancellor Kohl had thought through the consequences. I should contact Herr Teltschik as soon as possible to get the German side of the story, and also make sure that Mr. Carlucci was fully seized of the potential scope and significance of the Franco-German discussions. In fact the first step might best be to let the Prime Minister have an assessment of the direction and likely outcome of the Franco-German discussions. I would be grateful to see this before the Prime Minister's departure for CHOGM on 11 October. As regards Anglo-French nuclear cooperation, we can await President Mitterrand's promised letter.

I am copying this letter to John Howe (Ministry of Defence) and to Sir Robert Armstrong.

Yours ever,

CHARLES POWELL

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

Mufaxed to Chequers 2/10. 5

PRIME MINISTER

CDP 3/X.

TELEPHONE CALL WITH PRESIDENT MITTERRAND

President Mitterrand has asked to talk to you on the telephone tomorrow. We have suggested it be between 1230/1300 to minimise disruption to your speech writing. His office are very cagey about the subject and will only say that it is defence.

It may be relevant that George Younger was in Paris yesterday seeing his opposite number.

Those to whom I have talked are puzzled about what the subject can be. Possibilities which occur to me are:

(i) some general concern about American intentions on arms control i.e. that they might be reverting to Reykjavik-type proposals. But Bush's visit yesterday should have reassured them;

(ii) concern about the German desire to press ahead with reductions in short-range systems. But this is not new;

(iii) a general talk about Anglo-French defence cooperation, to balance the recent Franco-German initiatives i.e. the joint Brigade;

(iv) specific thoughts on Anglo-French nuclear cooperation. There was a major leak in the Times this week of the fact that we were talking to the French about limited cooperation. The leak came from the French, and may have been a misguided attempt to balance talk of Franco-German cooperation in other fields;

(v) the French seem keen to use the WEU as a forum to discuss cooperation between European naval forces

in the Gulf. We are not very keen: practical coordination can best be done on the spot;

(vi)

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

CHARLES POWELL
2 October 1987

EL3CEW

PRIME MINISTER

TELEPHONE CALL WITH PRESIDENT MITTERRAND

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① Franco-Ger Kohl Gür

PRIME MINISTER ② Relgrade – Coordinate Jones

Return to Charles AR

TELEPHONE CALL WITH PRESIDENT MITTERRAND

President Mitterrand has asked to talk to you on the telephone tomorrow. We have suggested it be between 1230/1300 to minimise disruption to your speech writing. His office a very cagey about the subject and will only say that it is defence.

It may be relevant that George Younger was in Paris yesterday seeing his opposite number.

Those to whom I have talked are puzzled about what the subject can be. Possibilities which occur to me are:

(i) some general concern about American intentions on arms control i.e. that they might be reverting to Reykjavik-type proposals. But Bush's visit esterday should have reassured them;

(ii) concern about the German desire to press ahead with reductions in short-range systems. But this is not new;

(iii) a general talk about Anglo-French defence cooperation, to balance the recent Franco-German initiatives i.e. the joint Brigade;

(iv) specific thoughts on Anglo-French nuclear cooperation. There was a major leak in the Times this week of the fact that we were talking to the French about limited cooperation. The leak came from the French, and may have been a misguided attempt to balance talk of Franco-German cooperation in other fields;

the French seem keen to use the WEU as a forum to discuss cooperation between European naval forces

SECRET

Fr. Gen. Consul

Idee 1 Heft

Carl Schurz Haus in Bonn

Deutsches

Berlin 1960

Carl Schurz

Haus

Oberlin . Stab Deutsches

Carl Schurz

Neuen Collin

Freie Universität

Cover

in the Gulf. We are not very keen: practical coordination can best be done on the spot;

(vi)

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CHARLES POWELL
2 October 1987

EL3CEW

073614
MDHOAN 1594

This is an example of glossing over differences. The summary suggests sweetness & light. The detail shows that we are far apart on most of the issues.

CONFIDENTIAL
FM FCO
TO IMMEDIATE PARIS
TELNO 508
OF 171530Z SEPTEMBER 87
AND TO IMMEDIATE UKREP BRUSSELS, UKDEL STRASBOURG, EC POSTS
AND TO IMMEDIATE WASHINGTON, TOKYO

FRAME GENERAL
MRS CHALKER'S VISIT TO PARIS: 16 SEPTEMBER
EC DISCUSSIONS
SUMMARY

1. CLEAR FRENCH WISH TO WORK WITH UK FOR AGREEMENT AT COPENHAGEN. FRENCH ACCEPT STABILISERS PROVIDED THEY ARE FOR ALL COMMODITIES. THEY WANT PROVISION FOR EXCEPTIONS TO THE AGRICULTURAL GUIDELINE BUT LIMITED TO MONETARY FLUCTUATIONS. THEIR IDEAS ON CONTROLLING THE GROWTH OF THE STRUCTURAL FUNDS ARE SIMILAR TO OUR OWN. THEY ENVISAGE AN EVENTUAL CEILING OF BETWEEN 1.1 AND 1.3 PRECENT OF GNP AND ACCEPT BOTH THE GNP BASE AND THE FOURTH RESOURCE. LIKE THE GERMANS, THEY APPEAR TO ENVISAGE THE NEW SYSTEM AS A MEANS OF LINKING BUDGET CONTRIBUTIONS TO RELATIVE PROSPERITY. THEY WANT TO SEE THE UK ABATEMENT FIGURE REDUCED THOUGH THEY IMPLIED THAT THE APPEARANCE OF A REDUCTION MIGHT BE MORE IMPORTANT THAN THE REALITY.

2. BOSSON SAID THAT, AFTER A LENGTHY DEBATE, THE FRENCH GOVERNMENT WAS NOW FULLY COMMITTED TO TAX APPROXIMATION AS AN ESSENTIAL INGREDIENT OF THE INTERNAL MARKET.

DETAIL

3. MRS CHALKER PAID A 24 HOUR WORKING VISIT TO PARIS ON 16/17 SEPTEMBER. THE CENTREPIECE WERE THE TALKS WITH THE MEW FRENCH MINISTER FOR EUROPE, BOSSON. IN ADDITION MRS CHALKER CALLED ON THE MINISTER FOR EXTERNAL TRADE AND THE SECRETARY GENERAL OF THE OECD, AND VISITED THE BRITISH COUNCIL.

4. THE FOLLOWING ISSUES WERE DISCUSSED WITH BOSSON:

I) FUTURE FINANCING.

BOSSON SAID THE FRENCH WANTED TO REACH AN UNDERSTANDING WITH THE UK AS A PRELUDE TO A GENERAL AGREEMENT AT COPENHAGEN. THE FRENCH ACCEPTED THE COMMISSION'S PROPOSAL FOR GNP MEASUREMENT OF OWN RESOURCES AND THE FOURTH RESOURCE. THEY THOUGHT THE 1992 CEILING WOULD NEED TO BE BETWEEN 1.1 AND 1.3? OF GNP WITHOUT CEILINGS IN THE PREVIOUS YEAR. THE LATTER WERE NECESSARY TO CONTROL THE GROWN OF NON OBLIGATORY SPENDING. INSTEAD OF THE

equals 1.6/1.8 VAT

PRESENT ABATEMENT THE FRENCH WANTED AN OWN RESOURCES SYSTEM IN WHICH EVERYONE PAID THEIR FAIR CONTRIBUTION. THE COMMISSION'S PROPOSALS WOULD REDUCE THE UK'S NET CONTRIBUTION. BOSSON RECOGNISED THAT THE SIZE OF THE CHEQUE WAS IMPORTANT TO THE UK BUT IT WAS ALSO IMPORTANT THAT THE ABATEMENT SHOULD APPEAR TO BE ON A DECLINING TREND.

5. MRS CHALKER EXPLAINED OUR RESERVATIONS ABOUT SUB-CEILINGS. THE CEILING COULD TOO EASILY BECOME A FLOOR. SHE ALSO EXPLAINED HOW THE COMMISSION PROPOSALS FOR THE UK ABATEMENT WOULD LEAVE US WORSE OFF THAN UNDER FONTAINBLEAU. THIS WAS UNACCEPTABLE. WE COULD LOOK AT HOW THE CAKE WAS CUT, BUT THE RESULT MUST BE AT LEAST AS GOOD FOR THE UK AS FONTAINEBLEAU.

6. BOSSON SAID THE FRENCH COULD ACCEPT STABILISERS PROVIDED THEY WERE FOR ALL COMMODITIES AND WITH PROVISION FOR EXCEPTIONS TO THE GUIDELINES FOR MONETARY FACTORS. THE FRENCH AGREED UNDER QUESTIONING FROM MRS CHALKER, THAT THE COMMISSION'S PROPOSAL ON EXCEPTIONAL CIRCUMSTANCES COULD BE TIGHTENED UP. BOSSON REPEATED THE FRENCH VIEW THAT THE GUIDELINE MUST BE REBASED TO REFLECT THE ACTUAL LEVAL OF EXPENDITURE IN 1987.

7. BOSSON REITERATED FRANCE'S WISH TO CONSTRAIN THE GROWTH OF THE STRUCTURAL FUNDS WHILE DOING SOMETHING TO HELP SPAIN AND PORTUGAL. HIS OFFICIALS SAID THE AIM WAS TO KEEP OVERALL GROWTH WITHIN THE MAXIMUM RATE BUT THERE WOULD BE LITTLE HOPE OF SUSTAINING THAT POSITION RIGHT THROUGH TO THE END OF THE NEGOTIATIONS. IT WAS AGREED THERE SHOULD BE FURTHER, DETAILED DISCUSSIONS BETWEEN OFFICIALS ON ALL THE FUTURE FINANCING ISSUES.

(II) 1988 BUDGET

8. AS ALREADY REPORTED (TELCON JAY/BOSTOCK, UKREP) BOSSON SAID THE FRENCH ACCEPTED THAT THE BUDGET COULD NOT BE ESTABLISHED ABOVE 1.4 PERCENT. THE FRENCH PROPOSED THAT THE BUDGET SHOULD BE SENT TO THE EUROPEAN PARLIAMENT ON THAT BASIS BUT WITH AN ACCOMPANYING STATEMENT OF EXPENDITURE WHICH THIS COMMUNITY WOULD HAVE TO MEET IN 1988. THIS STATEMENT WOULD REPRESENT THE 'GAP' TO BE FILLED AFTER DECISIONS WERE TAKEN AT COPENHAGEN. ON THE BASIS OF 1.6 PERCENT AT REVENUE FROM AN OILS AND FATS TAX, AND TAKE INTO ACCOUNT BUDGET DISCIPLINE. WITHOUT SUCH A GESTURE THERE WOULD BE A MAJOR ROW BETWEEN THE COUNCIL AND THE PARLIAMENT. MRS CHALKER SAID THAT SHE COULD NOT COMMENT IN DETAIL WITHOUT SEEING THE FRENCH TEXT BUT THERE COULD BE NO QUESTION OF ESTABLISHING A BUDGET AT OVER 1.4 PERCENT AND NO QUESTION OF PREJUDGING THE DECISIONS TO BE TAKEN AT COPENHAGEN. THE EC ALREADY GENERATED MORE HEAT THAN LIGHT AND WE SHOULD NOT BE SWAYED BY ITS EXCITEMENT.

(III) TAX APPROXIMATION

7. BOSSON SAID THAT THERE HAD BEEN A MAJOR DISCUSSION WITHIN THE FRENCH GOVERNMENT ABOUT WHETHER TO ACCEPT APPROXIMATION OF VAT RATES. THE FINANCE MINISTRY WAS LUKEWARM BUT, FOLLOWING A WHOLE RANGE OF STUDIES INVOLVING FRENCH INDUSTRY, THE CONSENSUS WAS THAT THE INTERNAL MARKET AND EQUALITY OF COMPETITION WITHIN IT REQUIRED APPROXIMATION OF VAT RATES. HE ACKNOWLEDGED THAT EXCISE DUTIES WERE EVEN MORE DIFFICULT BUT THEY COULD NOT BE EXCLUDED BECAUSE THEY WERE ESSENTIAL TO PRODUCING AN EQUITABLE OUTCOME. THE FRENCH WERE PREPARED TO REDUCE THEIR LUXURY VAT RATE AND WERE TAKING STEPS (EG TAKING TOBACCO OUT OF THE INDEX WHICH DETERMINED MINIMUM WAGE AND PENSION LEVELS) WHICH WOULD MAKE IT EASIER FOR THEM TO ACCEPT THE POLITICAL PAIN OF RAISING EXCISE DUTIES.

(IV) FRONTIER CONTROLS

10. M.BOSSON MADE A PLEA FOR VISA HARMONISATION AS THE MOST EFFECTIVE MEANS OF CURBING ILLEGAL IMMIGRATION. MRS CHALKER POINTED OUT THE POLITICAL AND PRACTICAL PROBLEMS POSED BY THE FRENCH LIST OF COUNTRIES WHICH WOULD BE MADE SUBJECT TO A VISA REQUIREMENT. BOSSON SAID THAT IT WOULD BE MUCH EASIER POLITICALLY IF THE RESPONSIBILITY FOR IMPOSING VISA REGIMES WERE SPREAD ACROSS ALL MEMBER STATES.

(V) FRENCH CULTURAL PROPOSALS

11. BOSSON SAID THE FRENCH BLUE BOOK PROPOSALS WERE DESIGNED TO BE MODEST AND COST FREE. THEY SHOULD BE AGREED AMONG THE TWELVE (OR SOME OF THEM) AND NOT AS A COMMUNITY MEASURE. HE HOPED THERE COULD BE MINISTERIAL DISCUSSIONS TO WHICH THE COMMISSION WOULD BE INVITED. BUT THE COMMISSION WOULD NOT BE ALLOWED TO CALL THE SHOTS. INDEED, ONE PURPOSE OF THE PROPOSALS WAS TO HEAD OFF UNDESIRABLE COMMISSION INITIATIVES.

(VI) GIBRALTAR/AIR TRANSPORT

12. BOSSON WAS UNAWARE OF THE NEW FRENCH IDEA OF A POLITICAL COMMITMENT BY MEMBER STATES TO IMPLEMENTING THE AIR TRANSPORT PACKAGE IN ADVANCE OF ITS FORMAL ADOPTION. MRS CHALKER SAID IT WAS IMPORTANT TO DO NOTHING WITH TOOK THE PRESSURE OFF SPAIN TO AGREE THE PACKAGE, WHICH WE EXPECTED TO SEE VOTED THROUGH THIS YEAR. WE WERE MEANWHILE WORKING HARD TO RESOLVE BILATERAL DIFFERENCES OVER GIBRALTAR. BOSSON SAID HE WOULD ENSURE THE FRENCH DID NOT ROCK THE BOAT GIVEN THE UK'S CURRENT NEGOTIATIONS WITH SPAIN. WE MADE IT CLEAR TO FRENCH OFFICIALS THAT IT WOULD BE QUITE UNACCEPTABLE IF SPAIN WERE TO AGREE TO ACT IN THE SPIRIT

OF THE PACKAGE ON CONDITION THAT GIBRALTAR WAS EXCLUDED FROM ITS APPLICATION.

13. IN HER MEETING WITH NOIR (MINISTER FOR EXTERNAL TRADE) MRS CHALKER SAID THAT IT WAS IMPORTANT NOT TO TALK OF THE COMPLETION OF THE INTERNAL MARKET - TO THE IMPORTANCE OF WHICH THE AMERICANS WERE NOW WAKING UP - IN TERMS WHICH WOULD FUEL AMERICAN PROTECTIONIST SENTIMENTS. NOIR TOOK THE POINT, BUT STRESSED HIS OWN CONCERN (REFLECTED ALSO IN BOSSON'S PAPER FOR THE 7 SEPTEMBER INTERNAL MARKET COUNCIL) THAT IN COMPLETING THE INTERNAL MARKET THE COMMUNITY MUST AVOID PROVIDING AN UNCOVENANTED BONUS FOR THIRD COUNTRIES. HE SPOKE ELOQUENTLY OF JAPANESE INDUSTRIAL ESPIONAGE IN FRANCE. NOIR ALSO THOUGHT A MEETING BETWEEN DE CLERCQ AND BRITISH, FRENCH AND GERMAN MINISTERS WOULD BE USEFUL TO DISCUSS TRADE ISSUES AND THE HANDLING OF AIRBUS.

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CC P/C

FROM THE AMBASSADOR

BRITISH EMBASSY,
PARIS.
7 September 1987

C D Powell Esq
Private Secretary
10 Downing Street
London SW1

EDP
10/9

My dear Charles,

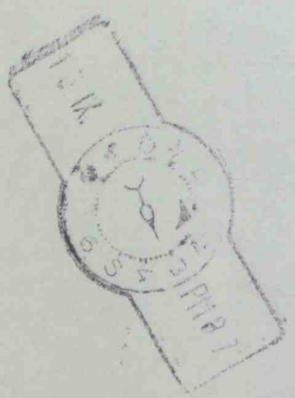
Some weeks ago, while you were on leave I think, Mme Mitterrand was taken into hospital overnight suffering from exhaustion after the accident involving her son and grandchildren. At our suggestion, the Prime Minister very kindly sent a card which, together with one from Sara and me, I sent round with a large bouquet of red roses. Mme Mitterrand has now written thanking Mrs Thatcher. I enclose her letter and our translation.

Best wishes

Ewen

Ewen Fergusson

P.S. I hope all is well - it is always nice seeing you, even in the least propitious circumstances!



GR2
NO

Prime Minister

(Thank you message from Madame Mitterrand)

CDP 10/4

EMBASSY TRANSLATION

I was very touched by the wishes for my recovery which you sent me and I thank you warmly. My children are now improving steadily, although a number of operations will still be necessary.

Please accept, Madame, the expression of my warmest feelings.

MADAME DANIELLE MITTERRAND

Paris, le 25 Août 1987

Madame,

Je suis très sensible aux voeux de rétablissement que vous m'avez fait parvenir et je vous en remercie bien vivement.

Aujourd'hui, mes enfants sont en bonne voie de guérison, malgré quelques interventions encore prévues.

Je vous prie d'agréer, Madame, l'expression de mes sentiments les meilleurs.

Danielle Mitterrand

Madame Margaret THATCHER

-:-:-:-:-:-:-

AMBASSADE DE FRANCE
LONDRES

n° 2044/G/CO

5th August, 1987

Dear Private Secretary,

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

Jean-Noël de Bouillane de Lacoste
Chargé d'Affaires a.i.

Charles Powell, Esq.
Private Secretary to the Prime Minister,
Prime Minister's Office,
10, Downing Street,
London, S.W.1.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T153A/87

Prime Minister
Re President thanks you for your message of condolence.
CDD

MESSAGE OF MONSIEUR FRANCOIS MITTERRAND,
PRESIDENT OF THE FRENCH REPUBLIC

SUBJECT
CC OPS
MASTER

TO

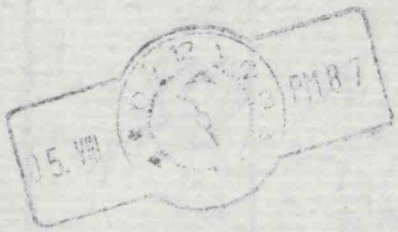
THE RT. HON. MARGARET THATCHER, M.P.
PRIME MINISTER

Paris, le 4 août 1987

"Madame le Premier Ministre,

Très touché par le témoignage de sympathie que vous avez bien voulu m'adresser à l'occasion de l'accident survenu à des membres proches de ma famille, je tiens à vous exprimer mes sincères remerciements et vous prie d'agréer, Madame le Premier Ministre, l'assurance de ma haute considération.

signé : François Mitterrand"./.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PM87

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ccPC

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

22 July 1987

Dear Lyn,

I enclose a copy of a message from the Prime Minister to President Mitterrand about the accident in which his son and grand-children were injured. I should be grateful if you could arrange for the text to be telegraphed to Paris for delivery as soon as possible.

Yours sincerely,

Charles Powell

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

SL

SUBJECT cc MASTER
OPS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

22 July 1987

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T147/87

Dear Mr. President,

I have just heard of the car accident near Gerona in which your son and two young grand-daughters were involved. It must be a terrible worry for you and your wife. You have my deepest sympathy. I hope that they will make a speedy and complete recovery.

Yours sincerely,

Margaret Thatcher

His Excellency Monsieur François Mitterrand, G.C.B.

FROM: D G Blunt
Western European Department
DATE: 22 July 1987
CC: Mr Paxman, SED

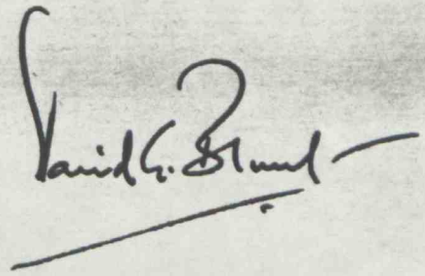
PS

POSSIBLE MESSAGE TO PRESIDENT MITTERAND

1. We spoke. President Mitterand's son Gilbert, and two grandaughters, Pascale (9) and Justine (6) were injured in a car accident near Gerona (Spain) yesterday. President Mitterand and his wife have flown to Southern France to meet the family.

2. The Mitterands appear to have been innocent victims in an accident in which the driver in the other car involved was killed. News reports suggest that Gilbert was scarcely injured; Pascale suffered a fractured wrist and lacerations; Justine was worst injured. She is reported to have undergone surgery to her head. None of the Mitterands involved in the accident are said to be in any danger.

3. Given the above circumstances and the fact that President Mitterand offered sympathy at the time of the disappearance of the Prime Minister's son in the Sahara, the Prime Minister might like to send a message of sympathy to President Mitterand. Suggested language is attached.



D G Blunt
Western European Department

DGBAAQ

GRS 210

CONFIDENTIAL

CONFIDENTIAL
FM PARIS
TO IMMEDIATE FCO
TELNO 690
OF 160944Z JUL 87

YOUR TELNO 382: MY CALL ON THE FRENCH PRIME MINISTER: TALKS WITH MRS THATCHER.

1. DURING MY CALL ON MONSIEUR CHIRAC ON 15 JULY I SPOKE AS INSTRUCTED IN PARA 2 OF TUR. HE SAID THAT HE WOULD BE VERY HAPPY TO FIT IN WITH WHATEVER ARRANGEMENTS WERE BEING MADE BETWEEN US AND THE ELYSEE ON 29 JULY. THERE NOW NEEDS TO BE DIRECT CONTACT BETWEEN THE ELYSEE, THE MATIGNON AND THIS EMBASSY TO FIX AN APPROPRIATE TIME. (WE ARE ALREADY IN DETAILED DISCUSSION WITH THE ELYSEE ABOUT THE PROGRAMME.)

2. AS FOR A LATER, QUOTE CHEQUERS STYLE UNQUOTE MEETING, I SAID THAT WE HAD PUT THE DATE OF 26 OCTOBER TO THE QUAI D'ORSAY FOR THE NEXT FRANCO-BRITISH SUMMIT. IF THERE WERE TO BE A MEETING BETWEEN MONSIEUR CHIRAC AND THE PRIME MINISTER IT WOULD PRESUMABLY NEED TO BE BETWEEN THEN AND THE EUROPEAN COUNCIL AT THE BEGINNING OF DECEMBER. M. CHIRAC MADE IT CLEAR THAT HE WAS AGAIN PREPARED TO FIT IN WITH MRS THATCHER'S CONVENIENCE AND CLEARLY ENVISAGED FLYING TO LONDON: HE SPECIFICALLY WAS NOT SUGGESTING THAT MRS THATCHER SHOULD COME TO PARIS. WE LEFT IT THAT A DATE SHOULD, IF POSSIBLE, BE SETTLED IN FURTHER CONTACT BETWEEN THE MATIGNON, THIS EMBASSY AND/OR NUMBER 10. IT WOULD BE HELPFUL, IF YOU WISH THE EMBASSY TO TAKE THIS FURTHER, IF I COULD BE GIVEN A POSSIBLE DATE(S) TO PROPOSE.

FERGUSSON

YYYY

PCLNAN 0143

LIMITED
ECD(I)
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WED
PS
PS/MRS CHALKER
PS/PUS
SIR J FRETWELL

MR BRAITHWAITE
MR FERGUSSON
MR ILER
MR RATFORD

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The National Archives

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Use black or blue pen to complete form.

Use the card for one piece or for each extract removed from a different place within a piece.

Enter the department and series,
eg. HO 405, J 82.

Enter the piece and item references, .
eg. 28, 1079, 84/1, 107/3

Enter extract details if it is an extract rather than a whole piece.
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PRIME MINISTER

SIR EWEN FERGUSSON

Ewen Fergusson is calling on you before proceeding to his new post as H.M. Ambassador in Paris. You will want to congratulate him on his K in the Birthday Honours.

His main task will be to build on the very much improved relations with France which you have developed over the past two years in particular, so that we are in practice a part of a tripartite Anglo/French/German axis at the head of Europe.

You will want to caution him against getting drawn along too quickly by French enthusiasm for Anglo-French nuclear cooperation, even though the FCO and MOD are quite keen.

You might urge him to keep in touch with M. Barre, who must be a strong candidate for the Presidency.

CDP

CHARLES POWELL
15 June 1987

EL3BYY

RESTRICTED

SAVING TELEGRAM
RESTRICTED
FROM PARIS SAVING TELNO 17 OF 20 MAY 1987
TO FCO
REPEATED FOR INFORMATION TO : OTHER EC POSTS, TOKYO, OTTAWA,
UKDEL IMF/IBRD WASHINGTON, WASHINGTON

MT

FRENCH PRESS TREATMENT OF THE UK ECONOMY

SUMMARY

1. The French press has radically reappraised its view of the British economy. It is now presenting a more positive assessment than for many years.

DETAIL

2. For as long as any of us here can remember, the accepted wisdom in France has been that the UK, above all its economy, is in decline. Suddenly, in recent weeks, one publication after another has changed its appreciation. Three factors have contributed to this: the newly positive view taken by international investors and analysts, the approach of the general election, and this Embassy's persistent efforts to challenge misrepresentation by the French press.

3. The most considered and authoritative expression of this new trend of press comment appeared early last month in the quality economic and business periodical L'Expansion. This magazine is read by top management and tends to give the lead to other, more widely-read papers. The magazine's thesis on the UK was, briefly, that, after a period when an over-valued pound inflicted grave damage on Britain's industrial fabric, and despite a growing gap between north and south, the main lines of the economy were pointing in the right direction, and above all, the British had developed a new spirit of enterprise. The article was written by François de Witt after a COI-programmed visit to the UK.

4. These are the main elements in all comment currently emerging from France, but the stress is placed more on the new dynamism or on social inequalities, according to the political sympathies of the publications.

5. The most unreserved convert and leader of the new trend is Sir James Goldsmith's news weekly, L'Express, which is read widely by the middle classes. Sir J Goldsmith, who takes a close interest in the editorial line pursued by his publication, belonged - at least until recently - to the «decline» school. Last weekend L'Express published an editorial extolling Britain's «rediscovered pride». It followed much the same analysis as the L'Expansion article just mentioned, referring to «monetarist horse-medicine», but listed the positive results of recent years. In this type of

/coverage

coverage the state of Britain is seen as closely associated with the person of the Prime Minister. The author entitled the editorial «Lady Courage».

6. This editorial was preceded a few weeks ago by a full page up-beat assessment of the UK economy in the same magazine which followed closely the lines of a budget-day briefing given to the author (and other economic journalists) by my staff. Also this past weekend, the more markedly right-wing glossy weekly, Le Figaro Magazine, published a dithyrambic piece proclaimed «England is winning» and concluded that the success of the Prime Minister's policies «is a lesson for those who, in France, are tempted by the sirens of the centre». The author of the piece, Alain Griotteray, was recently on a visit to the UK organized by the Embassy and the COI.

7. It is also notable that in the less sharply right-wing news weekly Le Point, the economic editor, Guihannec, who hitherto had taken the line that despite great efforts by the Prime Minister the UK was still a country in decline, wrote last week, in a series of features of a generally positive tenor, that «something has changed» and that «the very idea of decline has disappeared». (We have been conducting a vigorous correspondence with his editor-in-chief in recent weeks, to challenge an earlier reference by Guihannec to the UK's economic performance as «the worst in Europe».)

8. A similar trend is apparent in the left-of-centre press. The editor-in-chief of Nouvel Economiste wrote, a few days after we briefed him, a handsome tribute to Britain's economic success, and to Mrs Thatcher's achievement in combining a gradual opening to Europe with traditional nationalism.

9. Commentators in left-of-centre papers do not praise the assertion of free market principles or the decline of trade-union power. Nonetheless, the analysis of UK economic history since 1979 is much the same as L'Expansion's. Their treatment still tends to stress the drop in the economy at the beginning of the eighties, the level of unemployment, or the north-south gap. But now they put the good news first and the negative aspects second, in a «but on the other hand» paragraph.

10. In a country which lacks a national press, and where the regional dailies' coverage of international affairs is thin, the news weeklies, who have run most of the pieces quoted here, are particularly influential. They have circulations of between 300,000 and 500,000, and play the role of Time and Newsweek in the US.

11. The staff of Le Monde, with whom we have also intensified our efforts recently, is lagging behind the weeklies, which is not surprising given its left-of-centre sympathies and its habitual slowness to recognize new trends. But prompted perhaps by my letter to André Fontaine challenging a sweeping reference to Britain's de-industrialisation they have now sought our help in planning an investigation of this issue in the UK.

12. Le Figaro, on the right but historically distrustful of Britain, last week made its own contribution to the revision of the way the French view us with a two-page spread on the economy. Like Le Monde, it sells about half a million copies daily.

CONCLUSION

13. This radical reappraisal of the UK economy is part of a wider re-assessment, which includes Britain's East-West role, especially after the Prime Minister's visit to Moscow, and acknowledgement that Britain is now a fully «European» member of the Community. It is striking that the articles referred to above come from almost the whole spectrum of the French press, with the sole exception of the Communist L'Humanité, and that radio and television comment is following the lead of the written press.

FRETWELL

FRAME ECONOMIC

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FAREWELL CALL ON PRESIDENT MITTERRAND

SUMMARY

1. IN MY FAREWELL CALL ON MITTERRAND THIS MORNING HE SPOKE WARMLY ABOUT THE PRESENT STATE OF ANGLO/FRENCH RELATIONS, BUT PUT DOWN A MARKER ABOUT IMPENDING DIFFICULTIES OVER AGRICULTURE.

DETAIL

2. IN MY FAREWELL CALL ON MITTERRAND HE STRUCK A VERY POSITIVE NOTE ABOUT RELATIONS IN GENERAL. AFTER A DIFFICULT FIRST TWO YEARS HE HAD BEEN ABLE TO WORK WELL WITH MRS THATCHER ON COMMUNITY QUESTIONS, PARTICULARLY AT FONTAINEBLEAU, AND MORE RECENTLY ON DEFENCE QUESTIONS, WHERE POSITIONS HAD COME CLOSER. HE ACKNOWLEDGED, IN RESPONSE TO MY COMMENT, THAT IT WAS NOW NORMAL FOR THE TWO COUNTRIES TO LOOK FOR COMMON POSITIONS INSTEAD OF EXPECTING AUTOMATICALLY TO FIND THEMSELVES ON OPPOSITE SIDES OF THE BARRICADES. CO-OPERATION IN COUNTERING TERRORISM HAD IMPROVED. THE DECISION TO BUILD THE CHANNEL TUNNEL WAS OF LONG-TERM PSYCHOLOGICAL AS WELL AS ECONOMIC SIGNIFICANCE.

3. THE MAIN SUBJECT WHICH MITTERRAND CHOSE TO RAISE WAS AGRICULTURE. HE SAID HE HAD PERSONALLY SUPPORTED MILK QUOTAS AND WAS READY TO ENDORSE OTHER MEANS OF HOLDING PRODUCTION WITHIN REASONABLE LIMITS. FRANCE COULD NOT EXPECT TO BENEFIT EXCESSIVLEY FROM THE CAP. IT MIGHT NOT BE POSSIBLE TO ELIMINATE SURPLUSES ENTIRELY: AGRICULTURE WAS PART OF THE BACKGROUND OF CIVILISATION IN FRANCE AND IN OTHER COUNTRIES AND COULD NOT BE ABANDONED. BUT SURPLUSES COULD NOT BE BUILT UP INDEFINITLEY. HOWEVER HE FORESAW THE RISK OF CLASHES BETWEEN BRITAIN AND FRANCE ON AGRICULTURAL QUESTIONS IN THE COMMUNITY IN THE NEXT FEW MONTHS. I SAID IT WOULD BE IMPORTANT TO DISCUSS AGRICULTURAL QUESTIONS BILATERALLY AND IN CONFIDENCE TO SEE IF WE COULD ESTABLISH SOME COMMON POSITIONS. MITTERRAND AGREED AND SAID HE HOPED MY SUCCESSOR WOULD BE FULLY BRIEFED ON THESE QUESTIONS.

4. ON THE COMMUNITY BUDGET MITTERRAND SAID HE THOUGHT THE BRITISH POSITION TOO RIGID. HE UNDERSTOOD MRS THATCHER'S ARGUMENT THAT ONE SHOULD NOT GO ON POURING IN MORE MONEY WHEN THE EXPENDITURE APPEARED UNNECESSARY OR WASTEFUL. BUT THERE HAD TO BE SOME SORT OF COMPROMISE TO ENABLE THE COMMUNITY TO FUNCTION AND DEVELOP. THE 1.6 PERCENT OF VAT WHICH WAS IN PROSPECT WOULD NOT BE ENOUGH. ADMITTEDLY HIS OWN GOVERNMENT AT PRESENT TOOK A RESTRICTIVE VIEW, BUT HE WAS PERSONALLY CONVINCED ONE SHOULD LOOK AHEAD TO 1.8 PECENT OR 2 PERCENT. THESE WERE RELATIVELY SMALL SUMS COMPARED WITH THE MAGNITUDE OF THE COMMUNITY ENTERPRISE. I RESTATED OUR POSITION.

/5

5. MITTERRAND CONCLUDED WITH FURTHER WARM REFERENCES TO LONDON AND TO ITS PARTICULAR APPEAL TO FRENCHMEN, DUE IN PART TO THE GREAT HISTORICAL DIFFERENCES THEY SENSED ON CROSSING THE CHANNEL. HE WAS GLAD THAT SOME OF THE SENSE OF RIVALRY HAD GONE OUT OF THE RELATIONSHIP. BUT OF COURSE SOME WOULD ALWAYS REMAIN BETWEEN TWO SUCH NATIONS, AS IT DID BETWEEN ENGLAND, SCOTLAND, IRELAND AND WALES. HE THOUGHT THIS NO BAD THING.

6. I SLIPPED IN A REFERENCE TO MY SATISFACTION AT HAVING SERVED IN PARIS THROUGHOUT THE MAJOR PART OF HIS FIRST SEVEN YEAR TERM. HE DID NOT TAKE ME UP ON THE WORD 'FIRST'.

FRETWELL

YYYY

PCLNAN 9083

FRAME GENERAL.

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DA
cePC
FCO

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

14 April 1987

Dear Prime Minister,

Thank you for your two letters of 23 March marking the occasion of the Thirtieth Anniversary of the Treaty of Rome.

I was grateful to you for letting me have your latest thinking on cultural and educational co-operation between European countries. Some of the issues to which you have drawn attention are already under consideration by the Culture Ministers of Member States and we look forward to discussing your initiative when they next meet in a few weeks' time. As your proposal itself acknowledges, we have to be realistic about the financial and institutional constraints, however much we would like to do more.

I agree with you that, in the last thirty years, the Treaty of Rome has made a major contribution to the stability of Europe. It has helped to replace poverty with prosperity. And it has given Europe a more powerful voice in the world. The United Kingdom has been fully involved for the last fifteen of those years and we will continue to play our full part in working for an effective Community. The strong links between our two countries are an indication of what can be achieved. I look forward to discussing with you very soon how we can work together to tackle the acute problems the Community faces this year.

Warm regards.

Yours sincerely

Margaret Thatcher

DA

Monsieur Jacques Chirac

cc PC

Foreign and Commonwealth Office

London SW1A 2AH

13 April 1987

Dear Charles,

Thank you for your letter of 24 March enclosing two letters to the Prime Minister from M. Chirac dealing with the 30th Anniversary of the Treaty of Rome, and with a French action programme for Europe in the fields of culture and education. I enclose a draft reply to both letters, agreed with Departments responsible.

The French ideas have now been spelled out in a "Blue Book" of 17 proposals. They include:

- a European language academy;
- a greater European dimension to education;
- development of school exchanges;
- audio-visual cooperation;
- promotion of European writers.

The French have consistently worked for closer European cooperation in the cultural field. M. Chirac proposes a meeting of European Community Ministers to discuss his cultural initiative. He envisages cooperation outside and beyond the Community framework, eg including other Western European countries not in the EC.

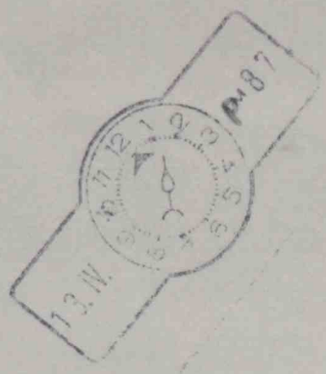
EC Culture Ministers are due to meet in June and will have a first informal discussion of the French ideas then. We shall not be able to agree to a number of the French proposals but others will also have problems with aspects of these. Insofar as the French are envisaging action outside the Community framework their initiative may usefully delay decisions on some Community proposals with which we disagree. The draft reply to M. Chirac makes no commitment to any of the French proposals.

I am copying this letter to Rob Smith (DES), Michael Stark (Office of Arts and Libraries), Timothy Walker (DTI) and David Williamson (Cabinet Office).

Yours ever,

(L Parker)
Private Secretary

C D Powell Esq
10 Downing Street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P.M.

DSR 11 (Revised Sept 85)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1 +

FROM:
The Prime Minister
DEPARTMENT:
TEL. NO:
BUILDING:
ROOM NO:

Reference

Your Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

..... In Confidence

CAVEAT .....

Enclosures flag(s) .....

TO:

HE M. Jacques Chirac

Copies to:

SUBJECT:

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FRANCE
RELATIONS

very soon how we can work together to tackle the PTY

acute problems the Community faces this year.

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AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

1st April, 1987

2/6.

Dear Prime Minister.

I have now received through the dated 23.3.87
diplomatic bag two letters addressed to you by
Monsieur Jacques Chirac, Premier Ministre.

I enclose them herewith.

You will remember that the texts of
these letters were sent to you on Tuesday 24th March.

Yours sincerely

Luc de Nant

Luc de La Barre de Nanteuil

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

01.IV.
PM87

SUBJECT
CC MASTER

10 DOWNING STREET
LONDON SW1A 2AA

26 March 1987

From the Private Secretary

Dear Alex,

PRIME MINISTER'S MEETING WITH THE FRENCH MINISTER FOR THE ECONOMY

The Prime Minister had a talk with M. Balladur this morning. The Chancellor of the Exchequer and the French Ambassador were also present.

EC Finances

The Prime Minister said that it was essential for France, Germany and Britain to work together to resist the constant tendency of the European Community to spend more money. If our three countries were firm, our point of view would prevail. There were particular problems over agricultural spending. Agricultural prices tended to be set at levels necessary to keep small and relatively inefficient farmers in business. She accepted that it was necessary to keep small farmers on the land but this was a social requirement and income support for them should be financed from national social budgets.

M. Balladur said it was difficult enough to keep national spending under control without the added difficulty of having the European Community as an open tap. He agreed that it was important for Britain, France and Germany to work closely together. Indeed he had earlier proposed to the Chancellor of the Exchequer that the three countries should talk together in the margins of the informal ECOFIN next week. Agricultural spending was, of course, of great importance to France where the rural population accounted for nearly one-quarter of the total. Agriculture throughout the European Community would look totally different in ten years time. But we had to move by stages.

M. Balladur asked what the Prime Minister thought of the Commission's proposal to express contributions to the Community budget as a percentage of GNP. The Prime Minister said that she absolutely ruled it out. It was just a means

for the Commission to get it hands on more money under an automatic system.

M. Balladur asked what our reaction was to the proposal to change the present system of agricultural spending from advances to refunds. He had two criticisms of it: it was a one-off ploy to get the Community through a tricky budgetary problem in 1987: and he saw a risk that, if funds were not available, the Commission would simply decide not to reimburse certain expenditure, leaving national budgets to pay. The Chancellor said that our attitude was rather more positive. A way had to be found to get through this year's budgetary difficulties.

Japan

The Prime Minister referred to the difficulties of persuading the European Community to take effective action against Japan. The Japanese appeared to be determined to exclude Cable and Wireless from a share in their telecommunications network. We should certainly retaliate were they to do so. More generally, the EC Commission had been far too slow to act. And a number of Member States had a built-in interest in preserving their own trade barriers against Japan, which predated the EC. The United States was more robust. But this only had the effect of deflecting Japanese exports towards the EC. She had raised the matter of Japanese trade restrictions several times at Economic Summits but had never been able to obtain agreement on action. The United States preferred to do private deals.

M. Balladur agreed that the Community should if possible act together. The Commission tended to take too abstract a view of these matters. He would be happy to send over his Minister for Foreign Trade for further discussions with the DTI.

EMS

M. Balladur asked the Prime Minister's view on the operation of the EMS. The Prime Minister gave her views in familiar terms. M. Balladur concluded that it seemed highly unlikely that the United Kingdom would join in the near future. The Prime Minister said that we would join one day. But she thought that other European Member States under-estimated the difficulties which the EMS itself would have in absorbing sterling.

French Economy

M. Balladur gave a brief account of the French Government's economic reforms. The Prime Minister said that there were always difficulties at the beginning. Her Government had introduced reforms as soon as it took office in 1979, but the situation had continued to decline to a low point in mid-1981. It was important to keep your nerve through the difficult early years.

I am copying this letter to Lyn Parker (Foreign and Commonwealth office), Timothy Walker (Department of Trade and Industry) and David Williamson (Cabinet Office).

yours sincerely,

Charles Powell

Alex Allan Esq
HM Treasury.

PRIME MINISTER

MEETING WITH M. BALLADUR

You have a short meeting tomorrow morning with M. Balladur, the French Deputy Prime Minister and Minister for the Economy. He is attending a symposium organised by the Economist.

Points which you might raise are:

- the French economy. It is not doing well.

- our desire to work very closely with France on the ex novo review of EC finances. We shall not be ready to reach any conclusion at the European Council in June.

- your visit to Moscow. This will ensure that Chirac does not feel left out, following your briefing of Mitterrand. (Balladur is of course Chirac's man.)

CDP

CHARLES POWELL

25 March 1987

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CONFIDENTIAL

CCPC
CCBL4P

Foreign and Commonwealth Office

London SW1A 2AH

24 March 1987

Please bring forward for meeting folder

Dear Charles,

Monsieur Edouard Balladur

You have already received from HM Treasury (Andrew Kuczys' letter of 20 March) briefing for M. Balladur's call on the Prime Minister on 26 March. You may like some further background on his position within the French Government.

Balladur's relationship with Chirac goes back to 1963, when they both worked for Pompidou as Prime Minister. He has now become Chirac's principal confidant and would probably be front-runner for Prime Minister if Chirac were elected President. Currently, he is regarded as Chirac's unofficial deputy Prime Minister.

As Minister for the Economy in a government representing a wide range of political and economic views, he has had to perform a difficult balancing act: moving far enough to satisfy those who want economic reform, without antagonising the government's more traditionalist supporters. He is himself a pragmatist, rather than a committed supporter of classic French state management, and has accelerated the economic liberalisation begun under the Socialists. The change from quantitative rationing as a brake on growth of money supply to reliance on interest rates has been put into effect on schedule. A programme of privatisation has been initiated and now, following the success of the first flotations (with British merchant banks advising), accelerated. steps have been taken to remove price and exchange controls, though less rapidly than the government's election manifesto had promised. Balladur's first Budget struck a balance between reducing the deficit and honouring the election promise to reduce direct taxation. On international economic and monetary matters Balladur has proceeded cautiously, and managed sensibly the G5 Louvre meeting in February.

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CONFIDENTIAL

It is a measure of the success of Balladur's approach that the government's economic policies have largely avoided provoking the dispute and disenchantment evident in some other fields, despite some serious underlying problems in the French economy. In particular, his resolute refusal to consider pay increases for public sector workers who went on strike in January, but eventually backed down, contrasted with the government's surrender the previous month to student protests and to railwaymen angered by proposals to reform their promotion structure.

Personally Balladur is fastidious, almost shy in manner (he is nicknamed the Canon), but nevertheless an evidently strong and decisive character. His steadiness and self-control complement well the qualities of the more impetuous Chirac.

Yours ever,

Leigh Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

FRANCE

RELATIONS

PTY

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

24 March, 1987.

I enclose a copy of a letter to the Prime Minister from Monsieur Chirac dealing with the 30th Anniversary of the Treaty of Rome, and with the French action programme for Europe in the fields of culture and education. I should be grateful for a draft reply in due course, if you consider it appropriate.

I am sending copies of this letter and enclosure to Rob Smith (Department of Education and Science) and David Williamson (Cabinet Office).

(C.D. Powell)

Lyn Parker, Esq.,
Foreign and Commonwealth Office.

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

24th March, 1987

CDP 24/3.

Dear Charles

I have just received the text of two messages addressed to the Prime Minister by Monsieur Jacques Chirac, Premier Ministre.

The first one concerns the 30th Anniversary of the signature of the Treaty of Rome and the second one our action programme for Europe in the fields of Culture and Education.

Yours ever

Luc de Nanteuil

Luc de La Barre de Nanteuil

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

MESSAGE DE MONSIEUR JACQUES CHIRAC,
PREMIER MINISTRE

A

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

Paris, le 23 mars 1987

"Madame le Premier Ministre,

Pour célébrer le trentième anniversaire de la signature du Traité de Rome, le Gouvernement français a souhaité proposer à ses partenaires et à la Commission une nouvelle ambition.

Consciente des défis redoutables auxquels se trouve confrontée la Communauté, notamment dans les domaines économiques et budgétaires, la France estime cependant nécessaire de progresser dans deux secteurs où les réalisations sont encore peu nombreuses, l'Education et la Culture.

Trop souvent, on entend dire que l'Europe ne s'intéresse qu'à l'existence des agents économiques, en d'autres termes qu'elle se limite au domaine de "l'Europe des Marchands". Je suis convaincu qu'il convient de renforcer

.../...

la coopération dans l'Education et dans la Culture afin de contribuer de façon importante à la réalisation de "l'Europe des Hommes".

L'Europe de la Culture et de l'Education, c'est d'abord un héritage et une tradition. L'Europe a commencé par là, quand un étudiant pouvait accomplir ses études dans les grandes universités de plusieurs de nos pays. C'est aussi une chance car la richesse et la variété de nos cultures sont pour l'Europe un atout formidable dans le monde contemporain. Cet atout nous ne l'avons pas encore suffisamment utilisé au niveau de nos douze pays. Enfin, aujourd'hui c'est une nécessité car les nouvelles technologies, notamment audio-visuelles, transcendent les frontières. Il nous appartient de nous unir pour mieux préserver et mieux échanger notre patrimoine commun, bref nous enrichir de notre diversité. Pour dépasser les divergences juridiques ou institutionnelles qui ont, trop souvent fait obstacle aux initiatives proposées par les Etats-Membres ou par la Commission, le Gouvernement français propose une approche très pragmatique, permettant la mise en oeuvre d'actions concrètes, réalistes mais susceptibles d'avoir un effet d'entraînement.

Cette démarche permettra, j'en suis convaincu, de progresser efficacement dans la voie d'une Europe de l'Education et de la Culture.

.../...

Le Gouvernement français souhaite que l'approche proposée et les mesures concrètes envisagées fassent l'objet d'une discussion détaillée entre Ministres et Membres de la Commission intéressés, à l'occasion de réunions informelles.

Veuillez agréer, Madame le Premier Ministre, l'expression de ma haute considération, de mes respectueux hommages et de mon bien cordial souvenir.

signé : Jacques Chirac"./.

MESSAGE DE MONSIEUR JACQUES CHIRAC

PREMIER MINISTRE

A

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

PRIME MINISTER

Paris, le 23 mars 1987

"Madame le Premier Ministre,

Le 25 mars est pour votre pays et pour la France, comme pour nos dix partenaires de la Communauté Européenne, une date importante : il marque le trentième anniversaire de la signature du Traité de Rome qui est la loi fondamentale et essentielle de la construction européenne. Le problème des années qui viennent est de constituer une force permettant à l'Europe de demeurer libre et indépendante. Ce qui est en jeu, c'est notre capacité de rester maîtres de nos décisions et de notre destin.

Si nous n'arrivons pas à créer, notamment dans le domaine économique et monétaire, une Europe crédible, les décisions essentielles seront prises ailleurs, non pas dans chacun de nos Etats mais dans d'autres parties du monde.

.../...

Seule une Europe, respectueuse de l'identité de chaque Etat, s'enrichissant de leurs différences, mais forte de ses institutions, peut nous permettre de continuer sur le chemin du progrès économique et social, de l'indépendance, de la sécurité et de la dignité.

Au-delà de cette nécessité, cette union représente la volonté qui nous anime de vivre fraternellement entre Européens, ce qui constitue pour nous un idéal.

La construction européenne, ainsi comprise, est une immense et généreuse ambition qui doit nous mobiliser et entraîner les jeunes générations.

Dès lors, nous devons rechercher les voies et les moyens d'associer davantage l'ensemble des citoyens à la construction de l'Europe, et cela dès leur jeunesse.

Aussi, nous fêterons à Paris, d'une manière particulièrement solennelle, cet anniversaire par une cérémonie à laquelle Monsieur le Président de la République et moi-même, nous participerons.

J'ai souhaité en outre, que tout au long de cette année 1987, l'idée européenne fasse l'objet d'une large campagne d'information auprès de l'opinion et qu'une série

.../...

de manifestations, dans toute la France, illustre notre volonté de faire progresser l'Europe.

A cette occasion, je tiens à souligner le profond attachement de la France à la construction européenne et à exprimer ma très grande satisfaction de la qualité des relations entre nos deux pays.

Veuillez agréer, Madame le Premier Ministre, l'expression de ma haute considération, de mes respectueux hommages et de mon bien cordial souvenir.

Signé : Jacques Chirac"./.

Le Premier Ministre

Paris, le 23 MARS 1987

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Madame le Premier Ministre, Chère Amie,

Le 25 mars est pour votre pays et pour la France, comme pour nos dix partenaires de la Communauté Européenne, une date importante : il marque le trentième anniversaire de la signature du Traité de Rome, qui est la loi fondamentale et essentielle de la construction européenne.

Le problème des années qui viennent est de constituer une force permettant à l'Europe de demeurer libre et indépendante. Ce qui est en jeu, c'est notre capacité de rester maîtres de nos décisions et de notre destin.

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.../...

Madame THATCHER
Premier Ministre du Royaume-Uni.

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A cette occasion, je tiens à souligner le profond attachement de la France à la construction européenne et à exprimer ma très grande satisfaction de la qualité des relations entre nos deux pays.

Je vous prie de croire, Madame le Premier Ministre, en l'expression de mes respectueux hommages, Je vous très cordialement

Souvenir.

Jacques CHIRAC

Le Premier Ministre

Paris, le 23 Mars 1987

N° 71.206

Madame le Premier Ministre,

Chère Amie,

Pour célébrer le trentième anniversaire de la signature du Traité de Rome, le Gouvernement français a souhaité proposer à ses partenaires et à la Commission une nouvelle ambition.

Consciente des défis redoutables auxquels se trouve confrontée la Communauté, notamment dans les domaines économiques et budgétaires, la France estime nécessaire de progresser dans deux secteurs où les réalisations sont encore peu nombreuses l'éducation et la culture.

Trop souvent, on entend dire que l'Europe ne s'intéresse qu'à l'existence des agents économiques, en d'autres termes qu'elle se limite au domaine de "l'Europe des marchands".Je suis convaincu qu'il convient de renforcer la coopération dans l'éducation et dans la culture afin de contribuer de façon importante à la réalisation de "l'Europe des Hommes".

L'Europe de la culture et de l'éducation, c'est d'abord un héritage et une tradition. L'Europe a commencé par là, quand un étudiant pouvait accomplir ses études dans les grandes universités de plusieurs de nos pays. C'est aussi une chance car la richesse et la variété de nos cultures sont pour l'Europe un atout formidable dans le monde contemporain.Cet atout nous ne l'avons pas encore suffisamment utilisé au niveau de nos douze pays. Enfin, aujourd'hui c'est une nécessité car les nouvelles technologies, notamment audio-visuelles, transcendent les frontières. Il nous appartient de nous unir pour mieux préserver et mieux échanger notre patrimoine commun, bref nous enrichir de notre diversité.

Pour dépasser les divergences juridiques ou institutionnelles qui ont, trop souvent, fait obstacle aux initiatives proposées par les Etats membres ou par la Commission, le Gouvernement français propose une approche très pragmatique, permettant la mise en oeuvre d'actions concrètes, réalistes mais susceptibles d'avoir un effet d'entraînement.

Madame Margaret THATCHER
Premier Ministre
du Royaume Uni de Grande Bretagne
et d'Irlande du Nord

../..

Cette démarche permettra, j'en suis convaincu, de progresser efficacement dans la voie d'une Europe de l'éducation et de la culture.

Le Gouvernement français souhaite que l'approche proposée et les mesures concrètes envisagées fassent l'objet d'une discussion détaillée entre ministres intéressés, à l'occasion de réunions informelles.

Je vous prie de croire, Madame le Premier Ministre, en l'assurance de ma très haute considération, de mes respectueux hommages et de mon bien cordial souvenir.

Jacques CHIRAC

ps3/52K

Lee PC
cc Blue.

Treasury Chambers, Parliament Street, SW1P 3AG
01-270 3000

20 March 1987

Charles Powell Esq
10 Downing Street
LONDON SW1

Please bring forward
to 25 March
CDP

Dear Charles,

flap

M. BALLADUR

You wrote to Alex Allan on 15 January asking for briefing for the Prime Minister's meeting with M. Balladur on 26 March.

As you probably know, M. Balladur will be participating in a symposium on that day, organised by the Economist, on the liberalisation of the French financial system. The Prime Minister might like to invite him to say something about the symposium themes - he will have just been speaking about financial deregulation - or his proposals for the French economy more generally.

Time will be fairly short but we think it would be very useful if the Prime Minister could herself then say something about our community of interest in the ex novo review.

Briefing on these two areas is attached plus a personality note. The Chancellor is seeing M. Balladur earlier in the morning and will hope to cover other topics of bilateral interest.

At the moment, we do not see any need to provide the Prime Minister with briefing on other current international economic issues. We will be receiving reports on the latest round of G7 deputies' discussions at the weekend and if there is anything there the Prime Minister needs to know we will send you a separate note.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office) and David Williamson (Cabinet Office).

Yours sincerely,
Cathy Rydings

pp A W KUCZYS

3871/11

PRIME MINISTER'S MEETING WITH M. BALLADUR

COMMUNITY FINANCING

Line to take

Ex novo review

- Important that Britain, France and Germany should **work together** in the discussions now engaged in Brussels on Community financing.

- We are not satisfied with the Commission's report. Their **proposals are far too ambitious** and loaded towards the Mediterranean. No question of our agreeing to doubling of the structural funds or an increase in own resources to 1.4 per cent of GNP (equivalent to a 2.2 per cent VAT rate).

- First essential is to **reform CAP.** It is because CAP has produced surpluses whose storage and disposal take up half of total budget that Community faces financial crisis. Glad that Commission paper includes **number of ideas** on this.

- Recognise sensitivity of CAP in France. But hope can agree that cannot continue like this. Essential that **improved stabilisers** should be introduced. Intervention should return to original role of safety-net, not an alternative market.

- Also essential that **expenditure controls** should apply to **all parts of budget.** Cannot accept that control should not apply to expenditure resulting from SEA.

- For **non-obligatory (non-agricultural) expenditure,** we must ensure that the **maximum rate** of increase (which is what the Community can afford) is **not exceeded.** We have worked together to achieve this in the 1987 budget and **must ensure that this becomes the rule for the future.**

- Only when necessary changes in CAP and expenditure control have been made can we judge if any increase in own resources is needed.

- Fontainebleau Agreement stipulates that the maximum rate **may** be increased to 1.6 per cent on 1 January 1988 by **unanimous** decision of the Council and after approval by national parliaments.

- We shall not put a proposal for any further increase to the present British parliament. Decisions will not be reached at the June European Council. But we should use that meeting to get greater realism into these discussions, and to pave the way for solutions later, based on more effective expenditure control.

- Even with the Fontainebleau correction, we remain the second largest contributor to the Community budget. We will not agree to any solution that would leave us worse off than Fontainebleau. Indeed, we should like to see some improvements.

COMMUNITY FINANCING

BACKGROUND

Ex Novo Review

1. The Delors paper on implementing the Single European Act (COM(87)100) and the accompanying Commission paper which is supposed to be the response to the Fontainebleau remit (COM(87)101) are now being discussed COREPER with a view to presenting an interim report to the Foreign Affairs Council at the end of April. We have already suggested that the May ECOFIN should also look at the dossier. The FAC will then prepare the subject for the June European Council. Serious negotiation is not likely to start until after then.

2. The Commission proposals are a mixed bag. In one aspect or another they offend against almost every member state's interests and are probably not likely to survive long once serious negotiations begin. There are, however, a number of ideas which we would like to see developed, most notably on the need for reform of the CAP and for genuine controls on other budgetary expenditure. The FCO judge that if we are to have a real chance of progress, it will be necessary to make common cause with the French and Germans.

3. The French attitude, from what we know of it, is reasonably encouraging. In the past they have been reluctant to face up to any need for reform of the CAP. Now, however, even though they still regard the principles of the CAP, including its protectionist mechanisms ("Community preferences"), as sacrosanct, they have apparently recognised that things must change. They are, for example, apparently prepared, unlike the Germans, to face up to the implications of a realistic pricing policy.

4. The French are likely to support our demand that all budgetary expenditure should be subject to proper control. They have always been wary of any approach that seemed to single out the CAP. They are therefore likely to back our line that doubling the structural funds and exempting 'expenditure resulting from the SEA' from budgetary discipline are both unacceptable. On the proposals for reforming the structural funds, they are likely to join us in opposing increased geographical concentration for the Social Fund and agricultural guidance. Their attitude to the ERDF is more equivocal; their receipts from it are very low and they may be prepared to write them off as the price of achieving other things of more importance.

5. The French have given little indication of their attitude to the revised financing system. We have not pressed the issue because showing interest in it would be inconsistent with our attitude that no increase in own resources is required. It seems, anyway, unlikely to survive much detailed discussion.

FRENCH ECONOMY

General

(i) Government recently reduced its GDP growth forecast for 1987 to 2 - 2½ per cent. Latest OECD and EC Commission forecasts 2.1 per cent and 1.8 per cent respectively. 1987 should, therefore, be the fifth successive year in which growth in UK exceeds that in France.

(ii) Unemployment continues to edge up and reached 10.9 per cent of labour force in January. OECD's latest forecast shows unemployment in France exceeding that in the UK in 1988H1.

(iii) Inflation, after hovering just above 2 per cent throughout most of 1986, rose to 3 per cent in January and 3.4 per cent in February. Government has revised its target for inflation, over the year to December 1987, up from 1.7 per cent to 2.4 per cent.

(iv) Foreign trade recorded small surplus in 1986, largely due to terms of trade gains from lower oil prices. But exports continue to grow only slowly and prospect is for return to a small trade deficit in 1987.

(v) Government now facing demands from all sides, including own supporters, for selective reflation of economy, e.g. through tax concessions to encourage investment. M Juppe, Minister responsible for budget, reported as favouring programme of public works to stimulate activity, though this would be offset by cuts in planned expenditure elsewhere. Budget for 1987 incorporated rise in expenditure of only 1.8 per cent (implying fall in real terms). Planned reduction in central government deficit from 3 per cent of GDP in 1986 to 2½ per cent in 1987. The Social Security budget came under some strain in 1986 because benefits were uprated by the expected rate of inflation, which was rather higher than the outturn. Increases in contribution rates are expected to put the budget on a sounder footing in 1987.

(vi) Monetary policy: target ranges set for growth of two monetary aggregates, M3 and M2, in 1987 of 3 - 5 per cent and 4 - 6 per cent respectively. But policy also directed at maintaining franc's exchange rate in ERM. French authorities kept interest rates high in January, when ERM was under pressure, and have reduced them only gradually since then.

(vii) Present Government has initiated programme to privatise most public enterprises that do not provide a public service. The first such privatisations were those of Saint-Gobain last year and Paribas earlier this year. Credit Commercial de France and Compagnie Generale d'Electricite are among the enterprises due to be sold in 1987.

Liberalisation of French Financial System

(i) Programme of liberalisation started by Socialist Government in 1985, continued by present Government.

(ii) Main features of unreformed system were predominance of bank intermediation, automatic refinancing of banks by Central Bank, compartmentalisation of financial markets, credit ceilings, subsidised interest rates for privileged borrowers, and restrictions on capital movements.

(iii) Main objectives of reform are limiting the monetary financing of public deficit, encouraging the efficiency of banking system, and increasing the role of Paris as a major financial centre.

(iv) Main measures taken so far include creation of new financial instruments (e.g. negotiable certificates of deposit) to encourage decompartmentalisation, removal of credit ceilings and elimination of interest subsidies for favoured borrowers.

(v) Reform has had consequences for monetary policy. Monetary aggregates have had to be re-defined. More importantly quantitative credit controls have been abandoned. In future

authorities will rely on short-term interest rates and controls on bank liquidity to control monetary growth.

(vi) Government have also begun to dismantle French exchange controls. But M. Balladur has stated that complete abolition must await a lasting improvement in the trade balance. French residents still unable to hold foreign currency accounts.

BALLADUR, EDOUARD

Minister of the Economy, Finance and Privatisation.

Born 1929. Graduate of the Ecole Nationale d'Administration. 1963-74 worked for Pompidou, first as social affairs adviser (alongside Chirac) when Pompidou was Prime Minister; and later as Assistant Secretary-General at the Elyée in 1969, and Secretary-General in 1973. After Pompidou's death in 1974 he became head of a subsidiary of the CGE electronics and engineering group, but continued to move in political circles and by the late 1970s had become an increasingly influential adviser to Chirac. Elected to the Assembly in March 1986 (the first time he had stood for office) he became the only Minister of State (Ministre d'Etat) in the new government, and therefore clearly the most important figure after Chirac, for whom he deputises when occasion demands.

Almost unknown to the general public before becoming a Minister, he nevertheless has a reputation for being intelligent, discreet, and highly efficient. Despite having little previous experience of the Ministry he now directs, he has been quick to impose his authority on it; so much so that his juniors ministers show signs of resentment at the comparatively small scope he allows them and at his alleged failure to delegate. His approach to economic affairs so far suggests that he is prudent and pragmatic, rather than out and out liberal. He is tipped as a strong candidate for the premiership if Chirac becomes President.

Has shown himself to be approachable and openminded in his dealings with British officials.

Married. Four children.

FRANCE: Relations Pt. 4

4

Copy No 1 of 13 Copies

MO 18/5(A)E

Prime Minister

CDP 18/3

PRIME MINISTER

VISIT TO FRANCE, 9TH-10TH MARCH 1987

I visited Paris from 9th-10th March as the guest of M. Giraud. The visit was a continuation of the regular contacts we have had over the last year.

2. My visit included extensive talks with M. Giraud and a visit to the Strategic Submarine Base at Brest. The atmosphere was extremely cordial and Giraud showed himself keen to co-operate in a number of areas, not just those where tangible and specific French interests are engaged but also, I felt, because he is receptive to the wider advantages of co-operation within the Alliance framework. We discussed a number of equipment collaboration projects, the exchange of naval information in the Gulf area, and practical co-operation in support of AWACS.

3. As regards the nuclear area, M. Giraud clearly hankers after a deeper co-operation than we have offered and would have liked to sell us submarine launched strategic missiles, but he recognises that our choice is firmly made and irreversible. He did not press on me personally the case for buying the French air-launched tactical nuclear missile, although the officials accompanying me

were briefed on the project. He accepted proposals for future co-operation on nuclear-related subjects in the terms agreed following my minute to you of 5th February; we will pursue these contacts in a measured way, keeping the Americans informed as appropriate. In accordance with your wishes the issue of water space management was not raised. But, I still believe there are advantages in talking to the French on this subject at some later date. I shall be minuting you separately on this within the next few days.

4. I am sending copies of this minute to the Foreign and Commonwealth Secretary and to Sir Robert Armstrong.

C.Y.

Ministry of Defence

17 March 1987

SAVING TELEGRAM
FROM PARIS
UNCLASSIFIED
TO FCO TELNO SAVING 7 OF 12 MARCH 1987
SAVING TO (FOR INFO) BONN, WASHINGTON, UKDEL NATO, MOSCOW, UKREP BRUSSELS

MITTERRAND'S PRESS CONFERENCE ON FOREIGN POLICY: 10 MARCH

SUMMARY

1. Mitterrand reaffirms and explains his welcome for progress towards an INF agreement. He takes a tough line on Middle East terrorism and Chad. Other subjects covered include EC financing, President of Europe and Third World debt. In domestic terms, this was an occasion to present himself as fully in control of French foreign policy.

DETAIL

2. Mitterrand was guest of honour at lunch on 10 March with the French diplomatic press. His remarks broke little really new ground, although there were some new nuances. Over half the time was devoted to East-West relations.

3. On INF, Mitterrand recalled that the zero option was a Western proposal which the USSR seemed belatedly to have accepted. At the time of the deployment debate, France had fully supported this Western position. The zero option on its own did not require a link to conventional disarmament, although some other proposals from Reykjavik would pose the question of conventional arms. Nor would the zero option necessarily lead to US decoupling: that was a much more complex political issue. In any case, France had her own nuclear deterrent and did not participate in the negotiation. Her forces were not intermediate. He had told Vorontsov that if the Russians again tried to include French strategic forces in an INF negotiation, he would insist that all Soviet nuclear forces be included, since they were all in Europe and all Euro-missiles.

4. Asked about Gorbachev's motives in delinking INF, Mitterrand spoke first of the rapidity with which Pershing IIs in the FRG could strike targets in the USSR, then added that the USSR, and especially Gorbachev, wanted «to pursue a certain disarmament, a disarmament sufficient in any case to enable it to devote a part of the resources of the Soviet Union to its economic recovery, to increasing the standard of living of the Soviet citizen».

5. Mitterrand was also asked about possible Soviet pressure to include French short-range missiles, Hades and Pluton, in a follow-on negotiation. He said that the terms of such a negotiation were not yet known: and Soviet superiority in

/short-range

short-range systems was so great that they should be required to make the first move. He added, obscurely, that when the problem was posed, the journalist's question was completely reasonable and could be examined: indeed it already figured in Western statements. He later stressed that France's strategic forces were not up for negotiation and that they were intimately linked to the tactical nuclear forces.

6. Mitterrand reiterated his support for European defence with specific references to the FRG and UK.

7. On EC questions, Mitterrand saw great difficulties in achieving the completion of the internal market in 5 years, but they must be overcome. Progress had been achieved on agriculture. He welcomed Chirac's decision to agree to a larger R and D programme (without mentioning figures). On the budget, the Fontainebleau European Council had envisaged raising the VAT ceiling to 1.6% next year. This was now an indispensable minimum and should be attainable despite the obstacles, notably the British view. Delors' ideas for changing the basis to a percentage of GDP were too ambitious for the moment but showed the direction for the future.

8. Mitterrand said that it was desirable to have a President of Europe. Six months was too short. The Troika was not a satisfactory solution. It would be good for the European Council to designate one of their number as President for a reasonable length of time. Eventually the President might be chosen by the EP or even direct election.

9. We are reporting separately in detail Mitterrand's comments on terrorism and the Middle East. He said that one could not negotiate with terrorism or its agents. He had refused to exchange the hostages for convicted terrorists in France. What he had agreed was to set free one criminal (Naqqash) if and when all the French hostages had been released, but he had refused to go further.

10. On Chad, he described Hissein Habré as a man who was intelligently conducting military operations to recover the integrity of Chadian territory. The Africans and OAU seemed better to understand the nature of the problem, but the solution, unfortunately, was first a military one. French aid to Chad was increasing every month.

11. On Third World debt, Mitterrand said that it was inconceivable that there would not be cancellation of debts by the rich nations for the poorest, and special treatment for the others.

12. Finally, Mitterrand underlined the continuity of French foreign policy since the legislative elections and his own direction of it.

FRETWELL
EUROPEAN POLITICAL
WED.

MJ2CUQ

10 DOWNING STREET

LONDON SW1A 2AA

15 January 1987

From the Private Secretary

M. BALLADUR

The Prime Minister has agreed to see M. Balladur on 26 March at 1215. I should be grateful for briefing by 23 March. The Chancellor is, of course, welcome to attend the talk.

I am copying this letter to Lyn Parker (Foreign and Commonwealth Office) and David Williamson (Cabinet Office).

Charles Powell

A.C.S. Allan, Esq.,
HM Treasury.

(1)

PRIME MINISTER

M. BALLADUR

The French Economics and Finance Minister, M. Balladur, is coming to London on 26 March for a talk with the Chancellor.

Balladur is in effect Chirac's Deputy. You met him in Paris and rather liked him. Chirac has said that he would be grateful if you would see him briefly. There is advantage in sticking close to the French, and in particular in enlisting Balladur's support for resistance to more money for the European Community,

Agree to see M. Balladur briefly?

Yes

CDP

Charles Powell

14 January 1987

MJ2CUE

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RESTRICTED

CC PC

B/F.

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

14 January 1987

Charles Powell Esq
10 Downing Street
LONDON
SW1

CDP 15/1

Dear Charles,

Thank you for your letter of 13 January about M. Balladur request to call on the Prime Minister on 26 March. He is, as you surmised, coming in to see the Chancellor that morning.

The Chancellor would be perfectly content for the Prime Minister also to see M. Balladur on that day, but feels that he himself should also be present.

Yours
Alex

A C S ALLAN
Principal Private Secretary

FRANCE Relations PT4

RESTRICTED

10 DOWNING STREET

From the Private Secretary

13 January 1987

The French Ambassador has been in touch to ask whether it would be possible for the Prime Minister to receive M. Balladur on 26 March. I assume that he is coming to see the Chancellor then.

Although it would be unusual for the Prime Minister to see a visiting Finance Minister, I see some advantage in her doing so in this case. She met Balladur briefly during the Anglo-French Summit and was quite impressed by him. It might also be a useful occasion for her to urge on Balladur the need for Britain and France to work closely together against Delors' ideas on the future financing of the Community.

I am sure that the Prime Minister would welcome the Chancellor's advice. I am seeing the French Ambassador on the evening of 15 January and would like if possible to give him an answer then.

(C. D. POWELL)

A.C.S. Allan, Esq.,
HM Treasury.

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

31 December 1986

I am writing to acknowledge and thank you for your letter of 30 December, with the text of a message for the Prime Minister from Mr Chirac.

M E ADDISON

His Excellency Le Vicomte Luc de La Barre
de Nanteuil

FCO

DAS cc FCO

SUBJECT
CC MASTER
OPS

10 DOWNING STREET
LONDON SW1A 2AA

THE PRIME MINISTER

19 December 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 244/86

Dear Mr. President,

Thank you for your letter of 2 December, setting out the views you have developed on the North/South dialogue, and suggesting some possible lines for future action.

I agree with much of your analysis of the problems which developing countries face. Many of your suggested lines for action are consistent with our own thinking. Like you, I am concerned that official development aid should reach the poorest countries: indeed some two-thirds of our own bilateral aid already goes to them. I recognise that, as we agreed at our meeting in Tokyo last May, developed countries can improve global development prospects by securing steady, non-inflationary and sustainable growth. I also fully agree with you that we must fight protectionism in all its forms: this is something that applies to developed and developing countries alike.

However, I wonder if the conclusion that the North/South dialogue is at an impasse is not too pessimistic. I agree there is much still to be done to enhance co-operation between rich and poor countries and move the development process forward. But events over the past year have shown that relations are not static. The successful launching of the new round of GATT negotiations at Punta del Este, and the encouraging outcome of the UN Special Session on Africa are positive signs. The present session of the UN General

Assembly has recently, for the first time, reached consensus on a resolution on debt. This is a problem which we have managed with considerable resourcefulness and imagination in recent years, and owes much to the role of the French authorities in running the Paris Club. Given realism and goodwill on the part of developing and developed countries alike, the international community can agree on a range of major development issues.

We are now all beginning to look towards the meeting, in July next year, of the Seventh Session of the United Nations Conference on Trade and Development where problems common to North and South will be discussed in detail. Development issues will again be discussed at high level at the preceding regular meeting of the IBRD's Development Committee. These will be important tests of whether the new spirit of realism among developing countries matches the goodwill of the developed world.

Against this background, I should want to think very carefully about your proposal for invoking the spirit of the Marshall Plan during its 40th anniversary year. The very success of the Marshall Plan, and forty years of experience since that initiative was launched, have shown repeatedly that money alone is not enough to assure development. Human resources, appropriate economic structures and the right domestic and international economic policies are important, and so too is a proper concern for the impact of development on the environment. While I share your feeling that such an important anniversary should not pass unnoticed, I would not want to do anything which might suggest lack of faith in the established institutions which are already dealing with the problems of global economic management.

With warm regards.

Yours sincerely

Margaret Thatcher

His Excellency Monsieur François Mitterrand, GCB

cc PY

Foreign and Commonwealth Office

London SW1A 2AH

18 December 1986

Dear Charles,

President Mitterrand's Message on the North/South Dialogue

Your letter to Colin Budd on 2 December asked for a draft reply for the Prime Minister to send to President Mitterrand's letter of the same date. I attach a draft reply which has been agreed with the Treasury and with the ODA. The line taken is that while we agree with some of President Mitterrand's analysis, we do not accept his conclusion.

I am copying this letter and enclosure to Alex Allan (HMT) and Martin Dinham (ODA).

Yours ever

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

DSR 11 (Revised)

8

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM: Prime Minister

Reference

To ifpol
Ag

DEPARTMENT:

TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO: Monsieur Francois Mitterrand
President of the French Republic

Your Reference

Copies to:

DAS-TAK

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Thank you for your letter of 2 December, setting out the views you have developed on the North/South dialogue, and suggesting some possible lines for future action. ~~I am grateful to you for sharing your thoughts with me in this way.~~

I agree with much of your analysis of the ~~current~~ problems developing countries face. Many of your suggested lines for action are consistent with our own thinking. Like you, I am concerned that official development aid should reach the poorest countries: indeed some two-thirds of our own bilateral aid already goes to them. I recognise that, as we agreed at our meeting in Tokyo last May, developed countries can improve global development prospects by securing steady, non-inflationary and sustainable growth. I also fully agree with you that we must fight protectionism in all its forms: this is something that applies to developed and developing countries alike.

However, I wonder if the conclusion that the North/South dialogue is at an impasse is not too pessimistic? I agree there is much still to be done to enhance cooperation between rich and poor countries and move the development process forward. But events over the past year have shown that relations are not static. ~~The North/South dialogue is still alive.~~ The successful launching of the new round of GATT negotiations at Punta del Este, and the encouraging outcome of the UN Special Session on Africa are positive signs. The present session of the UN General Assembly has recently, for the first time, reached consensus

Enclosures—flag(s).....

/on a resolution

on a resolution on debt. This is a problem which we have managed with considerable resourcefulness and imagination in recent years, and owes much to the role of the French authorities in running the Paris Club. Given realism and goodwill on the part of developing and developed countries alike, the international community can agree on a range of major development issues.

We are now all beginning to look towards the meeting, in July next year, of the Seventh Session of the United Nations Conference on Trade and Development where problems common to North and South will be discussed in detail. Development issues will again be discussed at high level at the preceding regular meeting of the IBRD's Development Committee. These will be important tests of whether the new spirit of realism among developing countries matches the goodwill of the developed world.

~~With these meetings in mind I pause before endorsing~~ your proposal for invoking the spirit of the Marshall Plan during its 40th anniversary year. The very success of the Marshall Plan, and forty years of experience since that initiative was launched, have shown repeatedly that money alone is not enough to assure development. Human resources, appropriate economic structures and the right domestic and international economic policies are ~~equally~~ important, and So too is a proper concern for the impact of development on the environment. I ~~agree of course~~ share your feeling that such an important anniversary should not pass unnoticed, ~~But we should not in any way~~ I would not want to do anything which might suggest ~~that~~ we ~~lack~~ of faith in the established institutions which are already dealing with the problems of global economic management ~~which you rightly address~~, But I am ~~before the policies these institutions are pursuing have had an opportunity to prove their worth.~~ grateful to you for sharing with me your views on this very important matter.

Against this background I ~~should~~ ~~shall~~ want to think very carefully ~~about~~ about

DSR 11 (Revised)

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

Reference

DEPARTMENT: TEL. NO:

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

TO:

Your Reference

Copies to:

PRIVACY MARKING

.....In Confidence

CAVEAT.....

SUBJECT:

Enclosures—flag(s).....

on a resolution on debt. This is a problem which we have managed with considerable resourcefulness and imagination in recent years, and owes much to the role of the French authorities in running the Paris Club. Given realism and goodwill on the part of developing and developed countries alike, the international community can agree on a range of major development issues.

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Against this background I should want to think very carefully about your proposal for invoking the spirit of the Marshall Plan during its 40th anniversary year. The very success of the Marshall Plan, and forty years of experience since that initiative was launched, have shown repeatedly that money alone is not enough to assure development. Human resources, appropriate economic structures and the right domestic and international economic policies are important, and so too is a proper concern for the impact of development on the environment. While I share your feeling that such an important anniversary should not pass unnoticed, I would not want to do anything which might suggest lack of faith in the established institutions which are already dealing with the problems of global economic management. ~~But I am grateful to you for sharing with me your views on this very important matter~~.

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

10th December, 1986

Already sent
CDP
10/XII

Dear Prime Minister

I have now received through the diplomatic bag the enclosed letter addressed to you by Monsieur François Mitterrand, Président de la République.

You will remember that the text of this letter was sent to you on Tuesday 2nd December.

Yours sincerely

Luc de La Barre de Nanteuil

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

Already F'a

LE PRÉSIDENT DE LA RÉPUBLIQUE

Madame le Premier Ministre,

La treizième conférence des Chefs d'Etat d'Afrique et de France vient de se tenir à LOME.

Cette conférence a été l'occasion d'approfondir la réflexion sur la situation présente du tiers-monde et sur l'avenir de la coopération entre pays du Nord et pays du Sud.

La crise économique mondiale est loin d'être achevée. Certes, il y a quelques mois encore, un certain optimisme prévalait. Tout y concourrait: une croissance économique soutenue de plusieurs grands pays du Nord, une décrue mondiale des taux d'intérêt, une baisse générale de l'inflation dans les pays de l'OCDE, le début d'une concertation pour réduire les fluctuations des monnaies, une prise de conscience accrue des dangers du protectionnisme et des problèmes posés par l'endettement du tiers-monde.

Mais, bien que tous ces facteurs positifs n'aient pas disparu, le monde développé reste confronté à des problèmes sérieux, en particulier de sous-emploi, alors même que l'écart entre pays industrialisés et pays en voie de développement ne cesse de s'accroître.

Bien sûr, depuis cinq ans, beaucoup a été fait, à commencer par une prise de conscience courageuse des pays du tiers-monde, qui ne cherchent ni à fuir leurs responsabilités, ni à masquer une réalité bien souvent douloureuse.

Mais tous nos efforts actuels ne sont pas à la hauteur de l'enjeu. Car en luttant contre le sous-développement, il s'agit non seulement d'assurer la survie des pays du tiers-monde, mais d'éviter que l'ensemble de l'économie mondiale ne soit touchée par une augmentation des déséquilibres entre nations et entre continents.

Madame Margaret THATCHER
Premier Ministre
de GRANDE BRETAGNE
Londres

.../...

L'endettement trop lourd, l'instabilité des cours des matières premières, la désertification et les fléaux naturels, la démographie galopante, charrient aujourd'hui le sinistre cortège de la famine et de la mort. Prenons garde qu'ils n'engendrent pas demain la violence, à l'intérieur des Etats comme au sein de la communauté internationale.

On dit souvent que le dialogue Nord-Sud est aujourd'hui dans l'impasse. Faut-il l'accepter comme une fatalité, ou tout faire pour le relancer ?

La France, qui a résolument augmenté son action bilatérale et multilatérale d'aide au développement, n'a quant à elle cessé de plaider pour une reprise du dialogue.

J'ai fait à LOME des propositions dans cinq directions:

. les pays les plus riches doivent assurer une croissance aussi élevée et durable que possible en résolvant leurs problèmes de structure et en remédiant aux déséquilibres de leurs finances publiques et de leurs comptes extérieurs;

. l'aide publique au développement, celle des Etats comme celle des organismes internationaux, doit être augmentée. Elle doit être aussi orientée en priorité vers les pays les plus pauvres;

. le protectionnisme sous toutes ses formes doit être combattu, notamment pour permettre aux pays en développement d'écouler leurs produits sur les marchés des pays industrialisés à des conditions acceptables;

. il faut faire preuve de plus d'imagination pour trouver de vraies solutions au problème de la dette. Aux efforts d'ajustement interne des pays endettés, doit sans doute correspondre dans l'avenir une vision plus généreuse de la consolidation des créances. Il appartient aux experts d'en proposer les modalités;

. enfin, le désarmement nous offre une autre piste de réflexion. Si 5 % seulement des dépenses englouties dans les armes étaient consacrés au développement, on commencerait à sortir le monde de la misère et de la peur. La France est prête à en discuter comme je l'ai déjà dit à l'Assemblée Générale de l'O.N.U., il y a trois ans.

Tout en traçant ces cinq axes de réflexion et en souhaitant que le dialogue entre le Nord et le Sud s'inscrive dans un cadre aussi global que possible, j'ai évoqué, ainsi que le Président EYADEMA, le Plan Marshall dont nous fêterons l'année prochaine le 40ème anniversaire.

.../...

Toute comparaison historique a évidemment ses limites. Mais je crois le parallèle possible et j'estime que le moment est venu de réfléchir ensemble, à l'échelle de la planète, aux moyens de constituer et d'affecter des ressources nouvelles pour assurer le développement des pays du tiers-monde, dans l'intérêt réciproque du Nord et du Sud.

Je souhaitais par cette lettre, Madame le Premier Ministre, vous soumettre ces réflexions et ces propositions, car j'attacherais beaucoup de prix à connaître votre sentiment.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de ma très haute considération et de mon souvenir personnel

François Mitterrand

François MITTERRAND

CCFC

Foreign and Commonwealth Office

London SW1A 2AH

5 December 1986

CDP 5/12

Dear Tony,

Courtesy Call by French Ambassador, 24 November

Airbus

In your letter of 26 November to Charles Powell reporting the call on the Chancellor by the new French Ambassador, M. Luc de Nanteuil, you recorded that M. de Nanteuil stated that both France and Germany had now agreed to provide launch aid for the A330/A340. The implication was that everyone was now waiting for the UK to make up its mind.

This is the second time that M. de Nanteuil has intervened with this inaccurate and unhelpful view of events (he did so earlier during the Anglo/French Summit in Paris on 21 November). As copy recipients of this letter know, the French position in fact is that they have not yet made a decision on launch aid but have agreed to provide Aerospatiale with 50% of their pre-launch costs. It is this initial allocation of Fr 100 million (approximately £11 million - a very much smaller sum than those which launch aid itself will involve) that Nanteuil seems to have mistaken for full launch aid.

Thus the French position is not dissimilar to our own, in that they agree that further assessment is needed on commercial and technical aspects. (The French are considering stipulating something of the order of 50 orders from 4 airlines for the A340 plus 30 from 3 airlines from the A330 as a pre-condition for the provision of launch aid.) Only then will the French Government agree to give support.

The Germans have also not formally arrived at a decision. Their position is slightly different in that they have already agreed in principle to fund 90% of the launch aid costs, but final agreement is still subject to their studying the commercial and technical viability of the two aircraft. The strong presumption is that the Germans will agree to provide launch aid of this order.

/I hope

I hope this letter clarifies the position. We have informally asked the French Embassy (who at working level share our understanding) to ensure that their Ambassador is fully briefed on the facts.

I am copying this letter to the recipients of yours.

Yours ever

(R N Culshaw)
Private Secretary

A W Kuczys Esq
HM Treasury

FRANCE
RELATIONS
PTY

FLE
DA

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

2 December 1986

I enclose a copy of a message to the Prime Minister from President Mitterrand about the thirteenth conference of Francophone African States which appears to contain a rather alarming idea for rejuvenating the North/South dialogue with an equivalent of the Marshall Plan to promote development in the Third World. The letter specifically asks for a reply and I should be grateful for a draft.

I am copying this letter and enclosure to Alex Allan (HM Treasury) and Martin Dinham (Overseas Development Administration).

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

AMBASSADE DE FRANCE
LONDRES

2nd December, 1986

Dear Mr Powell,

I have just received the text of a letter addressed to the Prime Minister by Monsieur François Mitterrand, Président de la République Française.

I enclose it herewith.

Yours sincerely

Bouillane de Lacoste

Jean-Noël de Bouillane de Lacoste
Chargé d'Affaires a.i.

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

SUBJECT
cc MASTER
OPS

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No T230/86

MESSAGE DE MONSIEUR FRANCOIS MITTERRAND
PRESIDENT DE LA REPUBLIQUE FRANCAISE

A

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

Paris, le 2 décembre 1986

"Madame le Premier Ministre,

La treizième conférence des Chefs d'Etat d'Afrique et de France vient de se tenir à Lomé.

Cette conférence a été l'occasion d'approfondir la réflexion sur la situation présente du Tiers-Monde et sur l'avenir de la coopération entre Pays du Nord et Pays du Sud.

La crise économique mondiale est loin d'être achevée. Certes, il y a quelques mois encore, un certain optimisme prévalait. Tout y concourait : une croissance économique soutenue de plusieurs grands Pays du Nord, une décrue mondiale des taux d'intérêt, une baisse générale de l'inflation dans les pays de l'OCDE, le début d'une concertation pour réduire les fluctuations des monnaies, une prise de conscience accrue des dangers du protectionnisme et des problèmes posés par l'endettement du Tiers-Monde.

.../...

Mais, bien que tous ces facteurs positifs n'aient pas disparu, le monde développé reste confronté à des problèmes sérieux, en particulier de sous-emploi, alors même que l'écart entre pays industrialisés et pays en voie de développement ne cesse de s'accroître.

Bien sûr, depuis cinq ans, beaucoup a été fait, à commencer par une prise de conscience courageuse des pays du Tiers-Monde, qui ne cherchent ni à fuir leurs responsabilités, ni à masquer une réalité bien souvent douloureuse.

Mais tous nos efforts actuels ne sont pas à la hauteur de l'enjeu. Car en luttant contre le sous-développement, il s'agit non seulement d'assurer la survie des pays du Tiers-Monde, mais d'éviter que l'ensemble de l'économie mondiale ne soit touchée par une augmentation des déséquilibres entre nations et entre continents.

L'endettement trop lourd, l'instabilité des cours des matières premières, la désertification et les fléaux naturels, la démographie galopante, charrient aujourd'hui le sinistre cortège de la famine et de la mort. Prenons garde qu'ils n'engendrent pas demain la violence, à l'intérieur des Etats comme au sein de la Communauté internationale.

On dit souvent que le dialogue Nord-Sud est aujourd'hui dans l'impasse. Faut-il l'accepter comme une fatalité, ou tout faire pour le relancer ?

.../...

La France, qui a résolument augmenté son action bilatérale et multilatérale d'aide au développement, n'a quant à elle cessé de plaider pour une reprise du dialogue.

J'ai fait à Lomé des propositions dans cinq directions :

. Les pays les plus riches doivent assurer une croissance aussi élevée et durable que possible en résolvant leurs problèmes de structure et en remédiant aux déséquilibres de leurs finances publiques et de leurs comptes extérieurs ;

. L'aide publique au développement, celle des Etats comme celle des organismes internationaux, doit être augmentée. Elle doit être aussi orientée en priorité vers les pays les plus pauvres ;

. Le protectionnisme sous toutes ses formes doit être combattu, notamment pour permettre aux pays en développement d'écouler leurs produits sur les marchés des pays industrialisés à des conditions acceptables ;

. Il faut faire preuve de plus d'imagination pour trouver de vraies solutions au problème de la dette. Aux efforts d'ajustement interne des pays endettés, doit sans doute correspondre dans l'avenir une vision plus généreuse de la consolidation des créances. Il appartient aux experts d'en proposer les modalités;

. Enfin, le désarmement nous offre une autre piste de réflexion. Si 5 % seulement des dépenses englouties dans les armes étaient consacrés au développement, on commencerait à sortir le monde de la misère et de la peur. La France est prête à en discuter comme je l'ai déjà dit à l'Assemblée Générale de l'O.N.U., il y a trois ans.

.../...

Tout en traçant ces cinq axes de réflexion et en souhaitant que le dialogue entre le Nord et le Sud s'inscrive dans un cadre aussi global que possible, j'ai évoqué, ainsi que le Président Eyadema, le Plan Marshall dont nous fêterons l'année prochaine le 40ème anniversaire.

Toute comparaison historique a évidemment ses limites. Mais je crois le parallèle possible et j'estime que le moment est venu de réfléchir ensemble, à l'échelle de la planète, aux moyens de constituer et d'affecter des ressources nouvelles pour assurer le développement des pays du Tiers-Monde, dans l'intérêt réciproque du Nord et du Sud.

Je souhaitais par cette lettre, Madame le Premier Ministre, vous soumettre ces réflexions et ces propositions, car j'attacherais beaucoup de prix à connaître votre sentiment.

Je vous prie de croire, Madame le Premier Ministre, à l'assurance de ma très haute considération et de mon souvenir personnel.

signé : François Mitterrand"/.

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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

28 November 1986

ANGLO-FRENCH NUCLEAR CO-OPERATION: DISCUSSION WITH M. GIRAUD

The Prime Minister has seen a copy of your note of 24 November summarising the discussion between the Defence Secretary and M. Giraud on nuclear co-operation at the Anglo-French Summit. Some of the proposals made by M. Giraud go well beyond the limits of discussion with the French agreed collectively by Ministers. This refers particularly to paragraph 2 and 3(c) and to aspects of 3(a). The Prime Minister would not want any further contacts to take place with the French on these matters before there has been further Ministerial consideration and agreement on the line which we should take. The next step might be for your Secretary of State to circulate a paper setting out a proposed response to M. Giraud, which could form the basis for a discussion between Ministers.

I am copying this letter to Tony Galsworthy (Foreign and Commonwealth Office) and to Sir Robert Armstrong.

Charles Powell

John Howe, Esq.,
Ministry of Defence.

SECRET

MR 2/69 CONFIDENTIAL

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

26 November 1986

Charles Powell Esq
10 Downing Street

Dear Charles

COURTESY CALL BY FRENCH AMBASSADOR, 24 NOVEMBER

The New French Ambassador, M Luc de Nanteuil paid a courtesy call on the Chancellor on Monday evening. (The Chancellor has known M de Nanteuil for 25 years.) As the discussion went well beyond purely Treasury business, you and copy recipients may find it helpful to have a note of the main points M de Nanteuil raised. He began by saying that the recent Anglo-French Summit had gone very well.

Arms Control

The Ambassador said that it had been very important that the Prime Minister had gone to Camp David. She had successfully rescued a situation which, after Reykjavik, had been very worrying for Europe. The more recent Iranian affair had been extraordinary, and the Ambassador thought there was a possibility of a reshuffle within the US Administration.

He thought there was only one small, although important, difference between France and the UK as regards arms control, and this concerned short range nuclear weapons, where France could not accept the zero option. The point had been apparent at the Anglo-French Summit.

European Community Budget: Agricultural Expenditure

The Chancellor said he had been encouraged by reports from the Summit that France recognised the importance of not breaching the 1.4 per cent ceiling. The UK felt very strongly that the ceiling must not be raised: it was the only effective financial discipline. The Ambassador said that this point had been very forcibly made at the Summit.

He also referred to that morning's "Times" leader about set-aside. The Chancellor stressed that agricultural surpluses were a worldwide problem, not just a European or American one. The problem was recognised in the communiques following the OECD Ministerial meeting and the Tokyo Summit earlier this year. But there was so far no agreement on what to do about it: one of the

options was to take land out of agricultural production. The Ambassador said that the European problem would be very much less if it were not for American exports to Europe. The Chancellor pointed out that, especially at the present time, with President Regan seeking to resist protectionist initiatives by Congress, it would not be in our interest to erect protectionist barriers against the United States.

Airbus

The Ambassador said that time for taking decisions on launch aid was now getting quite short. France and Germany had now agreed to provide launch aid. But he thought that the UK might not be taking a decision until next March. Could anything be done to speed things up? The Chancellor said he would look into this.

Airborne Early Warning

The Ambassador went on to say that, while he could make no commitment, he had reason to believe that the French Government would be very pleased if, on technical and military grounds, it was able to choose Nimrod. This could lead, in the longer term, to closer Anglo-French military cooperation. Of course, the French would have to be satisfied about the performance of Nimrod.

I am copying this letter to Colin Budd (FCO), Catherine Bradley (DTI), Richard Mottram (Defence) and Trevor Woolley (Cabinet Office).

Yours ever,

Tony Kuczys

A W KUCZYS
Private Secretary

SUBJECT
cc Master

CONFIDENTIAL

FILE ECL

cc PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

26 November 1986

Dear Colin,

PRIME MINISTER'S MEETING WITH M. GISCARD D'ESTAING

The Prime Minister had a talk this afternoon with M. Giscard.

Political situation in France

M. Giscard said that, because of divisions in the Centre-Right who would probably field at least three candidates in the Presidential elections, the Socialists were quite likely to win in 1988. His own judgement was that President Mitterrand would stand again and be re-elected. He would be regarded by voters as the wise man above the fray. There was evidence that French voters rather liked co-habitation. A conservative government guaranteed prudence in financial matters and a Socialist President symbolized a social conscience. M. Giscard also said that, in his view, there should be a grand coalition government for two or three years after Presidential elections as a means of locking the Socialist Party into moderate policies. He did not say - though no doubt meant - that this would give him an opportunity to play a central role.

M. Giscard particularly asked that his views on the political situation should be treated as confidential.

EMS

M. Giscard said that he and Helmut Schmidt were setting up a study group to look at the future of the EMS. He had noted the Prime Minister's views about the British membership of the ERM as most recently expressed in her interview with the Financial Times. He could understand the political problems of joining before an election. But he hoped that the United Kingdom would make a move fairly soon afterwards if, as he assumed, the Conservatives were to be re-elected. In his judgement, the conditions would exist from late 1987 onwards for the European Community to move forwards towards European Monetary Union. There was a risk that the United Kingdom would be left behind and that it would become more difficult for us to join subsequently. He and Helmut Schmidt would be touring a number of European capitals early next year and would like to have a meeting with the Prime Minister to discuss the prospects. The Prime Minister said that she would

CAJ

be happy to see M. Giscard and Herr Schmidt although her answer on the question of membership of the ERM would be no different from now.

Nuclear cooperation

M. Giscard said that a debate was taking place in France on future defence plans. There was a wide feeling that there should be more cooperation with the United Kingdom than in the past and, in particular, that there was scope for cooperation on the next generation of nuclear weapons, which would come into service in the early part of the next century. He wondered what the Prime Minister's views on this were. The Prime Minister gave an account, in general terms, of our plans for modernising the United Kingdom deterrent with Trident. It was very difficult at this stage to say what would follow Trident. It would depend both on technical developments in Soviet defences as well as political developments in east/west relations. It was unlikely that we would begin to think about the future generation of nuclear weapons until well into the first decade of the next century. She was not sure, therefore, whether there was much scope in practice for collaboration.

There was some further conversation about oil prices, about nuclear energy and about the difficulties of the United States' Administration over Iran and Nicaragua.

I am copying this letter to Alex Allan (H.M. Treasury) and John Howe (Ministry of Defence).

Yours sincerely,

Charles Powell

CHARLES POWELL

Colin Budd, Esq.,
Foreign and Commonwealth Office.

CCPC/
B/OP

Prime Minister
You are seeing him
for old times' sake.
He wants to discuss:
EMS
Defence Cooperation
East/West.

CD
25/11

Foreign and Commonwealth Office
London SW1A 2AH

25 November 1986

Dear Charles,

M Giscard D'Estaing

As you know, he will be calling on the Prime Minister on 26 November.

He has had a disappointing year. Despite his courageous come-back to active political life in 1983, he has failed to rally sufficient support behind him to compete with Chirac and Barre for the allegiance of the French Centre and Right. He hoped that, if the Socialists were defeated in the legislative elections in March, Mitterrand might invite him to become Prime Minister; Mitterrand may have hinted as much. In the event Chirac's party performed so strongly that Mitterrand had little choice but to call on him. Subsequently Giscard failed to persuade Chirac to make him either Minister for the Economy, as he had hoped, or President of the National Assembly (equivalent to the Speaker), the consolation prize which he eventually resigned himself to seeking.

Giscard has been left for the moment no more than a distinguished backbencher. Chirac nevertheless finds it worthwhile to call publicly on him from time to time to 'consult' him. There are two reasons for this. In the short term, Giscard retains considerable power to embarrass and annoy the government, and does not hesitate to use it. His calls for faster movement towards liberalising the economy, greater solidarity with Great Britain over the Hindawi affair, firmer commitment to Europe, and his criticism of the French government's refusal to allow the Americans overflying rights for the Libyan raid have all received prominent coverage. Anything Chirac can do to keep Giscard benevolent is worthwhile.

/As

As regards the longer term, Chirac also has his eye on the 1988 Presidential election. Giscard currently seems unlikely to stand himself, for fear of risking humiliation in the first round. But Chirac (and indeed Raymond Barre) will want to secure his endorsement. Giscard's own defeat in 1981, when Chirac failed to endorse him, shows how important it might be. Giscard makes much of the need for the Centre and Right to put rivalries of the 1981 kind behind them. But Chirac and Barre fear he may withhold his support, either for the pleasure of depriving his two former Prime Ministers of the Presidency, or in the hope that, if both Chirac and Barre fail in 1988, the Centre-Right might turn back to him. He may even have a hopeful eye on the 1995 Presidential elections, when he would still be younger than Mitterrand is now.

The prevailing assessment in French political circles is that Giscard has had his day. That is probably correct, although there is an outside chance that events will propel him back to the centre of the stage. He has repeatedly proposed the establishment of the office of President of Europe, to give greater continuity to the work of building Europe. He has also let it be known he would be prepared to take on the job, having apparently decided that concentration on the theme of Europe may help him domestically. In the meantime, he remains an authoritative commentator on world, and particularly European, affairs; and does what he can to sustain his image as a statesman of international stature. He will hope that his call on the Prime Minister will help confirm this image.

Giscard has told Sir John Fretwell that three issues are currently at the forefront of his mind:

i) EMS Giscard and Helmut Schmidt are setting up a study group to look at the future of the EMS. He hopes that the Prime Minister will agree to receive the group.

ii) Anglo-French Defence Cooperation. Giscard wonders whether the British and French could cooperate in development of the M5 missile and construction of submarines. He evidently believes that whereas the British construct better submarine hulls than the French, the French are better at engines.

/iii)

iii) East/West Relations and Arms control. I imagine that the Prime Minister will not need specific briefing on i) or iii). On ii) we recommend she say no more than that we are always ready to consider ways of cooperating in the defence field with the French to our mutual advantage, as the long list of joint projects already in existence makes clear. Since Giscard will not be speaking with governmental authority, it would not seem appropriate to go into greater detail.

Yours ever,

Colin Budd

(R N Culshaw)
Private Secretary

C D Powell Esq
No 10 Downing St

MO 14/4E

24th November 1986

Copy to:
PSO/CDS
DUS(P)
ACDS(Pol/Nuc)

PS/PUS

ANGLO-FRENCH CO-OPERATION: PRIVATE DISCUSSION WITH M. GIRAUD ON 21ST NOVEMBER 1986

The greater part of the private meeting between Mr Younger and M. Giraud in the margin of the Summit in Paris was taken up with the theme of nuclear defence co-operation. Their discussion took place against the background of Mr Younger's letter to M. Giraud at the end of September, and M. Giraud's startling private remarks to Mr Younger at Luxembourg last week in which he expressed the hope that we might consider purchasing French systems. What follows is based on Mr Younger's account to me afterwards; it is not a blow-by-blow record.

2. M. Giraud accepted, in the light of the Camp David statement, that we were committed to Trident. He suggested, however, that we should bear in mind that French SSBNs, though smaller than the ones we were building, were large enough to take Trident. As to the missiles, he asked that we should do what we could as we developed the detailed submarine design so as not to make it impossible to convert to French missiles if we wished to do so in the future. He suggested that, after Reykjavik, we could have no confidence in the Americans' reliability as a source of supply.

3. He welcomed Mr Younger's suggestions for co-operation. Building in part on them, but going a good deal further, he suggested:

a. a joint analysis of the Soviet nuclear threat, and of Soviet defensive systems, compared with a study of the survivability and vulnerability of allied systems; it was felt that CDS and General Saulmier should pursue this;

b. a joint study of nuclear weapons' effects, and an exchange of testing technology (M. Chevallier and CDP to pursue);

c. a study of the possible joint development of a short-range nuclear cruise missile, to be launched from aircraft, with a range of 80km or with a part-cruise, part-ballistic range of 250km (M. Chevallier and CDP to pursue);

d. an exchange on nuclear safety and security (M. Chavallier and CDP, perhaps, to pursue).

4. The Ministers also agreed that it would be useful to exchange information with a view to establishing whether there was scope for some degree of harmonisation of SSBN operations (CDS and General Saulmier, to pursue).

5. On other subjects: AEW was discussed more fully in the formal session (recorded separately) but M. Giraud made it clear privately that he would probably follow us in our choice of system. Mr Younger promised to keep him in touch, at least with the timing of our decision. M. Giraud warned (again) against our having anything at all to do with the Treaty of Raratonga. He knew we tested in the US now, but could we rely upon this for ever, post Reykjavik ....? (the recurring theme again). He spoke darkly about Libyan influence in Malaysia and the Pacific.

6. On the nuclear issue, there is clearly much to be done to refine the proposals and define the next steps. My distribution of responsibility reflects the Ministers' first thoughts only. Your first reaction was that a senior official should have discussions with M. Giraud's staff. The Secretary of State would welcome this. The Ministers might consider a report by officials at their next meeting, probably in February.

(J F HOWE)
PS/S of S

External distribution:

PS/Prime Minister
PS/Foreign and Commownealth Office
PS/Secretary of the Cabinet
HM Ambassador, Paris

MO 14/4E

NOTE FOR THE RECORD OF A DISCUSSION BETWEEN THE SECRETARY OF STATE AND M. GIRAUD, IN MARGIN OF ANGLO/FRENCH SUMMIT IN PARIS, FRIDAY 21ST NOVEMBER AT 1200

Present:

The Rt Hon George Younger MP
Secretary of State for Defence

Sir Clive Whitmore
PUS

Air Commodore Burton

Mr Giles

Mr J F Howe
PS/Secretary of State

M. Giraud
French Defence Minister

M. Chevallier

M. de la Fortelle

Vice Admiral Goupil

M. Scheller

Capt Delaunay

Bilateral Security Co-operation

After an initial exchange of courtesies, and agreement on the agenda for the meeting, the Ministers agreed the joint report on bilateral security matters and endorsed its recommendations, viz, to continue to develop bilateral relations and armaments co-operation; to reaffirm the role, in this connection, of politico/military talks, staff discussions and discussions between armaments directors; and to commission a report from the high level politico/military group for the next Franco/British summit.

Nuclear Powered Warship Visits

2. M. Giraud said that although there was a legal problem over NPW visits, which the Foreign Ministries were trying to resolve, from a general political point of view the French were keen to continue such visits. They wanted the Royal Navy to continue to visit France and he was ready to help as much as he could to resolve the difficulties. The Secretary of State said that his view was the same. The UK would much welcome visits by French vessels in return for the successful RN visit to Brest earlier in the year. The legal problems over liabilities were really on the French side and he felt it doubtful whether we could help much but if there was any way in which he could help, he would.

Equipment Matters: General

3. The Secretary of State noted and welcomed the fact that relations between Britain and France on equipment matters were close, and getting closer. We were the only two European countries with across the board capabilities in armaments and there were many promising areas for further development, notably, for example, medium SAMs. He acknowledged that bilateral co-operation had practical attractions but it was useful to achieve multilateral co-operation where practicable. He was glad to note the reciprocal - but not formally linked - purchases of RMCDS Mark II by the UK and Racal-Decca navigation radars by France. He felt that the reports by National Armaments Directors to summits were a useful innovation. They showed that good progress was being made on a number of fronts, including towards the long term goal of torpedo collaboration.

4. M. Giraud generally agreed but raised the following three specific issues.

AEW

5. M. Chevallier said that the French had participated in the UK evaluation exercise and this arrangement worked well. The problem for the French was that they had not been able to complete their evaluation of the Nimrod in the latest configuration, and were not yet clear whether its performance met the French requirement. They were awaiting a Nimrod demonstration flight over French territory on 10th December.

6. The Secretary of State said that he hoped that the British Government would be able to make a decision before Christmas on whether to buy AWACS or Nimrod, although he could not exclude the possibility that a decision would spill over into the new year. He would let M. Giraud know when his mind was made up. On the one hand, AWACS was a working system, but it was expensive; in the case of Nimrod, on the other hand, there were some technical problems which had yet to be demonstrably resolved. Once our decision was taken, we would welcome co-operation with the French in placing contracts if this was feasible. M. Chevallier said that if we both opted for AWACS, we would need to agree upon the order of deliveries; there could be price advantages in taking later aircraft. The Secretary of State said that our own requirement was for an in-service date of 1989. M. Giraud said that the French requirement was for Chad, for which aircraft were required soon, and the Western Mediterranean, which was not so urgent. The French, in short, were not in a terrible hurry but they wanted to move reasonably quickly.

7. The Secretary of State said that our own requirement would probably be for eight AWACS, or ten Nimrod. M. Giraud confirmed that his own requirement was for three AWACS; M. Chevallier said that if Nimrod was chosen, the requirement would be for four aircraft.

8. M. Giraud suggested that the delivery arrangements should be made flexible so that in the case of an urgent need arising deliveries could be switched from one country to the other. The arrangement for changing flags in this way would have to be such as to avoid implicating one country politically in the crisis for which the other country required the aircraft. The Secretary of State said that this sounded a good idea and he agreed that it should be looked at.

9. M. Chevallier said that if both countries chose the Nimrod, the problem would arise that the number of aircraft available was insufficient to cover both requirements. M. Giraud said that his potential interest in the GEC option was in the context of a long term plan for a European AEW system that would have overseas markets as well, such as Spain or the Middle East. He was not sure whether the GEC radar would fit into a French aircraft, although GEC had assured him that it would. If this was feasible and the price was right, it could well have attractions. He felt that the Nimrod solution; (by which I take him to have meant either the Nimrod itself, or the GEC equipment in a French aircraft) would make sense for the short term requirement only, in the absence of longer term sales prospects.

Medium SAMs

10. M. Giraud said that we needed to consider together further our concepts of air defence. He disagreed with the US concept of zonal defence and favoured concentrating on the point defence of ships or bases. The Secretary of State and PUS said that the British concept was of a mixture of area and point defence, for example (in the maritime area) Sea Dart and Sea Wolf. M. Chevallier suggested that the first requirement was for a point defence against sea skimming missiles. Ministers agreed that our requirements for future medium SAMs were sufficiently similar for us to encourage co-operation between the British and the French industries. M. Giraud said that for his part he would not seek other partners until he had taken our bilateral exploration further forward and "decided the backbone of the system". PUS added that medium SAM requirements were meanwhile under discussion in the IEPG.

TRIGAT

11. M. Giraud said that he was concerned at the delays in this project, for which he believed the UK held some responsibility. M. Chevallier said that there were two main problems: the British had sought a negotiated price before inter-governmental agreement

was reached, whereas the French were seeking agreement first before the price was finally settled. The second problem was that the UK were insisting on participants - even indirect participants - having a right of veto on export sales. Mr Giles said that agreement had recently been reached that associated nations should have no right of veto. M. Chevallier said that there was still a difficulty outstanding. The Secretary of State expressed a general sympathy for what the French were trying to achieve here; we had experienced difficulties, in other contexts, with collaborative partners who were slow to give approval to export sales. It was agreed that officials should look into the details. For his part he considered it essential that a contract for full development was achieved by mid 1987.

Post-Reyjavik

12. The Secretary of State said that the immediate British concern after Reyjavik was that the proposal to abolish ballistic nuclear missiles was unrealistic and damaging to the Alliance's defence posture. He had talked to Mr Weinberger at Gleneagles and though Weinberger's reactions there had been guarded there were now signs that our reservations were widely shared, at least in the Pentagon. The declaration after the Prime Minister's meeting with the President at Camp David had been very satisfactory to us. It was also welcome that the Russians were not insisting on bringing the French and British systems into the negotiations as a pre-condition. The way ahead was to pursue the aim of an INF agreement, preferably at a level above zero in Europe if this was practicable; and with the most stringent limits possible on SRINF. M. Chevallier interjected that SRINF were, to the Europeans, strategic weapons. M. Giraud said that he had detected at the WEU meeting in Luxembourg the previous week that "even the Dutch" were nervous about the outcome of Reykjavik; they made an implicit distinction between shorter range systems which could not strike the Netherlands, and those which could.

13. M. Giraud asked how we understood the US attitude towards CW arms control. The Secretary of State recapitulated the position, which was that the United States was committed to resume CW production if a comprehensive ban was not achieved. M. Giraud drew attention to the reference in the French five year programme law to the possession by France of a deterrent CW capability. The threat obliged France to take precautions. At present the only response to this threat was nuclear. Moreover the CW threat placed considerable constraints on conventional forces by virtue of the NBC precautions they were obliged to take. He doubted whether a CW ban would in fact be achieved. The French had not however set themselves a definite target date, unlike the Americans, for reintroducing a chemical capability; and the programme law spoke of "going towards" a CW capability. The Secretary of State said that the US position on CW production had proved difficult

for some NATO members and so far as the United Kingdom was concerned there was no practical likelihood that we would again possess a CW of our own.

(J F HOWE)
PS/S of S

24th November 1986

Distribution:

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Hd of DACU

PS/Prime Minister
PS/Foreign & Commonwealth Secretary
HM Ambassador, Paris

Reference

ANGLO-FRENCH SUMMIT: PARIS 21 NOVEMBER 1986

CDP24/86

NOTE OF A MEETING BETWEEN THE MINISTER OF AGRICULTURE, FISHERIES AND FOOD AND THE FRENCH MINISTER OF AGRICULTURE

Present:

Minister
Mr Andrews
Mr Llewelyn
Miss Timms (Embassy)

M Guillaume
M Gautier-Sauvagnac (Directeur de Cabinet)
M Vial (Directeur, Agricultural Commodities)
M Toussain (Cabinet)

(M Guillaume was present for the second half of the meeting only)

SHEEPMEAT/AGRI-MONETARY

M Gautier-Sauvagnac asked why the UK Presidency had refused to countenance the splitting of the agri-monetary package proposed by the Commission at the Council earlier in the week. He did not see what the UK had gained by, in effect, refusing to allow the green rate devaluations for sheepmeat to go ahead, since there was every chance that the devaluations on beef would be obtained very shortly. The UK had behaved in a most unhelpful way; M Guillaume had been put in a very difficult position and had had to return from the Council with nothing on sheepmeat.

The Minister said that the Commission had proposed a package covering both sheepmeat and beef and had made it clear that they were not prepared to see it split up. Mr Andrews added that the package reflected the interests of both France and the UK. The Irish devaluation in the beef sector had had a greater impact on the UK than on France and a package which did not cover beef would have been politically most unattractive for the UK. Moreover, we had gained the clear impression from other delegations that their objections to the package centred on the proposed French devaluation for beef; there was a general understanding that, given the Irish devaluation, a similar devaluation for the UK was justified. M Vial commented that they had obtained a rather different impression; other delegations had made it clear to them that they did not believe that any devaluation for beef was justified and that they were opposed to green rate changes before the reform of the beef regime. M Gautier-Sauvagnac said that there was no point arguing further about the past. For the future, they accepted the Commission's package, including the proposed devaluations on beef; politically, however, it would be impossible for them to accept the UK devaluation without a French one. The Minister said that the UK also supported the package, together with the proposal for a further advanced payment of ewe premium and the idea of seasonalising the ewe premium.

CODE 18-77

[When M Guillaume joined the meeting, discussion reverted briefly to this issue. M Guillaume repeated that he had been disappointed at the UK Presidency's handling of this issue. He felt that the current problems in the sheepmeat sector were fundamentally different to those affecting beef as they were caused by the recent fall in sterling, which in turn was a consequence of the UK's refusal to join the EMS. He added that M Chirac was extremely angry about the sheepmeat situation, and was considering raising agri-monetary problems at the forthcoming European Council. The Minister replied that he could not accept that the fact the UK was not a member of the EMS was relevant. The sheepmeat regime had been agreed in 1981 by the Council, and it should not now be changed because difficulties had arisen in one member state.

M Guillaume confirmed that France wanted the regime reviewed as soon as possible. They were not, however, questioning the way the regime operated in the UK; rather, they wanted to change the arrangements in France, to move closer to those in the UK. Seasonalising the ewe premium was the first step in this process. Mr Andrews pointed out that changing the system in France would be bound to have implications for the UK. However, it would be useful to discuss possible changes to the regime further at technical level. M Guillaume agreed.]

SOCIO-STRUCTURAL PROPOSALS

M Vial said that he did not believe that rapid progress was possible on these proposals, since each item seemed to be opposed by at least half the member states. France was in favour of the proposal on young farmers, as this was in line with traditional French policy. They opposed, in decreasing order of importance:

> The pre-pension scheme, and, in particular, the proposal to freeze production on farms taking up the scheme. This was unacceptable;
>
> Community financing for environmentally sensitive areas. They were not opposed to the policy here, but believed that expenditure on environmental objectives should not be charged to the agriculture budget;
>
> Increasing the limits on payments in Less-Favoured Areas. Again, their concern here was primarily budgetary. They were, however, more ready to be open-minded on this point, provided that there were financial limits.

The Minister said that we would like to see these proposals agreed, but we accepted that other issues were more important. We also felt that the package should be more directed towards reducing production. We shared French doubts about the pre-prension scheme, though we were doubtful about the proposals on young farmers, which we felt would be open to abuse. We would be more ready to look favourably at the latter if it

CODE 18-77

could be shown that they would bring additional people into farming. We strongly supported the proposals on ESAs. So far as the LFAs were concerned, we did not favour extending the scope of the compensatory allowances and we were firmly opposed to ceilings on compensatory allowances.

[At this stage, M Guillaume joined the meeting.]

BEEF

The Minister asked M Guillaume whether the December Council would be more likely to reach agreement on beef or on milk. M Guillaume replied that, in his view, agreement was not possible on milk, given the forthcoming elections in Germany. The Germans would not want to move, and France did not wish to make life difficult for them.

Turning to beef, the Minister said that the principal difficulty, from the UK point of view, was in establishing the right balance between intervention and a premium system. The UK would find it impossible to agree to any arrangements that did not include a premium system.

M Guillaume said that they did not question the variable premium as it currently applied in the UK. But the system that the Commission was proposing was not the current UK system. They reckoned that, under the Commission proposals, producers in France would lose about 360 francs a carcass. This was not acceptable. The Minister replied that the support system for beef had to be weakened. Moreover, he did not understand France's opposition to premiums, given that they supported the suckler cow premium and the ewe premium and their producers now favoured a beef premium.

M Guillaume said that the sheep regime was an unfortunate mixture of two separate support systems, one based on classical intervention and the other on deficiency payments. As the Community was in deficit for sheepmeat, he would be prepared to accept much simpler arrangements, comprising import levies and a common price, with no premiums at all. Similarly, for beef they wanted producers to continue to obtain their returns from the market, and they were opposed to premiums because they saw these as a move away from the market.

The Minister replied that putting beef into intervention immediately reduced its value. This was why the UK preferred a premium system, which we regarded as a more effective mechanism for getting beef sold. M Guillaume commented that consumption of beef in the UK was no higher than in France, despite what he regarded as a consumer subsidy. There was a limit on how much consumption could be increased and it was not possible to escape reliance on the export market, unless quotas were introduced (which both France and the UK opposed). He agreed that the existing intervention system was too rigid and that it would be sensible to sell more beef fresh. Some

CODE 18-77

changes were needed, which should include reducing the intervention price to the level of the market price. He suggested that such a system, with no premiums, should be tried for a year. On this basis, it would be possible to reach agreement at the next Council!

The Minister said that it would be impossible for him to accept such a package, and he believed that Germany would also find it very difficult. M Guillaume then commented that we would be unwise to imagine that Herr Kiechle shared our basic philosophy. He simply wanted to reduce production to the level of domestic consumption by means of quotas on all commodities, and then increase prices to farmers. Essentially, he wanted to stop spending money on exporting to foreigners and give it instead to his farmers. He was not interested in increasing competition, but in redistributing income from urban to rural areas.

Mr Andrews said that the Commission had now produced new proposals, which seemed to follow the French approach. How did they view the Commission's new ideas? M Gautier-Sauvagnac replied that they could not accept an intervention price set below their current market price. Intervention prices should be linked to national market prices.

MILK

The Minister said that it was clearly necessary to reach agreement to reduce quotas further. He had noted that France was apparently only ready to accept a total reduction of 3% next year, but he wondered whether they would be ready to accept a greater cut with compensation.

M Guillaume said that the Commission was over-dramatising the situation, although he acknowledged that there was a problem. Provided there was compensation, he was prepared to accelerate introduction of the cuts already agreed and so reduce quota by 3% in 1987/88. He was not, however, ready to agree now to reductions for 1988/89. His reluctance was only partly due to internal French politics; more significantly, he believed that it was necessary to consider the overall world position before agreeing further action in the Community. He did not wish to give a signal to the Community's principal overseas competitors - Australia. the United States and New Zealand - that the Community would reduce its production even if they did not. Instead, the Community should make it clear that if they were prepared to reduce production, we would be prepared to accept further cuts in quota in 1988/89. The Commission should, therefore, negotiate a general percentage reduction in milk production with third countries.

The Minister replied that we were ready to discuss this matter with third countries (who were already making significant efforts to reduce production), but given the current size of the Community's surplus and of intervention stocks, quotas could be reduced by more than 3% without there being any

effect on export levels. M Guillaume said that the Community must be in a position to exert pressure on third countries. At the next Council he was ready to agree to a 3% cut in quota next year. At the same time, the Commission should be told that they had a year in which to obtain a commitment to reduce production from third countries. Once this had been obtained, the Communtiy could then reach decisions for the 1988/89 milk year. He added that France was ready to help the UK Presidency to reach a certain number of realistic decisions in December. However, he did not believe that the Commission's latest proposals were realistic. The trouble with the Commission was that they were bureaucrats and civil servants, not politicians or farmers. They tended to consider only balance sheets, whereas Ministers had to think of their constituents. Moreover he was sure that both he and Mr Jopling, as farmers, realised the advantages of a gradual, step by step approach.

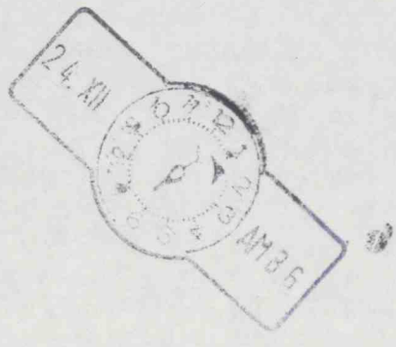
Mr Andrews commented that such an approach would do little to deal with the Community's budgetary problems. Drastic action was necessary if these were to be resolved. M Guillaume replied that money could always be found somewhere. The Minister said that it would be mistake to imagine that the UK would be ready to accept any increase in the 1.4% VAT ceiling.

CIL

C I LLEWELYN
24 November 1986

Circulation

Private Offices
Mr Andrews
Mr Smith
Mr Hadley
Mr Wentworth
Mr Murphy
Mr Anderson
Mr Hunter
Mr Cruickshank
Mr Burne
Miss Neville-Rolfe
Mr Thomas
Mr Myers
Mr Melville
PS/Foreign Secretary
PS/Chancellor
Mr Powell, No 10
PS/S of S for Scotland
PS/S of S for Wales
PS/S of S for Northern Ireland
Mr Williamson (Cabinet Office)
Mr Roberts (UKREP)
Miss Timms (Embassy, Paris)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cc/c

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

01-936 6407

The Rt. Hon. Michael Jopling, MP,
Minister of Agriculture, Fisheries and Food,
Ministry of Agriculture, Fisheries and Food,
Whitehall Place,
LONDON, SW1A 2HH.

November 1986

CDP
20/11

Dear Michael:

FRENCH ACTIONS DISRUPTING UK LAMB TRADE

Thank you for your letter of 18 November.

I feel sure you are right in supposing that a strong practical retaliation would concentrate the minds of the French Government, and far more promptly than any other measure. My letter had to make clear to you, however, the dangerous consequences to our own interests that I foresaw ensuing from the course you told me you had in mind.

The trouble is that in this country's legal system someone aggrieved by Governmental action has a remedy very readily available to him. The same may not be true in France. Nevertheless, the Strasbourg case I mentioned is encouraging. I am therefore glad you see merit in my suggestion that you stand financially behind a UK lamb exporter suing in a French court, and that you are having this idea worked up by officials. It could be run in tandem with recourse to the Commission and the European Court of Justice, a procedure which I agree would be more protracted. An announcement of both initiatives would show our industry that you are fighting for them. You would need, however, to be assured that supporting an action in the French courts is a practical proposition and, for example, that our support would not disqualify a UK lamb exporter from obtaining a remedy under French law.

/Cont'd.....2

J

I am of course very willing to advise at once from the Law Officers' standpoint on any other course that may attract you.

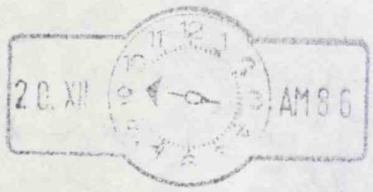
I am sending copies of this letter to the recipients of yours.

Yours ever,

Sam

J

FRANCE Relations PTT



CODE

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

NBPM
CDP
18/11

CONFIDENTIAL

Sir Patrick Mayhew QC MP
Solicitor General
Royal Courts of Justice
LONDON WC2A 2LL

18 November 1986

Dear Solicitor General

FILE WITH CDP

FRENCH ACTION DISRUPTING UK LAMB TRADE

Thank you for your letter of 5 November 1986. In putting forward the suggestion that we might step up inspections of imports of golden delicious apples, I was mindful of the undoubted legal problems that could arise. But I am not clear that we should, as you suggest, need to be able to justify this under Article 36 of the Treaty. We should simply be enforcing the quality standards within the terms of Regulation 1035/72. Article 8 of that Regulation provides that, in order to establish whether produce conforms to the quality standards laid down, "a check shall be made by sampling at all marketing stages and during transport by the authorities appointed by each member state". Since this is a fully harmonised field, I understand that Article 36 would no longer be relevant. There would, however, remain the requirements of Article 30. The question would be whether our action on quality standards was justifiable under the provisions of the basic regulation or whether it amounted to a restriction on trade.

You say that we should face the likelihood of challenge in our Courts at the suit of French apple exporters. This underlines the dilemma. Why is it that the UK industry is unwilling to take similar action in the French Courts? It seems that the UK trade - rightly or wrongly are convinced that they are unlikely to succeed before the French Courts. Understandably they are therefore reluctant to risk the costs involved. I believe that we had some reasons for thinking, in the Bourgoin case, that the French Government was to some extent behind the action taken by the French trade.

There have been a number of striking instances where member states have shown themselves ready to forego, as you put it, "the high

/ground of ....

FRANCE
RELATIONS
PT 4

ground of legality" when confronted with political pressures from their own industry. The history of our relations with France on lamb is very clear witness of this. You will recall that it was the deliberate action of the French Government in refusing to respect the Treaty and the findings of the Court that led to the negotiation of the sheepmeat regime. The recent actions by the French customs are only the most recent manifestation of the readiness to flout the law.

In order to meet the pressures from our own industry, we need to have some sort of meaningful response. The proposition I made seemed to me an approach which would show that we were responsive to the interests of our own industry even though we should not be able, for obvious reasons, to draw any direct linkage.

What are the alternatives? To initiate action in the European Court is, we know, a long-winded process which cannot deal with immediate problems causing damage to our traders. The history of sheepmeat shows this. So does the history of the problem over cheap gas for the Dutch horticultural industry. It took five months for the Commission to find that the Dutch action was illegal. The Dutch Government has challenged the Commission ruling in the European Court and the case has still to be heard. In this instance the problem has receeded because of the fall in the oil price. But a great deal of damage was done to our horticultural industry over the period when their Dutch competitors were being given a substantial competitive advantage.

I am attracted to your suggestion that we should be ready to indemnify a trader who sued the French Government in the French Courts, and I think officials should work this idea up.

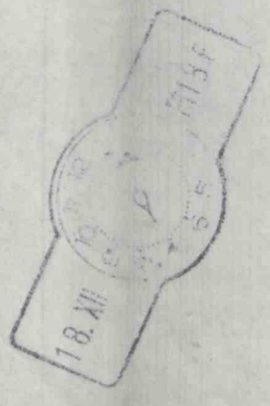
In order to deal with the French complaints over lamb, the Commission are now suggesting the introduction of MCAs, even though this was never envisaged in this sector. Nor was it contemplated when the boot was on the other foot and our industry was suffering as a result of high positive MCAs. I do not know how the discussions on this will come out next week. But we cannot assume that disruptive measures against our trade will not happen again. In this event, I think we do have to be clear how we respond.

I am copying this letter to the Prime Minister, Members of OD(E) Committee, to the Secretaries of State for Northern Ireland, Scotland and Wales, the Chief Whip, the Chief Whip in the House of Lords and Sir Robert Armstrong.

Yours Sincerely

C Clarke

for MICHAEL JOPLING
(Approved by the Minister
and signed in his absence)



CONFIDENTIAL

SRWAMO

cc FCO
PC

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

18 November 1986

You wrote to me on 4 November to convey an indirect request for the Prime Minister to receive François Léotard.

I fear that this is not going to be possible. He falls below the level at which the Prime Minister is normally willing to receive foreign visitors and seeing him would set an unwelcome precedent. He does not appear to have the sort of star quality which one could use to justify making an exception for him. I am also concerned that Mitterrand or Chirac might take it amiss if she were to appear to intervene in the French domestic political debate by seeing him in his capacity as Secretary General of his party.

I hope that you can explain gently to Wajsman that the pressures on the Prime Minister's timetable prevent her from agreeing to receive Léotard. Incidentally, she has no recollection of saying that she would welcome a meeting.

(C.D. POWELL)

Sir John Fretwell, K.C.M.G.

CONFIDENTIAL

cc PG

CONFIDENTIAL

Foreign and Commonwealth Office

London SW1A 2AH

18 November 1986

Dear Charles,

Possible Call on the Prime Minister by M. Francois Leotard, French Minister of Culture

You wrote on 10 November seeking advice on a letter from Sir John Fretwell conveying an indirect request for M. Francoise Leotard, French Minister of Culture, to call on the Prime Minister.

Leotard is a prominent but not outstandingly successful Minister, and currently Secretary General of one element of the centrist UDF alliance. He is moving to put his party's support behind Chirac, and may, as John Fretwell says, be rewarded with more senior Ministerial positions if Chirac's star remains in the ascendant. This does not, however, add up to a strong case for the Prime Minister to see him.

There are two further disadvantages. For the Prime Minister to receive Leotard would set a precedent which any number of middle-rank Ministers and leaders of small parties worldwide might seek to follow. It would also be seen in France very much in a domestic political context. Both Mitterrand and Chirac might take offence at the Prime Minister's appearing to single out Leotard for approval. Receiving Leotard is not comparable to receiving Giscard D'Estaing (as the Prime Minister will do again on 26 November): the latter of course has a distinguished past, and is an ex-colleague of the Prime Minister's. Moreover he is not perceived by Chirac and Mitterrand as presenting much of a threat.

/ I attach a draft reply which you might send to Sir John Fretwell.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL

DSR 11 (Revised)

CONFIDENTIAL

DRAFT: minute/letter/teleletter/despatch/note

TYPE: Draft/Final 1+

FROM:

C D Powell Esq

DEPARTMENT:

TEL. NO:

Reference

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIVACY MARKING

.....In Confidence

CAVEAT.....

Enclosures—flag(s).....

TO:

Sir John Fretwell KCMG
HM Ambassador
PARIS

Your Reference

Copies to:

SPWAMO

SUBJECT:

You wrote to me on 4 November to convey an indirect request for the Prime Minister to receive Francoise Leotard.

I fear that this is not going to be possible. ~~Frankly~~ He falls ~~rather~~ below the level at which the Prime Minister is normally willing to receive foreign visitors and seeing him would set an unwelcome precedent. He does not appear to have the sort of star quality which one could use to justify making an exception for him. I am also concerned that Mitterrand or Chirac, ~~the Prime Minister's real interlocutors,~~ might take it amiss if she were to appear to intervene in the French domestic political debate by seeing him in his capacity as Secretary General of his party.

I hope that you can explain gently to Wajsman that the pressures on the Prime Minister's timetable prevent her from agreeing to receive Leotard.

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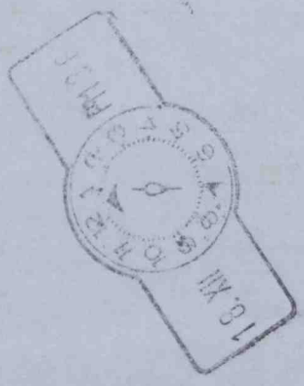
FRANCE : Relations : Pt 4



10 DOWNING STREET

LONDON SW1A 2AA

10 November 1986

From the Private Secretary

I enclose a copy of a letter which I have received from HM Ambassador in Paris about the possibility of the Prime Minister seeing M. François Léotard.

I was not aware that the Prime Minister had told M. Wajsman that she would welcome such a meeting. I suspect that she was just being polite. In any event, I would be grateful for the Department's advice on whether there is a strong case for the Prime Minister to find time for M. Léotard in the diary. It could not be before the early part of next year.

Charles Powell

Colin Budd Esq
Foreign and Commonwealth Office.

CONFIDENTIAL

(2) CSPE

ROYAL COURTS OF JUSTICE
LONDON, WC2A 2LL

XXXXXXXXXXX
01-936 6407

Rt Minister
Re lawyers want
to spoil Mr. Jopling's
fun.
CDP. 6/11

5 November 1986

The Rt. Hon. Michael Jopling, MP,
Minister of Agriculture, Fisheries and Food,
Ministry of Agriculture, Fisheries and Food,
Whitehall Place,
LONDON, SW1A 2HH

Dear Michael:

FRENCH ACTIONS DISRUPTING UK LAMB TRADE

at flap

Thank you for sending me a copy of your letter of 4th November to Geoffrey Howe.

It is deplorable that the French Government should again be promoting action to disrupt the flow of exports of lamb from this country, the more so in the light of the assurances you had received from Monsieur Bosson. I of course agree that the French must not be allowed to turn on and off their disruptive action at will.

I must make it absolutely clear, however, how dangerous I regard your proposal. The true reason for adopting it would be the desire to retaliate against what you believe (doubtless correctly) to be cheating by the French Government. If your course of action significantly impeded the importation of French apples, this would constitute the imposition of a measure having equivalent effect to a quantitative restriction on imports in breach of Article 30/EEC, and one which you could not justify under the provisions of Article 36: for it would constitute a "means of arbitrary discrimination or a disguised restriction on trade" (see Article 36). The fact that you could plausibly claim that your action was occasioned by concern about the increased proportion of bruised apples landed here will not help you if you find yourself challenged in the European Court or in our own courts. And there would be a real prospect that you would

/Cont'd.....2

CONFIDENTIAL

J

SOLICITOR GENERAL

be challenged in our courts, at the suit of French apple exporters, for Article 30 takes what is called "direct effect": this means that the English courts must provide a remedy for any proven claim that the UK Government has broken its obligations under Article 30. This in turn means that any such claimant can secure full discovery of documents, including internal memoranda and letters, subject only to public interest immunity (but to claim this you would have to give affidavit evidence disclosing the relevant documents to the Court itself.) In short, either the truth in this case would "out" on discovery or you would have to persuade the Court that it should not "out" - which would be an unpromising exercise. If the Court found that you had knowingly breached our Treaty obligations under Article 30, that would constitute in our law the tort variously known as misfeasance or abuse of administrative powers, and the plaintiffs would be entitled to damages.

We went through all this last year in the French turkeys case - Bourgoin - which you will recall. It was tried on a preliminary issue of law which was whether in respect of a breach of Article 30, with or without misfeasance, damages were payable to anyone who had suffered consequential loss. A ruling to the effect that damages are payable even in the absence of misfeasance would be catastrophic. You will recall that we lost on this point in Bourgoin before Mann, J., and that I only succeeded in reversing him in the Court of Appeal after six days of argument, by a majority of two to one. Thereafter we settled the claim very advantageously, buying off the substantial risk that the House of Lords would settle the law by restoring Mann, J's judgment. I urge you therefore not to risk nullifying our success in the Court of Appeal by giving a cause of action to further French plaintiffs. (We had reason to believe that the French Government were not disinterested in the turkeys case.)

I accept that one may be able to rate action in relation to imports on a scale, at the lowest end of which the action would not conflict with Article 30. But it seems clear to me that Article 30 begins to bite at a very early stage on the scale, with the effect that measures not conflicting with Article 30 would be most unlikely to have any impact on the French Government.

/Cont'd.....3

SOLICITOR GENERAL

There seem to me to be other disadvantages in following the course you suggest. Particularly while the UK holds the presidency, but even after December, action against imports would call into question our support for the development of the internal market. Giving up the high ground of legality may adversely affect our interests in the Council. We should also be badly placed to continue to press the Commission to bring pressure to bear on France.

What I would suggest as an alternative is a renewed request in very firm and public terms to the Commission to institute proceedings against the French Government. In the turkeys case the French plaintiffs took that step almost instantly after the introduction of the import ban in September 1981 and got their judgment against us in the European Court the following July.

You could also encourage a lamb exporter to sue the French Government in the French courts, perhaps giving him an indemnity and thus effectively standing behind him. This is not as far fetched as it may seem. In August this year a French judge in Strasbourg ordered the French Government to pay damages to importers of Italian wine for a breach of Article 30, as your officials will know. It would be sufficient, I suggest, to seek the equivalent of an injunction.

With an exporting abattoir in my constituency (not to mention an enormous acreage of apples) I am highly sympathetic to your proposal - and of course on less parochial grounds too. But I am certain I must warn you very strongly against proceeding with it.

I am sending copies of this letter to the recipients of yours.

Yours ever,

Kenneth

France; Relations PT4

CONFIDENTIAL

CDPC

BRITISH EMBASSY,
PARIS.

FROM THE AMBASSADOR

4 November 1986

Charles Powell Esq
10 Downing Street
London SW1

Dear Charles,

PROPOSED CALL BY LEOTARD ON PRIME MINISTER

1. Patrick Wajsman, a political commentator on Le Figaro and editor of Politique Internationale, telephoned today in his capacity as a personal adviser to François Léotard, Minister of Culture and Communications, to ask whether Léotard could call on the Prime Minister. Wajsman said that when he interviewed Mrs Thatcher in January, he had mentioned this idea and the Prime Minister had appeared to welcome it. There had not however been time to make arrangements on the spot.

2. Wajsman said that Léotard would be delighted to meet the Prime Minister either in London or Paris. I said that Paris might present some difficulty: the programme for the next bilateral summit was already fairly tight; and to include in it a call by Léotard would attract a lot of media speculation. He agreed that London would be more suitable and said Léotard would be happy to go over for a meal (even a breakfast) or a call at any time. He thought that although it might appear a little odd for a French Minister to be calling on Mrs Thatcher, it should be acceptable for Léotard to call in his capacity as Secretary-General of the Parti Républicain. It was on this basis that he was calling on President Reagan this week. I suggested that if Léotard were to visit London it might be useful for him to have talks with his British opposite numbers in the arts and communications. Wajsman agreed this would be desirable, if such meetings could be built around a call at Number 10.

/3.

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3. In putting forward Léotard's claims, Wajsman hinted strongly that he could be expected to go on to greater things. He referred to Léotard's deep interest in foreign affairs and his potential for rising to higher office after the next presidential elections which, Wajsman thought, might well come earlier than generally expected.

4. Léotard is certainly an up-and-coming man. As Secretary-General of the Parti Républicain he will play a role in determining where the UDF throws its weight in the next presidential elections. He might stand for the presidency himself, although he would have no chance of winning in 1988 and would in effect only be putting down a marker for 1995 or later. It is sometimes suggested that he might run in 1988 in order to attract votes away from Barre and hence help Chirac on the first round; and some speculate that his reward for this could be to be chosen as Prime Minister if Chirac wins the presidency. He continues to score highly in the opinion polls. But he has not actually performed very well as a Minister and I am not convinced that his prospects in the next five years are quite so outstanding as his closest supporters - including Wajsman - evidently believe. However, he is likely to retain ministerial office and is a possible candidate for Foreign Minister or Defence Minister at some stage (Mitterrand in effect blackballed him from the Defence Ministry when Chirac proposed it in March). One cannot entirely exclude his chance of emerging as Prime Minister. Added to which he is young, energetic, bright and buoyant and would talk interestingly about French internal politics.

5. Could you let me know whether the Prime Minister would wish to see him and, if so, approximately when?

Yours ever,
John

John Fretwell

cc: A C Galsworthy Esq CMG
PS/S of S

CONFIDENTIAL

CDDC

FROM THE AMBASSADOR

BRITISH EMBASSY,
PARIS.

4 November 1986

Charles Powell Esq
10 Downing Street
London SW1

Dear Charles,

PROPOSED CALL BY LEOTARD ON PRIME MINISTER

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PREM 19/2181

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cc: A C Galsworthy Esq CMG
PS/S of S

PREM 19/2181

file CAJ

10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

4 November 1986

M. GISCARD d'ESTAING

The Prime Minister has agreed to see Mr. Giscard d'Estaing briefly on 26 November. I should be grateful for briefing by 25 November.

BF

C. D. POWELL

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

881

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cc PC (2)

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
London SW1

4 November 1986

Prime Minister
To note that Mr. Jopling intends to retaliate against French Golden Delicious apples, unless the French stop interfering with our lamb trade soon.
CDP
4/11

Dear Secretary of State,

FRENCH ACTIONS DISRUPTING UK LAMB TRADE

I am concerned that the French Customs has been continuing this week to interfere with our lamb trade despite assurances, notably by Monsieur Bosson, Minister in the Quai d'Orsay, to Lynda Chalker.

Apart from the severe inconvenience and uncertainty suffered by the industry over the last two weeks, there have been more serious consequences. A number of contracts have been cancelled. We have consistently applied pressure to get the French to return to normal levels of customs activity. On 28 October, John Gummer wrote to the French Agriculture Minister, Francois Guillaume, expressing in strong terms our concern about actions which seem to us clearly to contravene Article 30 of the Treaty. We copied this correspondence to Andriessen pointing out that we expected the Commission to institute proceedings under Article 169 if they found the French were in breach of the Treaty. It was presumably in consequence of these initiatives that we received assurances from Andriessen's Cabinet that he was putting pressure on the French, and from M Bosson himself that we could expect a rapid improvement in the situation.

After what appeared to have been a return to normality over the weekend, the special customs checks recently instituted were again being imposed yesterday. We have been told that instructions were given last Thursday that the French Customs action should cease. But there were problems again yesterday at the Rungie market. One load at St Brieuc was subjected to extensive checks. The situation seems to have improved today and we have no further specific complaints from our trade. But I am concerned that the French maybe playing us along and the trouble could flair up again in the next day or two. This would be intolerable. If it happens, I consider that we must be ready to take immediately some counter action in order to reinforce our representations.

/ The possible ....

The possible action which I have identified would be to increase the rate and the intensity of inspections carried out by our Horticultural Marketing Inspectorate, under EC Regulation 1035/72 as it relates to the application of endorsement of the common quality standards of fruit and vegetables. I believe there are grounds for targetting Golden Delicious apples. In recent weeks the Inspectorate has detected a higher than normal incidence of bruising, sufficient in certain cases to require regrading, of these apples. I envisage that the Inspectorate would inspect, more intensively than at present, say one in ten (as opposed to 3 to 4%) of consignments entering south or east coast ports. The trade in Golden Delicious is worth about £10m per month and this is roughly comparable with the value of our exports of lamb to France - £8-9m per month. The action would not be confined to consignments from France. But the latter constitute the great bulk of our imports of this variety.

We would need to judge carefully the disruption we caused by, for example, requiring in certain cases the total unloading of French consignments of apples (as the French have done to our lamb). HM Customs & Excise, with whom we have had discussions at official level, have understandably said that any action would need to avoid causing delays to other port users or causing congestion in the docks.

We need also to take account of the fact that action by us could be subject to legal challenge in the English courts. Depending on the circumstances, this might be successful. However, my legal advice is that, by taking the particular action I propose, we minimise the risk of such a challenge, particularly since we can point to recent evidence of incorrect grading.

The fact that we were taking this action would obviously be apparent. But it would be essential not to endorse any suggestion that what we were doing was connected in any way with the French activities over our lamb. That could only weaken any subsequently legal defence. If questionned, we should give the grounds of our increased inspections.

I shall need to judge when it may become necessary to institute this inspection system on golden delicious in the light of further developments on our lamb trade. If we need to go ahead, I should want to avoid boxing ourselves in. It would be wise to set ourselves a time limit for the duration of this action. I would have in mind three weeks in the first instance, subject to review at the end of this period, or of course earlier should there be new developments.

My officials have discussed this proposal with Departments concerned, including HM Customs & Excise who would be the most closely involved. At official level, that Department made it clear that they would be prepared to co-operate with our Inspectorate subject to certain conditions, principally that MAFF would take responsibility for what was being done. I would be happy to give the undertakings sought.

I am sending copies of this letter to the Prime Minister, other members of OD(E), Tom King, Malcolm Rifkind, Nicholas Edwards and

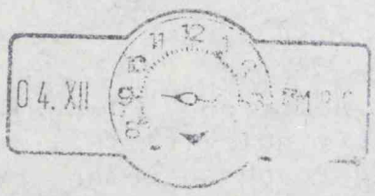
/Sir Robert Armstrong. ....

Sir Robert Armstrong. I would like to be able to implement my proposal very quickly if circumstances require and would be grateful if we could reach agreement by correspondence.

Yours sincerely,

Elizabeth Mans

for MICHAEL JOPLING
(approved by the Minister
and signed in his absence)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MY TELNO 1115: LAMB EXPORTS TO FRANCE

SUMMARY

1. FRESH ASSURANCES THAT THE SPECIAL CONTROLS HAVE BEEN LIFTED, ALTHOUGH THE SITUATION ON THE GROUND REMAINS CONFUSED. FRENCH DEMAND TO THE COMMISSION THAT THE SHEEPMEAT REGIME BE REVISED AS SOON AS POSSIBLE.

DETAIL

2. GAUTIER-SAUVAGNAC (GUILLAUME CABINET) HAS NOW TOLD US THAT CLEAR INSTRUCTIONS WERE GIVEN ON THE EVENING OF 30 OCTOBER THAT ALL SPECIAL CONTROLS SHOULD BE STOPPED. THIS SHOULD HAVE COME FULLY INTO FORCE ON 31 OCTOBER. HE CLAIMED TO BE SURPRISED THAT THE CONTROLS APPEARED TO HAVE RESUMED ON 3 NOVEMBER AND THAT THE SITUATION WAS STILL NOT ENTIRELY BACK TO NORMAL THIS MORNING (THE IMPORTERS HAVE TOLD US THAT THINGS HAVE IMPROVED AT RUNGIS AGAIN, WITHOUT BEING YET FULLY AS USUAL, WHILE SOME SPECIAL CHECKING SEEMED TO BE CONTINUING AT THE PORTS). HE UNDERTOOK TO RECONFIRM THE INSTRUCTIONS ALREADY GIVEN.

3. AS FAR AS THE REPLY TO MR GUMMER WAS CONCERNED, GAUTIER-SAUVAGNAC SAID THAT GUILLAUME FOUND HIMSELF IN A DIFFICULT POSTION. IF HE ADMITTED IN HIS REPLY THAT THE FRENCH MEASURES HAD BEEN UNJUSTIFIED AND HAD THEREFORE BEEN LIFTED, HE RISKED AN OUTCRY FROM FRENCH LAMB PRODUCERS WHICH MIGHT EXACERBATE THE SITUATION FURTHER. THE FRENCH PREFERENCE WAS SIMPLY TO LIFT THE MEASURES, WHILE MAKING NO ANNOUNCEMENT AND PUTTING NOTHING IN WRITING. BUT GAUTIER-SAUVAGNAC ACCEPTED THAT THIS WAS HARDLY POSSIBLE IN VIEW OF THE POLITICAL SENSITIVITY OF THE ISSUE IN BRITAIN. HE WAS THEREFORE TRYING TO PRODUCE A REPLY WHICH WAS SUFFICIENTLY PRECISE TO BE HELPFUL TO US, WHILE NOT INCRIMINATING GUILLAUME TOO MUCH IN THE EYES OF FRENCH FARMING OPINION. HE HOPED TO HAVE SOMETHING TO OFFER US ON 5 NOVEMBER.

4. GAUTIER-SAUVAGNAC ADDED THAT GUILLAUME HAD NOW SENT A STRONGLY-WORDED TELEX TO ANDRIESSEN SAYING THAT THE FRENCH FOUND THEMSELVES IN A QUITE IMPOSSIBLE POSITION. IMPORTS OF BRITISH LAMB HAD INCREASED 45 PERCENT IN AUGUST THIS YEAR COMPARED WITH LAST YEAR, ESSENTIALLY BECAUSE OF THE FALL IN THE VALUE OF THE POUND. THIS WAS MADE POSSIBLE BECAUSE OF THE FAULTS IN THE SHEEPMEAT REGIME, WHEREAS FRENCH AGRICULTURAL EXPORTS WERE UNABLE TO BENEFIT

FROM

FROM FALLS IN THE FRANC BECAUSE OF MCAS. THIS WAS WHAT ANGERED FRENCH SHEEP PRODUCERS SO MUCH. THE SHEEPMEAT REGIME HAD TO BE CHANGED URGENTLY.

COMMENT

5. THE FRENCH ARE CLEARLY IN AN EMBARRASSING SITUATION VIS-A-VIS THEIR OWN FARMERS, EVEN IF IT IS PARTLY OF THEIR OWN MAKING. FEELINGS AMONGST SHEEP PRODUCERS ARE CONTINUING TO RUN HIGH. RAILWAY LINES HAVE BEEN BLOCKED IN SEVERAL PLACES BY DEMONSTRATORS OVER THE LAST FEW DAYS, WHILE THE SHEEP SECTION OF THE FNSEA, THE MAIN FARMERS' UNION, HELD A PRESS CONFERENCE THIS MORNING TO SPELL OUT THEIR GRIEVANCES AND MAKE CLEAR THEIR FULL SUPPORT FOR SPECIAL CUSTOMS CHECKS ON BRITISH LAMB CONSIGNMENTS. IN THESE CIRCUMSTANCES, IT MAY BE IN OUR INTEREST TO AVOID TOO PRECISE PUBLIC REFEERENCES TO THE GOVERNMENTS'S VOLTE-FACE OVER THE CUSTOMS CHECKS, AT LEAST WHILE WE AWAIT THE REPLY TO MR GUMMER'S LETTER. THERE IS OF COURSE NO DIFFICULTY IN SAYING THAT WE HAVE BEEN IN CLOSE TOUCH WITH THE FRENCH GOVERNMENT, THAT THE SITUATION NOW APPEARS TO BE RETURNING TO NORMAL AND THAT WE ARE CONTINUING TO MONITOR THIS CLOSELY.

FRETWELL

PCLNAN 5982

FRAME AGRICULTURE
ECD(E)

5:45

(1)

PRIME MINISTER cc Mrs. Ryder

M. GISGARD D'ESTAING

We have had an approach from the French Ambassador to see whether you would see M. Giscard d'Estaing when he is in London on 26 November. You do actually have some time that afternoon so it could be done. The question is whether it is worth it. Your last encounter with him was not very productive, indeed distinctly irritating as I recall. On the other hand, you may feel that the former President of one of our major allies deserves an appointment if he seeks one. The date falls after the Anglo-French Summit so would not in any way appear to interfere with that.

Agree to see M. Giscard for 30 minutes?

Yes pls

C.D.?

CR done CR 4/11

(Charles Powell)

French Ambassador & FCO informed. Cd. your desk put diary in the diary. CDP.

3 November 1986

DCA.09

PART 3 ends:-

CDP to fco 23/10/86

PART 4. begins:-

CDP to PM 3/11/86

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