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BALLADUR'S VISIT TO WASHINGTON, 15 JUNE

SUMMARY

1. SHORT VISIT TO ESTABLISH CONTACT WITH CLINTON AND RAISE GATT AND FRENCH PROPOSAL FOR A CONFERENCE ON STABILITY IN EUROPE. LOCKERBIE, BOSNIA AND NUCLEAR TESTING (NOTHING NEW) ALSO RAISED. JUPPE HAD PARALLEL TALKS WITH CHRISTOPHER. FIRST U.S. REACTIONS TO CONFERENCE ON STABILITY.

DETAIL

2. BALLADUR HAD SEVEN HOURS IN WASHINGTON ON 15 JUNE WITH THE EXPRESS AIM OF GETTING TO KNOW CLINTON. HE HAD LUNCH ON THE HILL WITH FOLEY (AND BROWN) FOLLOWED BY 75 MINUTES WITH CLINTON, GORE, KANTOR AND LAKE. BALLADUR HAD TWO ISSUES ON HIS MIND: GATT (SEE WASHINGTON TELNO 1348) AND HIS PROPOSED CONFERENCE ON STABILITY IN EUROPE. BOSNIA AND LOCKERBIE (BOTH REPORTED SEPARATELY) CAME UP WITH CLINTON AND CHRISTOPHER.

3. CLINTON RAISED NUCLEAR TESTING MERELY TO SAY THAT THE ADMINISTRATION HAD NOT YET TAKEN ANY DECISION.

4. BALLADUR EXPLAINED HIS PROPOSAL FOR THE CONFERENCE ON STABILITY IN EUROPE. IN THE FIRST INSTANCE, THIS WOULD BE WORKED OUT AMONG THE TWELVE. THE INTENTION WAS NOT TO EXCLUDE THE U.S. (OR CANADA), QUITE THE OPPOSITE. MOREOVER, HE WANTED TO MAINTAIN THE TRANSATLANTIC ALLIANCE. THERE WAS NO QUESTION OF OFFERING MILITARY GUARANTEES TO THE CENTRAL AND EAST EUROPEANS (CEES) NOR WOULD THE CONFERENCE CUT ACROSS NATO EFFORTS TO ENHANCE THE CEES' SECURITY IN THE WIDEST SENSE. ACCORDING TO THE FRENCH, CLINTON SHOWED SOME INTEREST AND EVEN CLAIMED TO HAVE READ THE FRENCH PAPER. HE NOTED THAT HIS PROPOSAL FOR A NATO SUMMIT WAS PRECISELY TO CONSIDER THE FUTURE ROLE OF THE ALLIANCE. (STATE SAY HIS INTENTION WAS TO WARN THE FRENCH AGAINST CUTTING ACROSS THE SUMMIT.)

5. ACCORDING TO STATE (WESTON, EUR) THE INITIAL AMERICAN RESPONSE TO THE PROPOSAL IS SCEPTICAL. THEY QUESTION THE NEED TO FORMALISE EXISTING MECHANISMS FOR CONFLICT PREVENTION/SETTLEMENT: ARE WORRIED ABOUT THE DUPLICATION WITH NACC, CSCE ETC: SUSPECT THE FRENCH INTEND THE PACT TO COMPETE WITH THOSE INSTITUTIONS: AND ARE NOT CLEAR WHAT THE ADDED VALUE WOULD BE. THEY NOTE WRYLY THAT THE BALKANS ARE LEFT OUT AS TOO DIFFICULT. NOT SURPRISINGLY, THEY REGARD PRIOR NEGOTIATION AMONG THE TWELVE AS ACCEPTABLE ONLY IF THE RESULTING PACKAGE IS STILL SUBJECT TO CHANGE WHEN OTHER PARTIES, INCLUDING THE U.S., ARE BROUGHT IN. EQUALLY, THEY ARE CONCERNED ABOUT THE IMPLICATIONS FOR NATO OF REVISED CONDITIONS FOR EC ACCESSION, AND THE SECURITY IMPLICATIONS OF THE PROPOSED PACT FOR THE BALTICS, UKRAINE AND RUSSIA. THEY TOO HAVE NOTED THE APPARENT SHIFT ON CHANGES TO EXISTING FRONTIERS (PARIS TELNO 560 REFERS).

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Bonn tels nos 324-5 and my telno 379: VISIT OF FRENCH PRIME MINISTER TO BONN, 22 APRIL

SUMMARY

1. More details from Matignon of Balladur's talks with Kohl, particularly on EC, the initiative on stability and security in Europe, and trade issues.

DETAIL

2. In a departure from past practice on Franco-German meetings, the French organised a Community briefing at Matignon on 27 April on Balladur's visit to Bonn last week. Montferrand (Diplomatic Adviser) explained that the briefing was at Balladur's personal request. In general, he confirmed the account in Bonn TURs. Following are the main additional points made by Montferrand:

a. Economic/monetary matters. Balladur and Kohl had agreed that the high level of interest rates reflected the poor economic situation in both countries. Balladur had been at pains to point out that this was not just a German problem: the French had to put their economic house in order too. He was determined to tackle the budget and social security deficits.

b. European Community. The two had agreed that there could be little forward movement as long as Maastricht remained unratified. Balladur had expressed confidence that the UK and Denmark would ratify. He was preoccupied by the credibility gap between European Governments and public opinion. Both the Commission and the European Parliament had a part to play in tackling this.

c. Foreign policy. Balladur had expressed understanding for constitutional constraints on German activity abroad. But this should not prevent the two countries reaching common

positions. On Yugoslavia, Balladur and Kohl had agreed on the dangers of air strikes and the lifting of the arms embargo.

d. Balladur proposal on European security. Montferrand referred throughout to "stability and security in Europe", in contrast to the previous formulation "peace and stability" (NB not "balance" - Bonn TURs). The initiative stemmed from Europe's collective failure to solve the Yugoslav problem. The need was urgent, but in Bonn Balladur had given no indication of timetable. Concrete measures, not vague principles, were required. The aim should be to "set up arrangements which would guarantee the principles enshrined in the Paris Charter". The CSCE had mechanisms but they were not working (but the proposal was not a rival to CSCE). The US would have to be involved in some form.

e. GATT/agriculture/trade. Balladur had expressed the hope that there would be a break-through on GATT at the G7 Summit in Tokyo. (It appeared from the context that Balladur had particularly in mind progress on the non-agricultural elements.) On GATT agriculture, Balladur had said that the new French government was defining the basic points on which it wanted satisfaction or assurances. Balladur had recalled the French desire to see improvements to the CAP. (Pressed on this, Montferrand was unable to provide details about Balladur's thinking, other than that the CAP was incomplete in some areas and needed to be simplified in others.) While stressing that he was a free-trader, Balladur had mentioned the idea of an EC Commercial Policy Instrument". Europe needed the means to defend itself from external commercial attack. Curiously, Montferrand said that the idea was not a Euro-Super 301. (See also Crabbie's letter of 27 April to Startup (DTI) on Juppe's evidence to the National Assembly Foreign Affairs Commission.)

f. Schengen. This had not been raised.

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MIPT BALLADUR'S VISIT TO BONN

SUMMARY
1. A SHORT MEETING BUT WITH A SUBSTANTIAL EXCHANGE. GATT, BALLADUR'S IDEAS ON EUROPEAN SECURITY AND BALANCE, BOSNIA AND RUSSIA WERE THE MAIN ELEMENTS.

DETAIL
2. I WENT OVER THE GROUND WITH HARTMANN (KOHL'S DIPLOMATIC ADVISER) THIS AFTERNOON WHO GAVE ME THE FOLLOWING ACCOUNT OF THE MEETING ON 23 APRIL BETWEEN KOHL AND BALLADUR.

3. HARTMANN SAID THAT THE FIRST PART OF THE MEETING HAD BEEN TAKEN UP WITH BALLADUR EXPLAINING THE INTERNAL SITUATION IN FRANCE. HARTMANN SAID THAT THIS PART OF THE MEETING WAS BEING KEPT TO A VERY TIGHT CIRCLE IN BONN. HE ASKED THAT HIS CONFIDENCE SHOULD BE RESPECTED. BALLADUR EXPLAINED THAT HIS GOVERNMENT WAS SUBJECT TO SOME STRONG PRESSURES FROM OUTSIDE. SOME OF THOSE PRESSURES WERE GENERATED BY QUOTE THOSE WITH AMBITIONS FOR 1995 UNQUOTE. THE OTHERS WERE THE LEVEL OF UNEMPLOYMENT AND THE STRAIN OF MAINTAINING THE STRONG FRANC POLICY. (HARTMANN SAID THAT THE NEWS OF THE BUNDESBANK INTEREST RATE REDUCTIONS HAD NOT COME THROUGH AT THE TIME OF THIS PART OF THE DISCUSSION). BALLADUR HAD STRESSED THE IMPORTANCE HE ATTACHED TO THE INDEPENDENCE OF THE BANQUE DE FRANCE. I ASKED IF THE GERMANS THOUGHT THIS WOULD ENABLE CLOSE COOPERATION BETWEEN THE BUNDESBANK AND THE BANQUE DE FRANCE. HARTMANN SAID THAT THIS WOULD DEPEND ON THE BUNDESBANK. THE FRENCH SEEMED, HOWEVER, TO REALISE THAT CONCESSIONS ON INTEREST RATES WERE NOT IN THE FEDERAL GOVERNMENT'S GIFT.

4. THERE HAD BEEN A SUBSTANTIAL DISCUSSION OF GATT. BALLADUR HAD EXPRESSED HIS QUOTE UNHAPPINESS UNQUOTE WITH THE BLAIR HOUSE PACKAGE. HARTMANN COMMENTED THAT HE HAD PERSONALLY BEEN UNEASY ABOUT THE WAY IN WHICH BALLADUR HAD ADDRESSED THIS QUESTION. THE FRENCH POSITION ON THE AGRICULTURAL PART OF THE GATT PACKAGE SEEMED TO BE HARDENING. KOHL HAD STRESSED THE IMPORTANCE OF A A SUCCESSFUL CONCLUSION TO THE GATT NEGOTIATIONS. THERE HAD TO BE PROGRESS BEFORE THE G7 MET IN TOKYO. (HARTMANN SAID THAT THE OIL SEED ISSUE HAD NOT BEEN DISCUSSED NOR DID HE GIVE ANY INDICATION THAT KOHL HAD TRIED TO FIND WAYS OF RESOLVING THE FRENCH PROBLEM).

5. BALLADUR HAD RAISED HIS INITIATIVE ON EUROPEAN SECURITY. HE CONCEDED THAT IT NEEDED TO BE FLESHED OUT. THE IDEA WAS, HOWEVER, TO DISCUSS IT FIRST AMONG THE TWELVE AND THEREAFTER WITH QUOTE OTHER INTERESTED PARTIES UNQUOTE. KOHL HAD NOT RESPONDED IN ANY DETAIL. HARTMANN SAID, HOWEVER, THAT HE PERSONALLY WAS CONCERNED BY WHAT THE FRENCH SEEMED TO HAVE IN MIND. HE COULD NOT IMAGINE THE AMERICANS RESPONDING ENTHUSIASTICALLY TO AN IDEA COOKED UP FIRST OF ALL AMONG THE EUROPEANS TO WHICH THEY MIGHT THEN BE ASKED TO SUBSCRIBE. I AGREED. HARTMANN WILL PROBABLY BE VISITING PARIS SOON TO TRY TO FIND OUT MORE ABOUT FRENCH THINKING. HE SEEMED VERY ALIVE TO THE POSSIBLE IMPLICATIONS OF SUCH A CONFERENCE FOR THE AMERICAN CONNECTION VIA NATO. IN THE CSCE AND THE DECLARATION OF PARIS THE EUROPEANS HAD ALL THE PRINCIPLES THEY NEEDED. THE PROBLEMS NOW LAY IN PUTTING THEM INTO EFFECT. HARTMANN AGREED THAT PART OF BALLADUR'S MOTIVES MIGHT LIE IN MAKING IT CLEAR TO MITTERRAND THAT THE GOVERNMENT WOULD NOT BE INHIBITED FROM TAKING INITIATIVES IN FOREIGN AFFAIRS.

6. ON BOSNIA THE FRENCH HAD EXPRESSED THEIR CONCERN ABOUT TURKISH AIRCRAFT PARTICIPATING IN THE NO-FLY-ZONE OPERATION AND THEIR CONCERNS FOR THE SAFETY OF THEIR TROOPS IF THE AMERICANS USED THEIR AIRCRAFT TO ATTACK SERBIAN GROUND POSITIONS. HARTMANN CONFIRMED GERMAN SCEPTICISM ABOUT THE EFFICACY OF AIR INTERDICTION. I EXPLAINED OUR POLICY ON THE LINES OF YOUR MESSAGE TO KINKEL AND LEFT A COPY WITH HARTMANN. FRENCH AND GERMAN ANALYSIS HAD BEEN CLOSE ON YELTSIN'S POSITION IN RUSSIA. THE REFERENDUM WOULD PROBABLY GO YELTSIN'S WAY BUT THE STRUGGLE FOR POWER WOULD CONTINUE.

7. COINCIDENTALLY I CALLED THIS MORNING ON ISCHINGER (HEAD OF THE MFA PLANNING STAFF RECENTLY BROUGHT BACK FROM PARIS BY KINKEL).

ISCHINGER, ALTHOUGH NOT COMPLETELY RULING IT OUT, THOUGHT THAT THE SCOPE FOR MAJOR FRANCO-GERMAN INITIATIVES HAD BEEN REDUCED FOLLOWING THE ELECTIONS. IT WAS DIFFICULT WITH A COHABITATION REGIME WHERE THE DIVISION OF POWER WAS MORE COMPLEX. (HARTMANN ALSO REFERRED TO MITTERRAND'S MAJOR LOSS OF INFLUENCE COMPARED WITH THE LAST ROUND OF COHABITATION).

COMMENT

8. THERE IS NO DOUBT OF THE IMPORTANCE THE GERMANS CONTINUE TO ATTACH TO THE RELATIONSHIP WITH THE FRENCH. BUT IT LOOKS AS IF IT WILL TAKE THEM A BIT OF TIME TO WORK OUT HOW TO HANDLE THE NEW SET UP IN PARIS.

9. ALTHOUGH GATT IS NOT HARTMANN'S DIRECT RESPONSIBILITY HE WAS UNAWARE OF THE 7 MAY DATE FOR FRENCH RECONSIDERATION OF THE OIL SEEDS/BLAIR HOUSE ELEMENTS. I WILL TRY TO FOLLOW UP WITH LUDEWIG (FEDERAL CHANCELLERY) NEXT WEEK.

10. THE INITIAL GERMAN REACTION TO BALLADUR'S INITIATIVE ON EUROPEAN SECURITY AND BALANCE, AT LEAST AT OFFICIAL LEVEL, IS PRETTY UNENTHUSIASTIC. ISCHINGER ALSO SAID THAT THE WORD QUOTE BALANCE UNQUOTE RAISED ALL SORTS OF OLD FASHIONED BALANCE OF POWER ECHOES WHICH THE GERMANS DID NOT FIND REASSURING.

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COPENHAGEN FOR SECRETARY OF STATE'S PARTY.

BALLADUR'S VISIT TO BONN

SUMMARY
1. KOHL AND BALLADUR EMPHASISE CONTINUED WARMTH AND IMPORTANCE OF FRANCO/GERMAN RELATIONS BUT FAIL TO CONCEAL DIFFERENCES OVER GATT. SEE MIFT FOR COMMENT BY KOHL'S DIPLOMATIC ADVISER.

DETAIL
2. BALLADUR'S FIRST VISIT TO BONN ON 23 APRIL WAS A COMPARATIVELY BRIEF AFFAIR. BALLADUR MADE IT CLEAR IN ADVANCE THAT HE DID NOT EXPECT IT TO LAUNCH ANY NEW INITIATIVES OR TO REACH AGREEMENTS. BOTH LEADERS EMPHASISED THE CONTINUED IMPORTANCE OF FRANCO/GERMAN RELATIONS, WHICH KOHL SAID WERE ONE OF THE MOST VALUABLE ACHIEVEMENTS OF THE SECOND HALF OF THE 20TH CENTURY.

3. AT THE PRESS CONFERENCE WHICH FOLLOWED THEIR LUNCH-TIME MEETING, KOHL AND BALLADUR FAILED TO CONCEAL THEIR DIFFERENCES OVER GATT. TODAY'S FRANKFURTER ALLGEMEINE ZEITUNG (CONSERVATIVE DAILY) DESCRIBES THESE AS QUOTE DIFFERENCES OF NUANCE UNQUOTE, A PHRASE APPARENTLY USED BY KOHL, BUT HANDELSBLATT (FINANCIAL DAILY) SAYS THAT THE DIFFERENCES WERE CONSIDERABLE. BALLADUR EXPRESSED THE HOPE THAT THE GERMANS WOULD SHOW UNDERSTANDING FOR THE VITAL INTERESTS OF FRANCE IN THE AGRICULTURAL SECTOR AND HELP PARIS TO SEEK AN AGREEMENT ON WORLD TRADE WHICH WOULD FULLY ACCORD WITH EUROPEAN INTERESTS. KOHL, ON THE OTHER HAND, SAID THAT BOTH DEVELOPED AND DEVELOPING COUNTRIES NEEDED A GATT AGREEMENT AND THAT THIS REQUIRED READINESS TO COMPROMISE. HE REFERRED TO THE NEED TO OVERCOME THE RECESSION AND PROMOTE GROWTH.

4. BALLADUR ALSO SOUGHT GERMAN SUPPORT FOR HIS INITIATIVE IN

SUPPORT OF EUROPEAN SECURITY QUOTE AND BALANCE UNQUOTE, WITHOUT EXPLAINING, AT LEAST IN PUBLIC, WHAT THIS MEANT. BALLADUR REFERRED TO THE BALKANS AS AN EXAMPLE OF HOW IMPORTANT IT WAS TO STRIVE FOR BALANCE IN EUROPE, IN ORDER TO PRESERVE PEACE AND PROTECT MINORITIES. HE SAID THAT LIKE ALL EC MEMBER STATES FRANCE AND GERMANY MUST DEVELOP COMMON INITIATIVES TO PRESERVE MONETARY STABILITY. KOHL DID NOT REACT TO EITHER POINT BUT EMPHASISED THAT FRANCE AND GERMANY AGREED ON THE NEED FOR THE MAASTRICHT TREATY TO BE RATIFIED AND FOR EC ENLARGEMENT TO BE COMPLETED BY 1995. HE SAID THAT THE DEVELOPMENT OF POLITICAL UNION WOULD ONLY PROGRESS IF FRANCE AND GERMANY KEPT GIVING IT NEW IMPETUS. HE PROMISED TO KEEP IN TOUCH WITH BALLADUR EITHER PERSONALLY OR BY TELEPHONE ON ALL QUESTIONS, ESPECIALLY THE OUTCOME OF THE REFERENDUM IN RUSSIA.

5. SEE MIFT.

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MODUK FOR ACDS(POL/NUC) FROM BRITDEFATT

SUBJECT: FRENCH NUCLEAR TESTING

SUMMARY

1. LEOTARD'S MILITARY CHEF DE CABINET DISCUSSES POTENTIAL FRENCH NUCLEAR TESTING. CLAIMS HARDENING FRENCH GOVERNMENT RESOLVE TO GO AHEAD AND CONSEQUENT MAJOR CLASH IN PROSPECT WITH MITTERRAND.

DETAIL

2. IN THE MARGINS OF THE MEETING AT ADMIRALTY HOUSE BETWEEN MR RIFKIND AND LEOTARD ON 19 APRIL, GENERAL RANNOU (MILITARY CHEF DE CABINET AND EX-DIRECTOR FORCES NUCLEAIRES) (PROTECT) TOLD MY DA THAT THE NEW FRENCH GOVERNMENT WAS DETERMINED THAT TESTING SHOULD RESUME THIS SUMMER. AS EARLIER REPORTED TO MOD, SOME 2000 PEOPLE ARE NOW IN PLACE AT MURUROA, PREPARING THE TEST SITE AND IT IS THE INTENTION OF THE FRENCH THAT THESE PREPARATIONS FOR A SCHEDULED 5 TESTS THIS SEASON (JULY-OCTOBER) SHOULD CONTINUE UP TO THE POINT WHERE THEY ARE GIVEN A DEFINITIVE 'GO' OR TOLD TO CANCEL. LATEST DATE FOR ANY 'GO' MESSAGE WOULD BE LATE JULY, BUT IF THE WEATHER IS KIND, A DECISION COULD BE DEFERRED AS LATE AS EARLY NOVEMBER AND AT LEAST ONE OR TWO TESTS CARRIED OUT.

3. RANNOU SAID THAT THE NEW GOVERNMENT HAD BEEN PERSUADED THAT THE FORTHCOMING SERIES OF 25 FRENCH TESTS (BEFORE 1996) WAS VITAL FOR THE SUCCESSFUL COMPLETION OF M45/M5 WARHEAD DEVELOPMENT. MITTERRAND WAS MOVING AS DETERMINEDLY IN THE OPPOSITE DIRECTION. RANNOU PREDICTED THAT THERE WAS LIKELY TO BE A MAJOR POLITICAL CONFRONTATION OVER THIS ISSUE.

COMMENT

4. RANNOU IS A WELL PLACED AND RELIABLE INTERLOCUTOR. BUT OTHER FRENCH GOVERNMENT SOURCES HAVE INDICATED THAT THE GOVERNMENT WILL SEEK A CONSENSUAL APPROACH WITH MITTERRAND ON THIS ISSUE. THE PROSPECT REMAINS UNCERTAIN.

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AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

March 24th, 1993

N°809

Dear Prime Minister,

I have just received through the diplomatic bag the original of the letter from M. François Mitterrand, Président de la République Française, addressed to you (the text of which was forwarded to you last week).

I enclose it herewith.

Yours sincerely,

Bernard Dorin

Bernard Dorin

The Rt Hon John Major,MP
Prime Minister
10 Downing Street
London SW1

N° 7341PM

CYRB

AMBASSADE DE FRANCE
LONDRES

L'AMBASSADEUR

March 18th, 1993

Dear Prime Minister,

Following my letter dated 16th March, I have the pleasure to enclose the unofficial translation of the message sent by Monsieur François Mitterrand, President of the French Republic, addressed to you.

Yours sincerely

Bernard Dorin

Bernard DORIN

The Rt. Hon. John Major, MP,
Prime Minister and First Lord
of the Treasury and Minister
for the Civil Service
10 Downing Street
London SW1A 2AA

SUBJECT
MASTER

Filed on:

UNOFFICIAL TRANSLATION OF THE MESSAGE
SENT BY MONSIEUR FRANCOIS MITTERRAND,
PRESIDENT OF THE FRENCH REPUBLIC,
TO MR. JOHN MAJOR, PRIME MINISTER OF UNITED KINGDOM

Dear Prime Minister,

As you know, on 9 March I went To Washington where I had talks with President Clinton, first of all just between the two of us and then including other participants, followed finally by lunch. I came away from this first meeting with the feeling that Europe has on the other side of the Atlantic an attentive interlocutor, intent on being fully informed and aware of the international dimension of the problems.

We obviously talked a great deal about the former Yugoslavia. I think I can say, as regards Bosnia-Herzegovina, that President Clinton's positions are close to ours : support for the efforts of Messieurs Vance and Owen, participation in the setting-up of a peace settlement if it is accepted by all the parties and extreme prudence, despite the pressure from a section of his public opinion, with respect to any direct intervention in the conflict.

.../...

I informed him, as far as France is concerned, about our willingness to increase, up to double their present number, the troops already deployed on the ground. I made it clear, however, that an absolute condition of our participation would be that this operation were placed under the United Nations' effective responsibility and control.

Turning to trade, we discussed the broad outlines of the issues and talked in particular about the Uruguay Round, on the subject of which the new administration appears not yet to have decided the details of its positions. President Clinton told me of his intention to ask Congress to extend the time during which the administration is authorized to negotiate (fast track). According to what I was told, this authorization could be extended until the end of the year. I expressed, for my part, the opinion, that, because of the number and complexity on the matters remaining on the negotiating table, a great deal more time was going to be needed before we reached a comprehensive and balanced conclusion of the present round of trade negotiations.

We briefly considered the next meeting of the summit of the seven most industrialized countries. I also put to President Clinton the case for holding a special meeting of the Seven, a proposal made by the President of the European Commission. President Clinton did not reject this idea, quite the contrary. He acknowledged that an

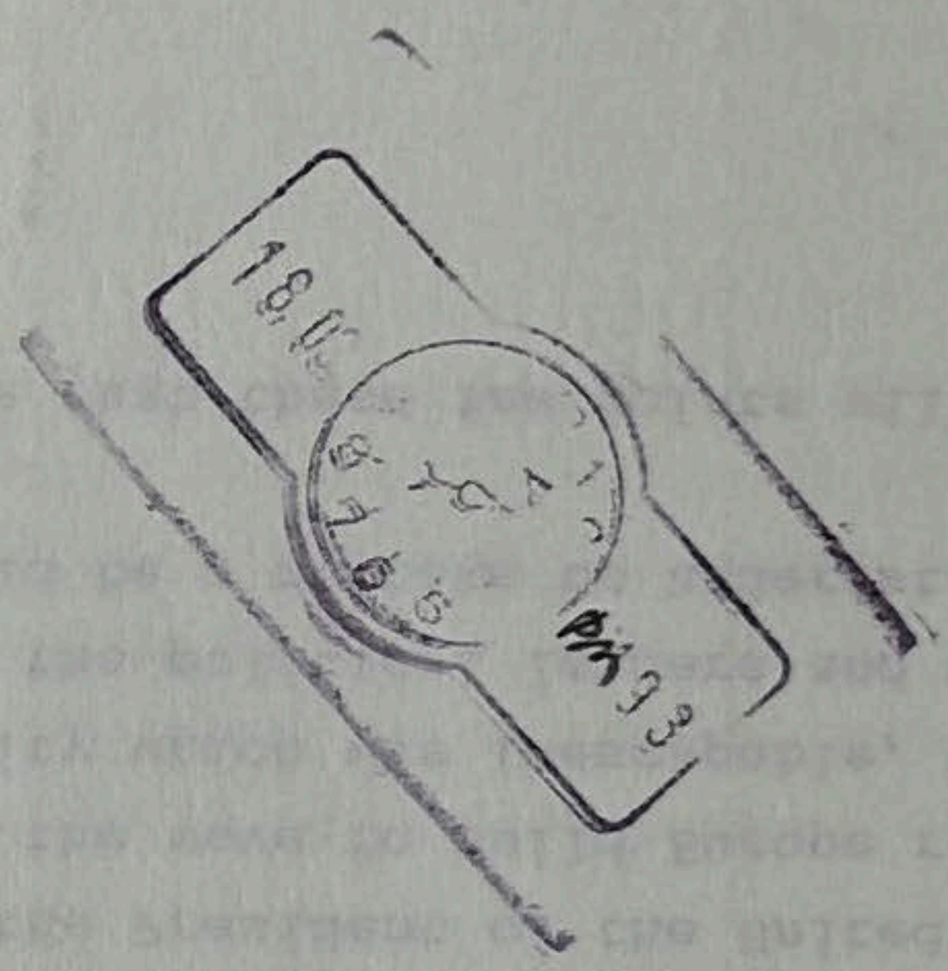
early meeting of the principal leaders would give them the opportunity of at least taking stock on the situation in Russia. This issue is in fact one of those of greatest concern to President Clinton, who is preparing to meet President Yeltsin in Vancouver.

Finally, we talked about Europe. I tried to communicate to the President of the United States my conviction that the move to build Europe reflected a deep historical reality which was inescapable, would be inescapable for the political leaders and was one whose strength it would be a mistake to underestimate.

I hope that these few points will be of interest to you.

Yours sincerely,

(signed : François MITTERRAND)



LE PRÉSIDENT DE LA RÉPUBLIQUE

PARIS, le 15 mars 1993

Monsieur le Premier Ministre,

Comme vous le savez, je me suis rendu, le 9 mars, à Washington où j'ai eu avec le Président Clinton un entretien, restreint d'abord puis élargi, suivi enfin d'un déjeuner. Je retire de cette première rencontre le sentiment que l'Europe dispose outre-atlantique d'un interlocuteur attentif, soucieux d'une information complète et sensible à la dimension internationale des problèmes.

Nous avons évidemment beaucoup parlé de l'ex-Yougoslavie. Je crois pouvoir dire, s'agissant de la Bosnie-Herzégovine, que le Président Clinton est sur des positions proches des nôtres : Soutien aux efforts de MM. Vance et Owen, participation à la mise en place d'un règlement de paix dès lors que celui-ci serait accepté par toutes les parties, extrême prudence, malgré les pressions d'une partie de son opinion publique, à l'égard de toute intervention directe dans le conflit.

Je lui ai fait part, en ce qui concerne la France, de notre disponibilité à augmenter, jusqu'au double, les troupes déjà déployées sur le terrain. J'ai précisé cependant qu'une condition absolue de notre participation serait que cette opération fût placée sous la responsabilité et le contrôle effectifs des Nations-Unies.

Monsieur John MAJOR
Premier Ministre
du Royaume de Grande-Bretagne, d'Ecosse
et d'Irlande du Nord
10, Downing Street
LONDRES

Nous avons évoqué, dans leurs grandes lignes, les affaires commerciales, et en particulier le cycle d'Uruguay, au sujet duquel il apparaît que les positions de la nouvelle Administration ne sont pas encore arrêtées en détail. Le Président Clinton m'a fait part de son intention de demander au Congrès une prorogation de l'autorisation de négocier (fast track) dont dispose l'Administration. Cette autorisation, selon ce qui m'a été dit, pourrait être renouvelée jusqu'à la fin de l'année. J'ai exprimé, quant à moi, l'opinion que le nombre et la complexité des sujets qui restaient sur la table des négociateurs allaient exiger encore beaucoup de temps avant que l'on parvienne à une conclusion globale et équilibrée du présent cycle de négociations commerciales.

La prochaine réunion du Sommet des Sept pays les plus industrialisés a fait l'objet d'un rapide examen. J'ai également plaidé auprès du Président Clinton en faveur d'une réunion spéciale des Sept, proposition faite par le Président de la Commission européenne. Le Président Clinton n'a pas rejeté cette idée, bien au contraire. Il a reconnu qu'une réunion rapide des principaux responsables leur permettrait au moins de faire le point sur la situation en Russie. Ce dossier est en effet l'un de ceux qui préoccupent le plus le Président Clinton qui se prépare à rencontrer à Vancouver le Président Eltsine.

Nous avons enfin parlé de l'Europe. J'ai essayé de communiquer au Président des Etats-Unis ma conviction que le mouvement de la construction européenne répondait à une réalité historique profonde qui s'imposait et s'imposerait aux acteurs du jeu politique et dont il serait erronné de sous-estimer la force.

En espérant que ces quelques indications retiendront votre attention, je vous prie de croire, Monsieur le Premier Ministre, aux assurances de ma haute considération et de mon cordial souvenir

François Mitterrand

François MITTERRAND

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MOSCOW TELS NOS 472, 477, 481 AND TOKYO TELNO 158: MITTERRAND'S VISIT TO MOSCOW: G7 MEETING ON AID TO RUSSIA

SUMMARY

1. French continuing to push for G7 meeting of Heads of State/Government on Russia in April on grounds that lower level will not send strong enough signal of support for Yeltsin. Mitterrand expected to write to G7 partners shortly.

DETAIL

2. Mme Lauvergeon (Deputy Secretary-General, Elysee) added a few points to TURs in conversation with Minister on 17 March:

i. There had been a misunderstanding with the Americans over the term "Summit". Clinton had accepted the need for an early G7 Summit on Russia during his talks with Mitterrand on 9 March, but in retrospect it was clear to the French that he had been thinking of a meeting at Ministerial, not Heads of State/Government, level. However, Mme Lauvergeon claimed that US minds were "not closed" to an emergency G7 Summit.

ii. The French remained wedded to the idea because it would send a much stronger signal of support for Yeltsin than a Ministerial meeting. Mitterrand was unsure whether Yeltsin would survive, but was convinced that any successor would be worse. So the West had to act fast. (In his talks with Mitterrand, Yeltsin had repeatedly stressed the need for concrete measures of assistance within 3 months. His list had been the same as that given to the Sherpas by Fedorov. Mme Lauvergeon implied that there had not been detailed discussion of individual items.)

iii. The French wanted a Summit somewhere, sometime in April.

They did not want to appear to be horning in on the Vancouver Summit, but tacking a G7 Summit on to that was nonetheless one option. (Yeltsin had suggested meeting in Paris, but Mitterrand had ridden him off this.)

iv. Mme Lauvergeon expected Mitterrand to write to his G7 colleagues shortly.

COMMENT

3. Mitterrand no doubt genuinely believes that a Summit is what is required at this juncture. But he will also have in mind his international and domestic standing in the first few weeks of cohabitation with a centre-right government. The risk for him in a meeting at Ministerial level (first or solely) is that he could appear to lose the initiative on Russia to the new government. This could have repercussions for the domestic handling of other foreign policy issues.

MALLABY

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ISRAEL: VISIT BY PRESIDENT MITTERRAND

SUMMARY

1. A RATHER GRANDIOSE VISIT WHICH MEANT A GREAT DEAL MORE TO MITTERRAND THAN TO RABIN. DISCUSSION FOCUSSED ON THE ROLE OF THE PLO WITH SIGNS THAT RABIN IS LOOKING FOR A WAY ROUND THE ARAFAT STUMBLING BLOCK. MITTERRAND AIRS IDEAS FOR EXTENDING THE SCOPE OF THE EC'S DEVELOPMENT FUND TO COVER THE MIDDLE EAST. MITTERRAND LIKELY TO PROMOTE A DISCUSSION AT THE EDINBURGH EUROPEAN COUNCIL ABOUT THE EC'S ROLE IN THE MIDDLE EAST PEACE PROCESS.

DETAIL

2. EC HEADS OF MISSION WERE BRIEFED ON 1 DECEMBER BY THE FRENCH AMBASSADOR ON PRESIDENT MITTERRAND'S SECOND OFFICIAL VISIT TO ISRAEL ON 25-27 NOVEMBER (THE FIRST WAS IN 1982). HE ARRIVED ON CONCORDE AND WAS ACCOMPANIED BY A PARTY OF 250 INCLUDING 4 MINISTERS (OF FOREIGN AFFAIRS, INDUSTRY, RESEARCH AND TRANSPORT), TWO PARLIAMENTARIANS, SELECTED BUSINESSMEN AND VARIOUS PERSONAL GUESTS. THE VISIT FOLLOWED CLOSELY UPON THE OPENING IN PARIS BY PRESIDENTS HERZOG AND MITTERRAND LAST MONTH OF A NEW FRENCH-ISRAEL CENTRE IN THE CHAMPS ELYSEES WHICH HAS BEEN BUILT ENTIRELY BY BUSINESS MONEY AND IS DESIGNED TO BE A CENTRE FOR MEETINGS OF COMMERCE WHICH WILL OUTSHINE THE NEARBY MAISON DE DANEMARK. MITTERRAND APPARENTLY DELIVERED A MAJOR SPEECH ABOUT THE MIDDLE EAST ON THAT OCCASION.

3. MITTERRAND HAD MEETINGS BOTH PLENARY AND TETE-A-TETE WITH HERZOG, RABIN AND PERES. (THE FRENCH AMBASSADOR WAS NOT PRESENT AT THE TETE-A-TETES.) MITTERRAND MET THE MAYOR OF JERUSALEM BUT NOT SHAMIR WHO WAS ILL. HE VISITED YAD VASHEM AND SDE BOKER, RECEIVED AN HONORARY DOCTORATE FROM BEERSHEVA UNIVERSITY AND OPENED A NEW FRENCH DEPARTMENT THERE AND GAVE A PRESS CONFERENCE AT WHICH 5 (UNPUBLISHED) DOCUMENTS WERE SIGNED: THREE AGREEMENTS ON MEDICAL COOPERATION, THE FIGHT AGAINST DRUGS AND COOPERATION IN SCIENCE AND INDUSTRY: AND TWO DECLARATIONS OF INTENT ABOUT TRANSPORT AND

COMPUTERS.

4. OVERALL AND DESPITE PREDICTABLY NEGATIVE PRESS REPORTING, THE FRENCH CONSIDER THAT THE VISIT WAS A TREMENDOUS SUCCESS. MITTERRAND CONSIDERS HIMSELF AS AN OLD FRIEND OF ISRAEL AND THE VISIT CLEARLY AFFECTED HIM EMOTIONALLY. THERE HAD BEEN SOME VERY FRANK AND FRIENDLY SPEAKING. THE ISRAELIS HAD SHOWED THEMSELVES READY FOR CLOSER LINKS WITH FRANCE AND EUROPE WHILE MITTERRAND HAD PRESSED THEM ON THE NEED TO 'RECOGNISE REALITY' IE DEAL DIRECTLY WITH THE PLO LEADERSHIP IN TUNIS. THE FRENCH HAD NEITHER SOUGHT NOR ACCEPTED ANY MEDIATORY ROLE. RABIN HAD SENT A STRONG MESSAGE TO KING HUSSEIN VIA MITTERRAND SAYING HOW MUCH ISRAEL WELCOMED THE JORDANIAN ROLE IN THE PEACE PROCESS AND VALUED THE STATE OF JORDAN. (WE KNOW FROM THE PRIME MINISTER'S OFFICE THAT THE REPLY BACK FROM HUSSEIN HAD BEEN TOUGH, SAYING SIMPLY THAT ISRAEL WAS THE OBSTACLE TO PEACE.)

5. MITTERRAND HAD SUPPORTED THE PEACE PROCESS AS A LONG TIME SUPPORTER OF CAMP DAVID AND THE STEP BY STEP PHILOSOPHY BECAUSE NOTHING BETTER EXISTED AT PRESENT. BUT HE HAD URGED THE ISRAELIS TO SPEAK TO PEOPLE WHO TRULY REPRESENTED THE PALESTINIANS. IT WOULD BE BEST IF SUCH REAL INTERLOCUTORS EMERGED FROM THE ELECTIONS. BUT FOR THE ELECTIONS TO BE TRULY REPRESENTATIVE, CREDIBLE INTERLOCUTORS MUST STAND, WHICH IN REAL TERMS WOULD MEAN THEIR HAVING A PLO TICKET. WHILE THE ISRAELIS REFUSED TO RECOGNISE THE PLO, THE INTERNAL REPRESENTATIVES WERE BECOMING MORE AND MORE PUBLICALLY LINKED TO TUNIS. MITTERRAND HAD GIVEN IT AS HIS PERSONAL OPINION THAT IN THE FINAL SETTLEMENT RECOGNITION OF SELF-DETERMINATION WOULD MEAN THE STRUCTURES OF A STATE. BUT ON THIS VISIT HE WAS PRIMARILY CONCERNED TO ENCOURAGE THE ISRAELIS TO TALK TO THE PLO AND TO OFFER MORE CONFIDENCE BUILDING MEASURES.

6. RABIN HAD ASKED FRANCE TO IMPRESS UPON THE ARABS THAT THE MADRID PROCESS WAS THE ONLY OPTION, AND THAT THE CURRENT PEACE PROCESS WAS AN OPPORTUNITY WHICH WOULD NOT REPEAT ITSELF. THE ISRAELIS WERE TOTALLY SINCERE. RABIN WAS NOT SHAMIR II. THE PALESTINIANS WOULD NEVER AGAIN FIND A GOVERNMENT SO FAVOURABLE TO THEIR INTEREST. IF THEY AGREED UPON THE INTERIM ARRANGEMENTS, THEN THE ISRAELIS COULD GO FURTHER BASED ON RESOLUTION 242. BUT GIVEN THE PLO'S BAD REPUTATION AND ISRAEL'S SECURITY NEEDS, THE PALESTINIANS MUST FIRST ACCEPT THE INTERIM ARRANGEMENTS THAT WERE ON OFFER. RABIN HAD CONTRASTED THE RELATIVE EASE OF THE DISCUSSIONS WITH JORDAN WITH THE MORE DIFFICULT SYRIAN TALKS. BUT WHAT DELAYED EVERYTHING WERE THE PROFOUND DIVISONS AMONG THE

PALESTIANS. TIME WAS BEING LOST.

7. AS REGARDS THE MULTILATERALS, PERES HAD SPOKEN OF THE NEED TO TALK ABOUT THE FRUITS AS WELL AS THE PRICE OF PEACE. THE ISRAELIS HAD SEEMED PLEASED WITH THE REDWG MEETING IN PARIS AND EVEN THE REFUGEES MEETING IN OTTAWA AND HOPED THAT THE PALESTINIANS WOULD NOT PRESENT ISRAEL WITH ANOTHER TEST OF THE ARTIFICIAL NATURE OF THE DIASPORA REPRESENTATION FORMATION AT FUTURE MEETINGS. PERES HAD ATTACHED GREAT IMPORTANCE TO THE WILLINGNESS OF TUNIS TO HOST A MEETING, AND HAD SPOKEN AS USUAL IN FAVOUR OF A MORE COHERENT MULTILATERAL PROCESS, WITH STEERING COMMITTEE MEETINGS AT A HIGHER LEVEL. PERES HAD ARGUED THAT ONLY EUROPE COULD GIVE THE REAL IMPETUS AND LEADERSHIP AND HAD APPEALED TO FRANCE TO ENERGISE ITS COMMUNITY PARTNERS. MITTERRAND HAD SAID THAT FRANCE WAS NOT LOOKING FOR A PARTICULAR LEADERSHIP ROLE, BUT HE WOULD PASS ON ISRAELI IDEAS TO EC PARTNERS. MITTERRAND HAD ENDORSED THE IDEA OF A REGIONAL DEVELOPMENT BANK BUT HAD ALSO MOOTED THE POSSIBILITY OF EXTENDING THE EUROPEAN COMMUNITY'S DEVELOPMENT FUND TO COVER THE MIDDLE EAST. THE ISRAELIS HAD SPOKEN OF THEIR DESIRE FOR CLOSER LINKS WITH THE COMMUNITY AS A WAY OF FIGHTING UNEMPLOYMENT, BUT THEY HAD NOT SPOKEN OF ANCHORAGE OR MEMBERSHIP. RABIN HAD STRESSED THAT THE GREATER THE ECONOMIC CHANGES IN ISRAEL, THE HIGHER THE PRICE THAT ISRAEL WOULD BE PREPARED TO PAY FOR PEACE: THE ECONOMY AND THE PEACE PROCESS WERE CLOSELY INTERTWINED. BUT FIRST THE PALESTINIANS HAD TO NEGOTIATE ON INTERIM AUTONOMY.

8. IN GENERAL, RABIN HAD GIVEN A STRONG IMPRESSION OF PRAGMATISM. THERE HAD BEEN NO POLEMICS. HE WAS MANIFESTLY EXERCISED BY HOW TO GET ROUND THE ARAFAT BLOCK. THE ISRAELIS HAD SOME SENSE OF DEVELOPING IN THEIR DEALINGS WITH THE INTERNAL PALESTINIANS BUT, ALTHOUGH NO SUBJECTS WERE TABOO, THEY COULD NOT IN THE INITIAL INTERIM STAGE DEAL DIRECTLY WITH THE PLO OR CONTEMPLATE THE ESTABLISHMENT OF A PALESTINIAN STATE. WHAT THEY WANTED TO DO WAS TO FIND BETTER, NON-ARAFAT, PALESTINIAN INTERLOCUTORS.

COMMENT

9. THE FRENCH AMBASSADOR GAVE A STRONGLY UPBEAT AND POSITIVE ACCOUNT OF MITTERRAND'S VISIT AND HIS DISCUSSIONS WITH RABIN. BUT WE KNOW SEPARATELY FROM RABIN'S OWN OFFICE THAT RABIN WAS MUCH LESS IMPRESSED. HE HAD TRIED TO BE POSITIVE TO MITTERRAND HAVING BEEN PERSUADED BY PERES HOW MUCH FRANCE AND MITTERRAND MIGHT HAVE TO OFFER ISRAEL AND THE PEACE PROCESS. BUT IN RABIN'S VIEW NOTHING IN PARTICULAR HAD COME OUT OF THE VISIT AND RABIN SEEMS TO HAVE BEEN PARTICULARLY DISINCHANTED BY THE SIZE OF THE MITTERRAND INVASION

(SELF-INDULGENCE BY TWO PRESIDENTS ON THEIR WAY OUT, AS HE PUT IT TO ME OVER DINNER BEFORE THE VISIT). MITTERRAND HAD SHOWN NO REAL SENSITIVITY FOR THE ISRAELI POSITION. HE HAD MADE STANDARD NOISES ABOUT THE NEED TO TALK TO THE PLO WHICH WAS SIMPLY NOT A POSSIBLE OPTION FOR RABIN. THE ISRAELI SIDE HAD SAID THAT THEY WANTED FRANCE TO PLAY A BIGGER ROLE IN THE PEACE PROCESS AND HAD BEEN SOMEWHAT TAKEN ABACK WHEN MITTERRAND HAD SAID THAT WITH THE ROTATING EC PRESIDENCY IT WAS WRONG TO SINGLE OUT ANY INDIVIDUAL COUNTRY FOR A PARTICULAR ROLE.

10. I DOUBT WHETHER THE FRENCH GOT AS MUCH OUT OF THE VISIT BILATERALLY EG ON THE TRADE FRONT AS THEY PRETEND. BUT THE DISCUSSION ABOUT THE PLO DOES SEEM TO MARK A FURTHER STEP IN THE GROWING ISRAELI REALISATION THAT THE POSSIBILE INABILITY OF THE CURRENT PALESTINIAN NEGOTIATING TEAM TO STRIKE A DEAL ON INTERIM AUTONOMY IS AS MUCH A PROBLEM FOR THE ISRAELIS AS THE PALESTINIANS. THE FRENCH AMBASSADOR'S ACCOUNT SUGGESTS THAT MITTERRAND MAY HAVE SAID ENOUGH ABOUT WHAT THE EUROPEANS COULD DO TO HAVE LEFT RABIN WITH THE IMPRESSION THAT THE EUROPEAN COUNCIL IN EDINBURGH WOULD DEAL WITH THE MIDDLE EAST PEACE PROCESS IN SOME DETAIL. IF SO THIS MAY BE REFLECTED IN HIS OWN VISIT TO LONDON.

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MY TELNOS 356 AND 364: MITTERRAND'S REMARKS ON LOS ANGELES

SUMMARY

1. MITTERRAND ADJUSTS HIS LINE ON LOS ANGELES IN AN INTERVIEW WITH 'PARIS MATCH'.

DETAIL

2. MITTERRAND TOOK ADVANTAGE OF A WIDE-RANGING INTERVIEW PUBLISHED IN 'PARIS MATCH' YESTERDAY, AND APPARENTLY RECORDED ON 24 APRIL AND 3 MAY, TO ADJUST HIS LINE ON THE LOS ANGELES RIOTS.

3. THE RELEVANT PASSAGE, AT THE END OF A SIX-PAGE INTERVIEW, READS AS FOLLOWS:

'QUESTION: THE RIOTS IN LOS ANGELES AND SEVERAL AMERICAN CITIES HAVE REVEALED A DISQUIETING DEGRADATION OF RELATIONS BETWEEN RACIAL AND SOCIAL GROUPS IN THE UNITED STATES. WHAT DO YOU THINK ABOUT THIS?

THE PRESIDENT: WE HAVE ALL BEEN ABLE TO GAUGE THE EXTENT OF THIS EVENT. VIOLENCE IS EVERYWHERE, JUST AS MUCH IN THE INTOLERABLE JUDGEMENT OF THE COURT AS IN THE REACTIONS WHICH THIS JUDGEMENT PROVOKED. BUT GEORGE BUSH HAS SHOWN WISDOM AND A DECISIVE MIND IN TAKING, FIRST, THE ADVICE OF BLACK LEADERS AND THEN IN SENDING FORCES CAPABLE OF REESTABLISHING ORDER WITHOUT PROVOCATION. GLARING INEQUALITIES AND THE ABSENCE OF SOCIAL PROTECTION HAVE TOO LONG EXACERBATED RELATIONS BETWEEN SOCIAL GROUPS. GEORGE BUSH HAS TO MANAGE A DIFFICULT INHERITANCE WHICH GOES BACK A LONG WAY. I BELIEVE HIM CAPABLE OF COOLING PASSIONS AND ACTING WITH DISCERNMENT IN ORDER TO CLEAN UP WHAT IS CLEARLY A DETESTABLE ATMOSPHERE. I KNOW HIM TO BE TRUE TO THE HIGHEST TRADITION OF HIS COUNTRY, THAT OF LINCOLN.'

4. THIS ANSWER WAS FOLLOWED BY A QUESTION ABOUT CHANCELLOR KOHL'S PRESENT DIFFICULTIES.

COMMENT

5. THE TIMING OF THE PRESIDENT'S ADJUSTED LINE IS SUCH THAT IT COULD HAVE BEEN THE REACTION TO THE MESSAGE FROM BAKER TO DUMAS MENTIONED BY PRESIDENT BUSH TO THE PRIME MINISTER. BUT I SUSPECT THAT THE EXIGUOUS PRESS COVERAGE OF THE LOS ANGELES PASSAGE IN THE PRESIDENT'S ORIGINAL ONE-DAY MESSAGE INDICATES THAT THE ELYSEE THEMSELVES HAD ALREADY RECOGNISED THAT IT WAS ILL-JUDGED, AND WERE THEREFORE LOOKING FOR AN EARLY MEDIA OPPORTUNITY TO CORRECT THE PICTURE, WITHOUT DRAWING ATTENTION TO THIS TOO OBVIOUSLY. THE PRESIDENT'S 11TH ANNIVERSARY OF HIS ELECTION INTERVIEW IN 'PARIS MATCH' WAS THE VEHICLE TO HAND. THE AMERICAN EMBASSY HERE CERTAINLY REGARDS THE 'PARIS MATCH' STATEMENT AS A DELIBERATELY CONCILIATORY GESTURE.

6. DUMAS IS NOW NOT TO LEAVE FOR WASHINGTON TODAY. HIS CABINET HAVE TOLD THE AMERICANS THAT HE NEEDS TO BE IN PARIS FOR A DELICATE STAGE OF THE MAASTRICHT-RELATED CONSTITUTIONAL AMENDMENT DEBATE THIS AFTERNOON WHEN THE 80 OR SO LARGELY OPPOSITION AMENDMENTS WILL BE REFERRED TO THE COMMISSION DES LOIS. HE COULD NOT AVOID BEING PRESENT. THE WASHINGTON VISIT WILL NOW BE TELESCOPED INTO A SINGLE DAY, 11 MAY, TO THE IRRITATION OF THE AMERICANS HERE WHO HAD GONE TO GREAT TROUBLE TO ARRANGE A SERIES OF STAGED MEETINGS AT THE STATE DEPARTMENT LEADING UP TO THE CALL AT THE WHITE HOUSE.

FERGUSSON

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MY TELNO 356: MITTERRAND'S REMARKS ON LOS ANGELES Dumas is there

1. FOLLOWING PS/NO 10'S TELEPHONE CONVERSATION WITH MY PRIVATE today
SECRETARY I HAVE NOW OBTAINED A COPY OF THE RELEVANT PARAGRAPHS IN MR WALL'S LETTER OF 2 MAY ABOUT THE TELEPHONE CONVERSATION BETWEEN THE PRIME MINISTER AND PRESIDENT BUSH. THE FOLLOWING COMPLEMENTS MY TUR.

2. THIS WAS A CURIOUS EPISODE THOUGH THE MUTED PRESS HANDLING IN FRANCE SUGGESTS THAT THE ELYSEE DID NOT WANT TO PLAY THE ISSUE UP TOO MUCH. I WAS VERY SURPRISED BY THE TONE OF THE PRESIDENT'S REMARKS. MY US COLLEAGUE WALTER CURLEY, A CLOSE PERSONAL FRIEND OF THE PRESIDENT, WITH WHOM I LUNCHED YESTERDAY, MADE NO SECRET OF THE EXTREMELY NEGATIVE IMPACT WHICH THE REMARKS HAD HAD ON THE PRESIDENT AND OF THE INCREASING DIFFICULTIES WHICH THEY WOULD CAUSE IN MANAGING AN ALREADY PRECARIOUS RELATIONSHIP BETWEEN FRANCE AND THE US. THE EARLIER WARMTH WHICH HAD EXISTED BETWEEN BUSH AND MITTERRAND HAD BEEN FADING IN RECENT MONTHS. THIS EPISODE WAS A FURTHER ROADBLOCK IN THEIR PERSONAL RELATIONS.

3. [redacted] HE IS HOWEVER PREOCCUPIED, ALMOST TO THE EXCLUSION OF EVERYTHING ELSE, WITH THE MANAGEMENT OF THE FRENCH DOMESTIC POLITICAL SITUATION. THAT, FOR INSTANCE, WAS BEHIND THE GRATUITOUS OFFER ON NUCLEAR TESTS (JOXE SAID SO IN TERMS TO MR RIFKIND ON MONDAY EVENING).

4. FAUROUX, FORMER INDUSTRY MINISTER WHO LEFT WITH ROCARD, HAS JUST CONFIRMED THIS THESIS OVER LUNCH TODAY: MITTERRAND MUST RESTORE THE GOVERNMENT STATUS BEFORE NEXT SPRING'S ELECTIONS. HE CANNOT DO WITHOUT BEREGOVOY'S SUCCESSFUL CONSERVATIVE ECONOMIC

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POLICIES, BUT THAT REQUIRES HIM TO BE PARTICULARLY SENSITIVE TO THE NEEDS OF THE LEFT, NOT LEAST IN THE PUBLIC USE OF A LEFTWARD LEANING VOCABULARY (WHICH CORRESPONDS TO HIS INCLINATIONS ANYWAY) AND IN SOPS TO 'GAULLIST SOCIALISM' AND CONTINUING EFFORTS TO SHOW HIMSELF AS THE GUARANTOR OF FRANCE'S 'INDEPENDENTIST' IMAGE. THE PRESENTATION OF THE RELATIONSHIP WITH THE US, WHICH HAS ALWAYS BEEN SECONDARY TO DOMESTIC NEEDS, AT LEAST SINCE DE GAULLE, IS ONE ASPECT OF THIS. FAUROUX THOUGHT THAT WE COULD EXPECT A BUMPY RIDE FOR SOME TIME TO COME, THOUGH HE ADDED THAT THAT DID NOT AFFECT MITTERRAND'S UNDERLYING BELIEF THAT ON MAJOR ISSUES SUCH, AS THE GULF CRISIS, FRANCE MUST STAND BY THE US.

5. DUMAS WILL BE SEEING BAKER IN WASHINGTON ON FRIDAY AND HAS AN APPOINTMENT TO SEE BUSH ON MONDAY. CURLEY EXPECTS THE TALKS TO BE DIFFICULT ACROSS THE BOARD, AS MUCH AS ON ECONOMIC (AIR TRAFFIC RIGHTS, OIL SEEDS, GATT) AS ON POL/MIL ISSUES. DUMAS CANNOT BUT EXPECT MITTERRAND'S REACTION ON LOS ANGELES TO COME UP, NOT JUST IN PRIVATE BUT FROM THE PRESS. THERE IS AN UNUSUAL ACCUMULATION OF IRRITATIONS IN THE US/FRENCH RELATIONSHIP AT PRESENT AND HE WILL NEED ALL HIS SKILFUL FOOTWORK. BUT THERE IS NO POLITICAL REQUIREMENT FOR THE GOVERNMENT TO HAVE VISIBLY GOOD RELATIONS WITH THE AMERICANS AND DUMAS WILL WANT TO PRESENT HIMSELF AS A ROBUST DEFENDER OF FRANCE. FOR YOUR PERSONAL INTEREST I AM FAXING TO YOU MY RECENT LETTER TO THE PUS ABOUT FRANCO/US RELATIONS, WHICH SETS OUT THE BACKGROUND MORE GENERALLY.

6. BEYOND THE STRESS ON MITTERRAND'S DOMESTIC PREOCCUPATIONS, WHICH GOVERN HIS ACTIONS AT PRESENT, I AM NOT SURE THAT I CAN OFFER ANY SHORT EXPLANATION WHICH MIGHT GIVE REASSURANCE TO PRESIDENT BUSH.

FERGUSSON

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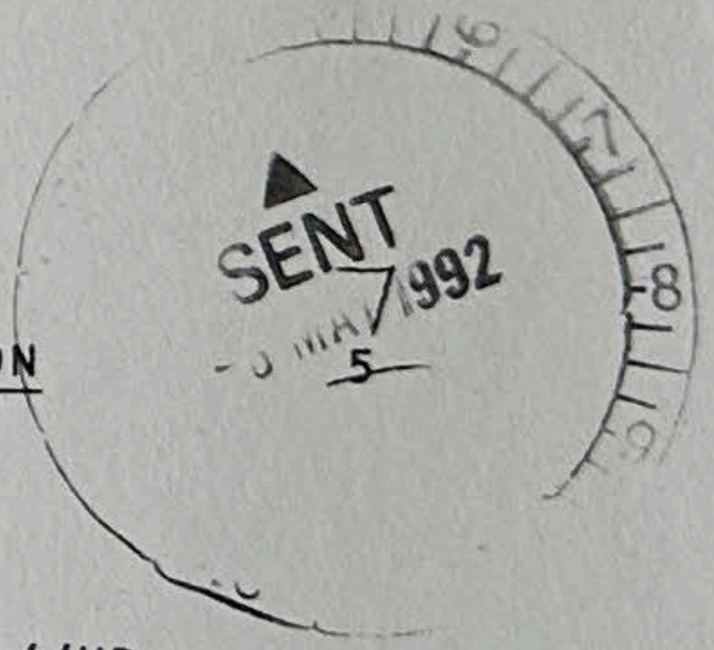

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WITH REFERENCE TO OUR TELEGRAM NO. 354

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From The Ambassador

14 April 1992

Sir David Gilmore KCMG
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FRANCE AND THE UNITED STATES

1. Franco-US relations are always complicated. They are currently poor. In the last six months there have been some major foreign policy clashes. CAP is probably the most prominent, but to that must be added the Bush initiative on Gulf aid to the Soviet Union, the US concern over Mitterrand's new nuclear proposals, four-power talks and a meeting of the NACC and President Mitterrand's postponed bridge-building. Baker and Dumas have ever met, Bush and Mitterrand have a correct relationship, but have the telephone infrequently since the Gulf War, Hawdde's departure from the Elysée has broken an important link with the White House. Gompert (NSC) had talked of the worst atmosphere in Franco-US relations for 20 years.

2. "Why can't a woman be more like a man?" (Professor Higgins in "My Fair Lady"). Because of our long standing relationship with the United States, we tend to think that our own pattern is the norm. We tolerate our massive dependence on the Americans because of the advantages which it has brought, and continues to bring. We cannot quite understand why a right-minded country (and France, after all, is intelligent enough to have the capacity to be right-minded) should not act towards the United States as we do. Yet the French don't. Why? We need, every now and then - which in terms of the Whitehall memory means every two years or so - to ask ourselves in what way French attitudes to the US are different from ours, how far that affects our own interests, and whether there is anything that we can do about it.

3. I do not want to spell out the background in detail, for I should mention:-

(a) the legacy of de Gaulle and his war time experiences, and his creation of a strident

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nuclear-based French nationalism as a way of reconciling the tensions in a divided country, which to unify Left and Right together encouraged a certain distance from the USA.

(ii) The cultural jealousy of the "Anglo-Saxons" whose language has superseded French.

(iii) The conviction that France as a mainland power must not ultimately let itself be dependent for forces outside Europe, however useful the US military presence has been (and is) as a means of balancing the (waning) power of Russia and the (growing) power of Germany. N.B., for France, European relationships ultimately take priority over the transatlantic relationship; the French believe, rightly, that with us it is the other way around

(iv) The French believe that the United States' presence in and concern with Europe will last only so long as the Americans perceive it as in their self-interest to keep in that way. They expect such a change to occur unexpectedly. The French would say that experience shows that the Americans do not seriously consult their friends and partners when the big issues arise, and will not do so in future. I acknowledge that it is not only a US failing!

(v) Against the very different background of their old our relationships with the US, they tackle their exchanges differently. We try to take the inner track, working as far as possible within the existing framework of human and material interchange. The French do not have this option. In a way, they do not want it though they resent their exclusion - because it implies a significant infringement on their liberty of action. They do not mind quarrels, as we do. And their starting point for a negotiation with the Americans tends to be to seek to build up independent negotiating strengths, and to use them to bring the terrain for negotiation away from ground of the Americans' choosing. Sometimes that has paid off.

(vi) They claim that we overestimate the negative effects of what they see as a robust, independent line of conduct which in the end forces the Americans to pay attention to them. They claim that we underestimate the closeness of their working relationships with the Americans.

(vii) Ultimately, the French assume the need for a choice between Europe and the United States. We don't.

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The problem is that French and American definitions of "fundamental" seldom coincide. Even when they do, the glodoes not often last. France's participation in the Gulf War led many commentators to assume that Franco-US tensions would ease across the board, that France's military isolation was ending and that Mitterrand would be able to edge France back nearer to NATO's integrated military structure. But the Gulf War was a false dawn. Henry Kissinger got it right (The Times of 12 March 1991): "France for once resolved its ambivalence in favour of the American view; but it would be unrealistic to treat a practical decision as a philosophical commitment".

5. Two events explain why it was misinterpreted: German unification and the break-up of the Soviet Union. These affected the viewpoint of both the US and France. Seen from here, France has become at the same time both less and more important to Washington. Less important because the end of the Cold War has reduced the need to keep France on side. Africa, where French willingness to act as the policeman of the francophones attracted positive US approval, has dropped off Washington's priority list. French possession of nuclear arms is a less significant element in the nuclear balance in a world in which the notion of nuclear balance has ceased to have the same validity. And so on. But more important because France's continuing influence over Germany, and in Europe more widely, now gives her a greater capacity to damage important US interests.

6. The changing world has also affected France's viewpoint. The end of what the French like to call "the Yalta era" has allowed Mitterrand to break with a number of Gaullist dogmas in foreign and defence policy. But the dilution of France's cherished, if self-deluding, notion of "independence" has shifted things in the direction not of the US, but of Europe. The Americans should not be surprised if Germany is the dominant factor in the build up of Mitterrand's long term vision of Europe and the US as sovereign and equal partners. There is an increasing tendency in France to see the US as an obstacle to achieving this vision. Talk of US hegemony is back on people's lips in the wake of the DPALS initiative and the Pentagon strategy paper. European reliance on US intelligence in the Gulf War is seen as further embarrassing evidence of European dependence on (if not subservience to) the US. Reducing that dependence is a prime objective. Even Atlanticist-minded Lankade, the CDS equivalent, is suspicious of American intentions.

7. Of course, the French are victims of a certain myopia about US intentions. They talk in terms of a balance sheet: they accuse the US of failing to take account of French support during the Gulf War, over the Middle East peace process, over Lockerbie, at the Copenhagen/Rome Summits etc. And what, they cry, have we got in return? The domestic political factor comes into play here. It does Mitterrand no harm domestically to be seen to be defending French interests

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"against" those of the US. This is true, for example, of the GATT negotiations.

8. There are, however, limits to French anti-US rhetoric. The love-hate relationship between France and the US has never been easy to unravel. There is a tendency to burn the stars and stripes, but wear the Levis. I question whether anti-Americanism runs very deep at the popular level. If it did, it is on the wane. US "culture" continues to spread. Jack Lang (Arts Minister and traditional defender of French culture against the Anglo Saxon threat) recently decorated Sylvester Stallone for his contribution to the Arts! Eurodisney (which opened outside Paris this weekend, was excited hostile reviews in intellectual circles, but could well be a success with the French masses. And this acme of American culture is underpinned by $4.5 billion of state money. Bilateral trade is on the increase, French investment in the US has trebled in the last five years. At the political level, anti-Americanism has traditionally come from two quarters: from the Left wing, prone to flirting with the Soviet Union; and from the Gaullist Right. Events have reduced the scope for both varieties.

Conclusions and Implications for the UK Policy

9. To sum up, Franco-US relations will remain tense and competitive for the foreseeable future. The possible advent of a Right Wing government in Paris in 1993 is unlikely to ease the underlying strategic cross-currents. Despite the many layers of functioning dialogue and cooperation, serious differences are therefore likely to continue to occur on specific issues, most evidently and damagingly on defence and trade. There should be offsetting opportunities for joint policy or action (Libya is the current shining example) and enough commonsense at top political level to prevent the bilateral relationship from going completely off the rails. But it will be a bumpy ride.

10. Bad Franco-US relations are bad for the UK. There are inevitable implications for UK/French relations and probably also UK/US relations. Despite the new political focus in London ("UK at the heart of Europe") and our diplomatic efforts, the view in France remains widespread that the UK acts as an American Trojan horse in Europe. If we are objective with ourselves, the philosophy of the "anchor to windward" has confirmed that kind of prejudice, in the GATT as much as on European defence issues. France has long tried to force us and Germany into making a choice between our relationship with the US and our relationship with Europe. If Mitterrand and the Germans continue to force the pace on European integration, and we try to build on our "at the heart of Europe" image this dilemma risks becoming more real.

11. On the assumption that the preservation of our relationship with the United States remains our overriding priority, I doubt if there is much that we can do to smooth

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the path between Paris and Washington, and trying to act as referee would risk undermining our relationship with the US without any compensating benefits in our relationship with Europe. But, on specific issues, our pivotal position gives us an opportunity to play an influential role on whatever key subjects are in dispute, provided that it remains pivotal.

12. From what I have written so far, you will understand that I see a substantial and continuing divide between the French and ourselves on how to handle the Trans-Atlantic relationship. Analysis does not lead, I fear, to panacea. However, since my concern is that we should use our weight and influence here to most effect, it is worth making some suggestions, even if they are largely presentational:-

- Tempting as it is, we should try not to luxuriate in American criticisms of French policy. In our exasperation with the latest French bouncer, we may forget that there is a wide general European interest in adducing the Americans about the pressures in France, of which Washington tends to understand less than we do (as a part of the more general inadequacies of American comprehension of what European construction is all about).

- In Paris we must consistently present our policies as defending UK rather than US, interests. When we disagree with the US, we too often try to hide the fact from our European partners, not least the French (and discreet alliances with the French can help to strengthen our hand in Washington - vide Lockerbie).

- It is also helpful, presentationally, if we can avoid being the first to desert European positions which are in our interests in the face of US pressure. There are times when the possible damage to our interests from antagonising the US may outweigh the intrinsic importance to us of the issue at stake. The French will understand that we must protect our intelligence and nuclear relationships. But this could hardly be said to be the case on CW verification and the International foundation for ex-Soviet scientists - where our recent switches of position caused a good deal of sadness in Paris.

- In reconciling the pressures flowing from the US/French relationship, we must seek to capitalise on our common interests with France. Military cooperation (particularly nuclear and out-of-area) is a field in which we have made some progress. It should continue to throw up possibilities. The then Prime Minister's long delayed and negative reply to Mitterrand's offer of closer nuclear collaboration in 1987 was a missed opportunity at the time, though we have come a long way since then. Leaving aside the question of ACE changes in the threat and financial shortages have opened up a number of options (next generation SSBNs, joint patrols etc). I hope that our bilateral dialogue on CPALS will provide an impetus for this. President Mitterrand's complaints to the Prince of

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Wales on 2 March about the lack of real Anglo-French military cooperation shows his lack of up-to-date brief[illegible], perhaps but confirms that high level interest remains alive.

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Even Fergusson

cc: Sir Christopher Mallaby, UKDel NATO, Brussels
Sir John Weston KCMG, UKDel NATO, Brussels
Sir David Hannay KCMG, UKMis New York
Sir Michael Quinlan KCB, MOD
Sir John Kerr KCMG, UKRep Brussels
Sir Rodric Braithwaite KCMG, Moscow
Sir Robin Renwick KCMG, Washington

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File 10

TO: PS/NO 10 FAX NO:

FROM: SIR EWEN FERGUSSON, HMA DATE: 6 MAY 1992.

SUPPLEMENTARY MESSAGE

copy attached

WITH REFERENCE TO OUR TELEGRAM NO. 364

NO OF PAGES: LEADER + 6

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From The Ambassador

British Embassy
Paris

14 April 1992

Sir David Gillmore KCMG
PUS
FCO

My dear David,

FRANCE AND THE UNITED STATES

1. Franco-US relations are always complicated. They are currently poor. In the last six months there have been some major foreign policy clashes. CATT is probably the most prominent, but to that must be added the Bush initiative on GPALS, aid to the Soviet Union (the US conference in Washington) the role of the NACC and President Mitterrand's two nuclear proposals: four-power talks and a testing moratorium. The lack of personal contact at the top has prevented bridge-building. Baker and Dumas have never got on: Bush and Mitterrand have a correct relationship, but have used the telephone infrequently since the Gulf War; Lanxade's departure from the Elysée has broken an important link with the White House. Gompert (NSC) has talked of the worst atmosphere in Franco-US relations for 20 years.

2. "Why can't a woman be more like a man?" (Professor Higgins in "My Fair Lady"). Because of our long standing relationship with the United States, we tend to think that our own pattern is the norm. We tolerate our massive dependence on the Americans because of the advantages which it has brought, and continues to bring. We cannot quite understand why a right-minded country (and France, after all, is intelligent enough to have the capacity to be right-minded) should not act towards the United States as we do. Yet the French don't. Why? We need, every now and then - which in terms of the Whitehall memory means every two years or so - to ask ourselves in what way French attitudes to the US are different from ours, how far that affects our own interests, and whether there is anything that we can do about it.

3. I do not want to spell out the background in detail. Yet I should mention:-

(i) the legacy of de Gaulle and his war-time experiences; and his creation of a strident,

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nuclear-based French nationalism as a way of reconciling the tensions in a divided country, which to enjoy left and Right together encouraged a certain distance from the USA.

(ii) The cultural jealousy of the "Anglo-Saxons" whose language has superseded French.

(iii) The conviction that France as a mainland power must not ultimately let itself be dependent on foreign forces outside Europe, however useful the US military presence has been (and is) as a means of balancing the (waning) power of Russia and the (growing) power of Germany. N.B., for France, European relationships ultimately take priority over the Transatlantic relationship; the French believe, rightly, that with us it is the other way around.

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Best wishes,

Ewen Fergusson

cc: Sir Christopher Mallaby KCMG, Bonn
Sir John Weston KCMG, UKDel NATO, Brussels
Sir David Hannay KCMG, UKMis New York
Sir Michael Quinlan KCB, MoD
Sir John Kerr KCMG, UKRep Brussels
Sir Roderic Braithwaite KCMG, Moscow
Sir Robin Renwick KCMG, Washington

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MY TELNO 1112 : GORBACHEV/MITTERRAND MEETING, 30-31 OCTOBER

SUMMARY

1. MITTERRAND GIVES GORBACHEV STRONG PUBLIC BACKING.

DETAIL

2. AFTER ATTENDING THE OPENING OF THE MIDDLE EAST PEACE CONFERENCE IN MADRID, GORBACHEV FLEW TO BIARRITZ ON 30 OCTOBER FOR TALKS WITH MITTERRAND IN LATCHE, MITTERRAND'S HOME VILLAGE. THE TWO PRESIDENTS TOOK PART IN A JOINT LIVE TV INTERVIEW (ANTENNE 2, 30 OCTOBER) AND A PRESS CONFERENCE ON 31 OCTOBER, AT WHICH THE FOLLOWING MAIN POINTS EMERGED:

AID TO THE SOVIET UNION

3. GORBACHEV SAID THAT, AS WITH BUSH, HE HAD DISCUSSED WITH MITTERRAND FINANCIAL PROBLEMS, FOOD CREDITS AND THE FOOD SITUATION IN THE SOVIET UNION. GORBACHEV SAID THAT HE THOUGHT THAT FRANCE WOULD NOT CHANGE HER ATTITUDE TO THE GIVING OF AID: ''ALL THAT IS POSSIBLE, FRANCE WILL DO''. MITTERRAND ADDED THAT A FURTHER EFFORT WAS REQUIRED TO ALLOW THE UNION TO GET THROUGH THIS MOST DIFFICULT TIME. ASKED WHETHER HE THOUGHT THE PRIORITY FOR RECEIVING FOOD AID WAS THE CENTRE OR THE REPUBLICS, MITTERRAND REPLIED THE CENTRE. ON 31 OCTOBER MITTERRAND SAID THAT IT WAS WITH THE CENTRE THAT THE WEST WOULD DEAL ON AID, WITH THE AGREEMENT OF THE REPUBLICS.

CENTRE/REPUBLICS

4. MITTERRAND SAID THAT FRANCE, WHO HAD GOOD RELATIONS WITH SEVERAL REPUBLICS, PARTICULARLY THE RSFSR, INTENDED TO CONTINUE TO DO BUSINESS WITH GORBACHEV. IT WAS NOT IN FRENCH INTERESTS TO SEE A 'SCATTERING OR A POLITICAL VOID'. THE UNION WOULD CONTINUE TO BE NECESSARY, TO DEAL WITH CERTAIN RECOGNISED AREAS OF COMPETENCE, IN

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THE FRAMEWORK OF A FEDERAL SYSTEM WHERE THE REPUBLICS WOULD TO A LARGE EXTENT BE MASTERS OF THEIR DECISIONS.

BILATERAL RELATIONS

5. THE TV INTERVIEW WAS DOMINATED BY QUESTIONS AS TO WHETHER OR NOT GORBACHEV HAD WRITTEN IN HIS RECENT BOOK ''THE PUTSCH'' THAT HE REGRETTED THAT MITTERRAND HAD NOT TELEPHONED HIM WHILE HE WAS HELD IN THE CRIMEA. GORBACHEV SAID HE DID NOT AND IF IT APPEARED IN THE FRENCH TEXT THERE MUST HAVE BEEN A MISTAKE. HE HAD NO QUARREL WITH MITTERRAND. (COMMENT: THE FRENCH PRESS CLAIM THAT THE ENGLISH TEXT TALKS OF GORBACHEV REGRETTING NOT HAVING CALLED HIS MOTHER. NO ONE SEEMS TO KNOW WHAT THE RUSSIAN VERSION SAYS, BUT THE CONFUSION HAS GIVEN THE CARTOONISTS AND SATYRISTS A FIELD-DAY).

SOVIET UNION INTERNAL

6. GORBACHEV DESCRIBED THE PUTSCH AS A CRISIS OF THE SYSTEM. NOTHING WAS YET DECIDED, BUT THEY WERE NOW MOVING AWAY FROM TOTALITARIANISM TOWARDS DEMOCRACY. DISCUSSIONS ON THE POWERS OF THE UNION AND REPUBLICS WERE BASED ON CERTAIN AGREED PRINCIPLES: A UNION TREATY, A SINGLE ARMED FORCE UNDER COMMAND STRUCTURE, A COMMON ECONOMIC MARKET, ONE FOREIGN POLICY.

SECURITY ISSUES

7. ON THE ROME SUMMIT, GORBACHEV CALLED FOR THE TRANSFORMATION OF NATO BY ''LOSING SOME OF ITS MILITARY ASPECTS IN FAVOUR OF ITS POLITICAL SIDE''. SEE MY TELNO 1133 ON MITTERRAND'S 4-POWER NUCLEAR PROPOSALS.

EUROPEAN CONSTRUCTION

8. AT THE PRESS CONFERENCE ON 31 OCTOBER, MITTERRAND AGAIN RAISED HIS CONFEDERATION PROPOSAL: ''THE EUROPEAN CONFEDERATION COULD PERMIT ALL THE COUNTRIES OF EUROPE, MEMBERS OF THE EC AND OTHERS, TO COLLABORATE AND WORK TOGETHER.'' GORBACHEV ADDED THAT IT WAS NECESSARY TO BUILD A NEW EUROPE OF ONE POLITICAL, LEGAL AND CULTURAL SPACE. ''WE WOULD LIKE TO CONSTRUCT OUR RELATIONS WITH EUROPEANS, RESPECTING COMMON RULES, IN THE INTERESTS OF ALL. WE NEED TO CREATE NEW INSTITUTIONS.''

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OUR TELNOS 569 - 70 : FRANCO-GERMAN SUMMIT 29-30 MAY

SUMMARY

1. QUAI AND GERMAN EMBASSY COMMENT ON SUMMIT. UNWELCOME NEWS ON FRANCO-GERMAN APPROACH TO LUXEMBOURG EUROPEAN COUNCIL, TEMPERED BY DIFFERENCES ON SUBSTANCE OF IGCS.

2. WE HAVE BEEN BRIEFED BY THE DIRECTEUR D'EUROPE AT THE QUAI AND THE GERMAN EMBASSY (THE LATTER HAD NOT RECEIVED THE GO-AHEAD FROM BONN, AND MAY HAVE GONE BEYOND THEIR REMIT. SO PLEASE PROTECT).

3. THE MAIN POINTS MADE WERE AS FOLLOWS :

A) GORBACHEV AT THE G7 SUMMIT. GERMANS CLAIM THAT UNTIL A WEEK AGO THE ELYSEE HAD SAID MITTERRAND WAS RELUCTANT. HOWEVER AGREEMENT WAS REACHED AT THE SUMMIT THAT GORBACHEV SHOULD BE INVITED (THOUGH WITHOUT DISCUSSION OF THE STAGE AT WHICH THEY THOUGHT HE SHOULD ARRIVE). THE SHARED JUSTIFICATION FOR THIS WAS THAT IT WAS BETTER TO TAKE THE INITIATIVE TODAY, WHICH MIGHT DO GOOD POLITICALLY. BOTH AGREED GORBACHEV SHOULD NOT BE OFFERED FINANCIAL SUPPORT IN JUNE, BUT ''HELP FOR SELF-HELP''. THERE WAS A RISK THAT GORBACHEV WOULD GO AWAY FEELING REBUFFED. BUT THAT WAS HIS PROBLEM. GERMANS ARGUED THAT SOVIET ECONOMIC PROBLEMS WOULD NOT GO AWAY - THEY HAD TO BE FACED.

B) CSCE. BOTH AGREED THAT ALBANIA SHOULQ BE INVITED TO THE BERLIN MINISTERIAL MEETING PROVIDED ALBANIA CONFIRMED ADHERENCE TO CSCE AND GENERAL DEMOCRATIC PRINCIPLES, AND THE ALBANIAN OPPOSITION SUPPORTED THE APPLICATION.

C) WEU. LITTLE DISCUSSION, BUT AGREEMENT BETWEEN FOREIGN MINISTERS THAT THERE SHOULD BE A BILATERAL MEETING (LEVEL UNSPECIFIED) BEFORE THE GERMAN PRESIDENCY BEGINS IN JULY.

D) GENSCHER ARGUED FOR REINFORCING NATO LIAISON WITH CENTRAL/EASTERN EUROPEANS AND SOVIET UNION. FRENCH RESISTED.

E) YUGOSLAVIA. WE WERE TOLD THAT A LOT OF TIME WAS TAKEN ON 'THIS BY FOREIGN MINISTERS AND BY KOHL/MITTERRAND. THERE WAS AGREEMENT THAT THE EC SHOULD DO EVERYTHING POSSIBLE TO HOLD THE COUNTRY TOGETHER. THE JOINT MESSAGE (OUR TELNO 566) WAS INTENDED AS STRONG SUPPORT TO THE MARKOVIC GOVERNMENT, AND (ACCORDING TO BLOT) REASSURANCE THAT YUGOSLAV WORRIES ABOUT GERMAN WOBBLINESS ON SECESSION WERE UNFOUNDED.

F) GERMAN/POLISH TREATY, GERMANS INSISTED THAT THE TREATY WAS NOT IN DANGER. IT WOULD BE RATIFIED, AND SIGNED ON 17 JUNE.

G) DEFENCE ISSUES. MITTERRAND AND JOXE WERE BOTH PROFOUNDLY IRRITATED AT THE DPC DECISION, WHICH (THE FRENCH THOUGHT) PREJUDGED THE OUTCOME OF THE STRATEGY REVIEWS. GERMANS HAD THE IMPRESSION THAT THE FRENCH HAD BEEN BADLY THROWN OFF COURSE, HAVING ASSUMED THAT THEY HAD MORE TIME. GERMANS HAD PRESSED FRENCH TO BE MORE SPECIFIC ABOUT THE 3RD PHASE OF FRENCH TROOP WITHDRAWAL. THE FRENCH WERE IN SOME EMBARRASSMENT BECAUSE THEIR EARLIER ARGUMENT HAD BEEN THAT THE SUBJECT WAS NOT MATURE, PENDING CLARIFICATION OF OTHER TROOP LEVELS IN EUROPE. THE GERMAN EMBASSY COMMENTED THAT THE DPC RESULT HAD PULLED THE RUG FROM UNDER THEM. THE FRENCH HAD HAD NOTHING OF SUBSTANCE TO SAY ON THE EUROPEAN REACTION FORCE OR THE GENERAL DISPOSITION OF FRENCH TROOPS. THEY GAVE NOTHING TO THE GERMANS ON THE JOINT BRIGADE ON WHICH THEY SIMPLY NOTED THAT IT WAS TO BE STATIONED ELSEWHERE. A DELIBERATE EFFORT WAS MADE TO PLAY UP THE AGREEMENT ON A HELICOPTER PILOT TRAINING SCHOOL AT RENNES, AND AGREEMENT ON SHARED AIRLIFT ARRANGEMENTS FOR HUMANITARIAN AID IN ORDER TO COVER LACK OF SUBSTANCE ON THE CORE ISSUES. ACCORDING TO BLOT, THE QUESTION OF FRENCH AND UK NUCLEAR FORCES HAD NOT COME UP, DESPITE KOHL'S REFERENCE AT THE PRESS CONFERENCE. KOHL'S OBSCURE REMARK ABOUT HIS BEING ''HAPPY WE HAVE THIS PROBLEM'' (PARA 2 OF SECOND TUR) WAS PROBABLY INTENDED TO RELATE TO THE ISSUE OF EUROPEAN DEFENCE IN GENERAL, RATHER THAN UK AND FRENCH NUCLEAR FORCES IN PARTICULAR.

H) ON EC MATTERS THE GERMAN EMBASSY SAID THAT AGREEMENT WAS REACHED THAT THE LUXEMBOURG SUMMIT SHOULD BE USED TO UNDERLINE THE IRREVERSIBILITY OF THE IGC PROCESS, TO RUBBER STAMP THE ISSUES ON WHICH AGREEMENT HAD BEEN REACHED, TO PUT ON ONE SIDE SOME OF THE MORE TRIVIAL SUBJECTS AND TO ''GIVE INSTRUCTIONS'' ON THE MAIN

''OPEN'' ISSUES, THEREBY STREAMLINING AND FOCUSSING MORE SHARPLY THE IGC DISCUSSION SO THAT AGREEMENT COULD BE REACHED AT MAASTRICHT. THE EMBASSY SAID THAT KOHL HAD REAFFIRMED ''WITH GREAT STRENGTH'' THAT HE COULD NOT PUT THE TREATIES TO THE BUNDESTAG UNLESS THE EMU TREATY WAS BALANCED BY AN ''EQUALLY WEIGHTY'' EPU ONE. THE FRENCH APPARENTLY TOOK THE LINE THAT IGC(P) WAS AS GOOD AS TIED UP: THE PROBLEM LAY IN GERMAN HESITATIONS ABOUT ASPECTS OF EMU. THE GERMANS ARGUED THE REVERSE. THERE WAS APPARENTLY NO MEETING OF MINDS ON THE ROLE OF THE EUROPEAN PARLIAMENT. BOTH SIDES HAD APPARENTLY REAFFIRMED THE VALIDITY OF THE KOHL/MITTERRAND LETTER OF 6 DECEMBER, THOUGH THE EMBASSY CLAIMED THAT NO FURTHER SIMILAR INITIATIVE WAS CONTEMPLATED.

I) JAPAN. THERE WAS A CLEAR DIVERGENCE OF VIEW ON TRADE RELATIONS WITH JAPAN, ESPECIALLY CARS. NO DETAILS WERE GIVEN.

J) UN WORLD CONFERENCE ON HUMAN RIGHTS 1993. FRENCH AGREED TO SUPPORT BERLIN'S CANDIDATURE TO HOST.

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FRANCE-GERMAN SUMMIT: LILLE 29/30 MAY

SUMMARY

1. LOW KEY PRESS COVERAGE FOCUSSING MAINLY ON FRANCO-GERMAN SUPPORT FOR GORBACHEV'S PRESENCE IN LONDON DURING THE G7 SUMMIT AND MITTERRAND'S SCEPTICISM ABOUT NATO AND EUROPEAN REACTION FORCES. SOME MINOR BILATERAL INITIATIVES. MITTERRAND FORESHADOWS ANNOUNCEMENT OF FRENCH DISARMAMENT PLAN (MAY INCLUDE AGREEMENT IN PRINCIPLE TO ADHERE TO NPT).

DETAIL

2. THE 57TH FRANCO-GERMAN SUMMIT TOOK PLACE IN LILLE ON 29/30 MAY. IT WAS A JUMBO OCCASION, EVEN BY FRANCO/GERMAN STANDARDS WITH 12 FRENCH AND 8 GERMAN MINISTERS. BUT THERE WERE NO MAJOR SURPRISES AND PRESS COVERAGE HAS BEEN LOW KEY.

3. THIS TELEGRAM ROUNDS UP THE MAIN ELEMENTS OF THE PRESS CONFERENCE (FAXED TO WED, HMT, AND CABINET OFFICE) AND ADDITIONAL PRESS COVERAGE. I HAVE SENT SEPARATE TELEGRAMS ON GORBACHEV/G7 SUMMIT, EUROPEAN DEFENCE AND YUGOSLAVIA. COMMENT WILL FOLLOW WHEN WE HAVE RECEIVED A READOUT FROM THE TWO SIDES.

EC ISSUES

4. HARDLY ANY INFORMATION HAS BEEN MADE PUBLIC. MITTERRAND AND KOHL SIMPLY STRESSED THE OBJECTIVE OF CONCLUDING THE TWO IGC'S AT MAASTRICHT, ON THE BASIS OF LUXEMBOURG PRESIDENCY TEXTS. THEY AGREED THAT THE LUXEMBOURG COUNCIL WOULD BE AN IMPORTANT STAGING POST.

BILATERAL ISSUES

5. MITTERRAND ANNOUNCED A NUMBER OF FURTHER BILATERAL PROJECTS INCLUDING:

- PERMISSION FOR MINISTERS AND MP'S TO GIVE EVIDENCE TO EACH OTHER'S PARLIAMENTARY COMMISSIONS:
- A FURTHER JOINT HEADS OF MISSION CONFERENCE (FOLLOWING THE SUCCESSFUL PRECEDENT IN WEIMAR ON 17 MAY):
- CREATION OF A JOINT FRANCO-GERMAN HELICOPTER TRAINING SCHOOL (PROBABLY IN RENNES):
- AGREEMENT IN PRINCIPLE TO POOL HUMANITARIAN TRANSPORT CAPACITY:
- DECLARATIONS OF COOPERATION ON NUCLEAR SAFETY IN EASTERN EUROPE, SPACE PROGRAMMES, AND CULTURAL AND EDUCATIONAL PROGRAMMES IN THE NEW GERMAN LAENDER.

INDUSTRIAL/TRADE ISSUE

6. PRESS REPORTING SUGGESTS THAT THE FRENCH SOUGHT SUPPORT FOR THEIR VIEWS ON EC/JAPAN CARS AND THE EUROPEAN ELECTRONICS/INFORMATION TECHNOLOGY SECTOR. ON THE LATTER, THE GERMANS SEEM TO HAVE AGREED THAT MORE SHOULD BE DONE TO ENHANCE THE EUROPEAN R AND D EFFORT AND TO ENCOURAGE COOPERATION BETWEEN COMPANIES. ON THE FORMER THE GERMANS SEEM TO HAVE AVOIDED OFFERING ANYTHING MORE THAN SYMPATHY FOR FRENCH CONCERNS (WE ARE FOLLOWING UP WITH THE GUIGOU CABINET). A JOINT DECLARATION ON FRENCH INVESTMENTS IN THE EX-GDR LAENDER WAS AGREED.

FRENCH DISARMAMENT INITIATIVE

7. MITTERRAND CONFIRMED (TELECONS CHANCERY/NPDD) THAT A FRENCH PLAN ON DISARMAMENT WOULD BE ANNOUNCED ON 31 MAY (WE UNDERSTAND FROM THE ELYSEE THAT IT MAY IN FACT BE DELAYED UNTIL 3 JUNE). HE HAD DISCUSSED IT WITH KOHL, AND WOULD BE WRITING TO THE 'OTHER MEMBERS OF THE SECURITY COUNCIL'. HE REFUSED TO DIVULGE ANY DETAILS, BUT SAID THAT, THOUGH THERE WERE SOME DIFFERENT THEMES IT WAS LARGELY COMPLEMENTARY TO THE BUSH INITIATIVE. TODAY'S PRESS HAS NOW PICKED UP WHAT WE HAD HEARD FROM OFFICIALS, THAT IT WILL POSSIBLY CONTAIN FRENCH AGREEMENT IN PRINCIPLE TO ADHERE TO THE NPT.

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YUGOSLAVIA: FRANCO-GERMAN SUMMIT

SUMMARY

1. MITTERRAND AND KOHL LAUNCH JOINT APPEAL FOR DIALOGUE IN YUGOSLAVIA.

DETAIL

2. IN THE MARGINS OF THE FRANCO-GERMAN SUMMIT IN LILLE ON 30 MAY, MITTERRAND AND KOHL SENT A JOINT MESSAGE TO ALL MEMBERS OF THE YUGOSLAV PRESIDENTIAL COLLEGE, TO MARKOVIC AND TO ALL THE YUGOSLAV REPUBLICS. ACCORDING TO AN AFP REPORT, THE MESSAGE REAFFIRMS THEIR POSITION THAT 'ONLY PEACEFUL DIALOGUE BASED ON DEMOCRACY, THE RULE OF LAW, THE STRICT RESPECT OF HUMAN RIGHTS AND GUARANTEES FOR MINORITIES CAN ENSURE THE FUTURE OF YUGOSLAVIA'. KOHL AND MITTERRAND ''CONDEMN ANY THREAT OF VIOLENCE OR ANY RECOURSE TO VIOLENCE WHICH WOULD NOT ONLY COMPROMISE ALL DEMOCRATIC REFORM, BUT WHICH WOULD ALSO HARM IN THE HIGHEST DEGREE THE RAPPROCHEMENT BETWEEN YUGOSLAVIA AND THE EC''.

3. THEY ALSO EXPRESSED SUPPORT FOR THE SANTER/DELORS VISIT AND WELCOMED ALL ACTIVITIES CONTRIBUTING TO RESTORING DIALOGUE AND CONFIDENCE IN CSCE PRINCIPLES (PARTICULARLY THE PARIS CHARTER)

COMMENT

4. WE DO NOT YET HAVE THE TEXT, BUT IT APPEARS THAT THE MESSAGE DOES NOT CONTAIN ANY REFERENCE TO THE TERRITORIAL INTEGRITY OF YUGOSLAVIA. FAX OF TEXT TO DEPARTMENT WHEN WE RECEIVE IT.

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FRANCO-GERMAN SUMMIT: EUROPEAN DEFENCE AND SECURITY

SUMMARY

1. EUROPEAN DEFENCE WAS AT THE CENTRE OF SUMMIT DISCUSSIONS, BUT LITTLE HAS EMERGED PUBLICLY. MITTERRAND RULES OUT (IN STRONG LANGUAGE) FRENCH PARTICIPATION IN NEW NATO FORCES. KOHL OPTIMISTIC ABOUT GERMAN CONSTITUTIONAL DEBATE. COMMENT TO FOLLOW.

DETAIL

2. KOHL AND MITTERRAND TALKED EXTENSIVELY ABOUT EUROPEAN SECURITY AND DEFENCE IN THEIR TETE A TETE, BUT FEW DETAILS EMERGED AT THE PRESS CONFERENCE. KOHL SAID THAT FOR POLITICAL UNION, A 'CONCEPT WHICH APPLIED TO DEFENCE' WAS NECESSARY' AND LATER THAT HE COULD NOT ENVISAGE POLITICAL UNION WITHOUT A SECURITY POLICY. BUT HE SAID THAT HE OPPOSED A PHILOSOPHY OF 'ALL OR NOTHING' - IT WAS RATHER A QUESTION OF 'NOT ONLY, BUT ALSO' IN WHICH THE US ALSO HAD THEIR PLACE. THERE WOULD BE FURTHER FRANCO-GERMAN CONSULTATION IN ADVANCE OF THE NATO SUMMIT IN NOVEMBER. IN AN OBSCURE PASSAGE, KOHL ADDED THAT UK/FRENCH NUCLEAR FORCES SHOULD ALSO BE DISCUSSED, AND EVER MORE OPAQUELY: 'I AM HAPPY THAT WE HAVE THIS PROBLEM: A FEW YEARS AGO ANYONE WHO SPOKE OF IT WOULD HAVE BEEN CALLED UTOPIAN'.

3. ASKED WHETHER THE DPC DECISION ON NATO FORCES STRUCTURES WOULD MAKE A COMMON EUROPEAN DEFENCE POLICY MORE DIFFICULT MITTERRAND REPLIED 'MAYBE'. BUT HE EMPHASISED IN BLUNT TERMS THAT FRANCE WAS NOT DIRECTLY AFFECTED BY THE DECISION, AND DID NOT INTEND TO PARTICIPATE IN THE NATO FORCE (FOR REASONS THAT HAD BEEN SPELT OUT 100 TIMES). HE ALSO MENTIONED POLITICAL AND STRATEGIC RESERVATIONS OF SUBSTANCE WHICH HE WOULD CLARIFY AT A LATER DATE.

4. ASKED ABOUT POSSIBLE GERMAN CONSTITUTIONAL CHANGES, KOHL SAID

THAT HE LOOKED FORWARD TO THE INTERNAL DEBATE 'WITH A CERTAIN PLEASURE'. GERMANY COULD NOT TAKE THE BENEFITS OF UN MEMBERSHIP WITHOUT CARRYING ALSO THE RESPONSIBILITIES. IT WOULD BE A 'BETRAYAL' IF GERMANY DID NOT LIVE UP TO ITS STATUS AS A MAJOR POWER. HE WAS THEREFORE OPTIMISTIC ABOUT THE OUTCOME.

5. WE SHALL FOLLOW UP WITH FRENCH AND GERMAN CONTACTS WHEN AVAILABLE.

6. FCO PLEASE PASS TO PS/NO 10 AND APPLEYARD (CABINET OFFICE).

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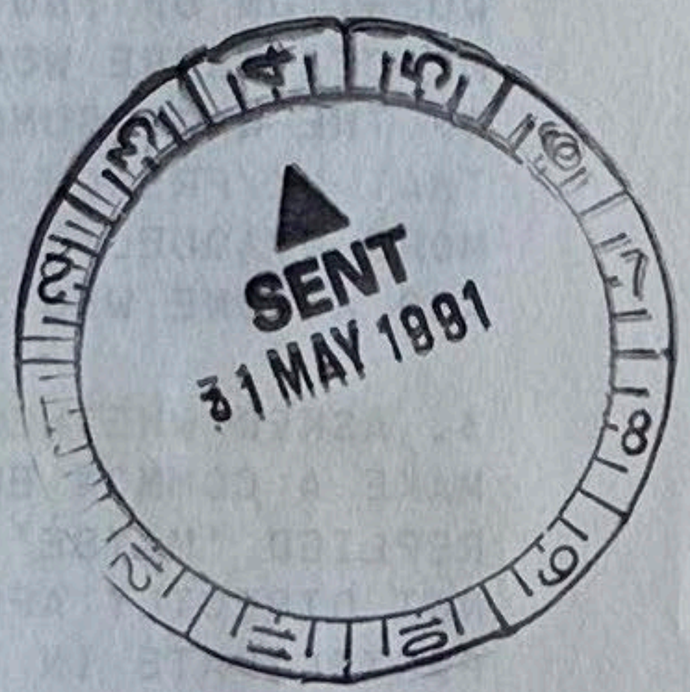

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YOUR TELNO. 511: FRANCO-GERMAN SUMMIT, 29/30 MAY.

1. POINT WELL TAKEN. WE SHALL BE GRATEFUL FOR ANY INDICATIONS YOU PICK UP THAT SOMETHING ON THESE LINES MAY BE BREWING.

2. FOR WHAT IT IS WORTH, BITTERLICH (FEDERAL CHANCELLERY) PLAYED DOWN THE SUMMIT IN HIS TALKS IN LONDON YESTERDAY. HE TOLD JAY THAT THERE WOULD OF COURSE BE DISCUSSION OF THE PROSPECTS FOR THE LUXEMBOURG EUROPEAN COUNCIL, BUT THAT QUOTE AT LEAST AS OF NOW UNQUOTE THERE WAS NO PROPOSAL FOR THE SORT OF JOINT DECLARATION THAT COULD CAUSE US TROUBLE. HE ADDED THAT TWO SPECIFIC FRANCO-GERMAN AGREEMENTS WHICH COULD EMERGE FROM THE SUMMIT WERE FOR A JOINT ENGINEERING SCHOOL (A FAUROUX INITIATIVE OF SOME TIME BACK) AND COOPERATION IN TRAINING OF PILOTS OF MILITARY HELICOPTERS. BITTERLICH WAS NOT VERY SPECIFIC ABOUT THIS LAST POINT, BUT SUGGESTED IT WOULD BE PRESENTED AS A STRENGTHENING OF FRANCO-GERMAN MILITARY COOPERATION.

3. BITTERLICH CONFIRMED THAT KOHL WAS LOBBYING, WITH THE PRIME MINISTER'S CONCERNS IN MIND, AGAINST DECISIONS ON THE IGCS IN JUNE: KOHL HAD RECENTLY SPOKEN ON THESE LINES TO GONZALEZ, LUBBERS, MITTERRAND AND SANTER. KOHL'S AIM FOR THE EUROPEAN COUNCIL WOULD BE FOR A STOCK-TAKE OF PROGRESS, AN ORIENTATION DEBATE ON KEY SUBJECTS, AND A COMMITMENT THAT DECISIONS WOULD BE REACHED AT MAASTRICHT. WE SAID THAT SUCH AN APPROACH - WHICH IS VERY SIMILAR TO THE LINE WHICH BOISSIEU RECENTLY TOOK WITH JAY - WAS FINE, PROVIDED THAT QUOTE ORIENTATION UNQUOTE DID NOT MEAN SEEKING AGREEMENT ON KEY POINTS AND THAT THERE WAS NO ATTEMPT TO STATE OR IMPLY THAT POINTS NOT SPECIFICALLY DISCUSSED HAD IN EFFECT BEEN AGREED. BITTERLICH'S REPLY, LIKE BOISSIEU'S, WAS ONLY PARTLY REASSURING, AND WE CAN NOT BY ANY MEANS EXCLUDE THAT - DESPITE KOHL'S OBVIOUSLY HELPFUL LOBBYING - THE FRENCH AND GERMANS WILL GO ALONG WITH AN ATTEMPT BY THE LUXEMBOURG PRESIDENCY TO PUSH THINGS FURTHER FORWARD THAN WE WOULD WANT AT THE EUROPEAN COUNCIL.

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BONN TELNO 408 : FRANCO-GERMAN POLICY ON EMU AND EPU

SUMMARY

1. FRENCH AWARENESS OF GERMAN LINKAGE BETWEEN EMU AND EPU. NOTWITHSTANDING THE DIFFICULTIES, THEY MAY BE PREPARED TO GO SOME WAY TOWARDS SATISFYING KOHL'S REQUIREMENTS. POSSIBILITY OF A DEAL AT FORTHCOMING FRANCO-GERMAN SUMMIT.

DETAIL

2. THE FRENCH ARE KEENLY AWARE THAT KOHL MAKES A LINK, HOWEVER INFORMAL, BETWEEN PROGRESS ON EMU AND ON EPU. THEY ACKNOWLEDGE THAT THE PRICE FOR GERMAN AGREEMENT ON EMU WILL BE FRENCH CONCESSIONS ON POWERS FOR THE EUROPEAN PARLIAMENT AND ON THE INDEPENDENCE OF THE PROPOSED EUROPEAN CENTRAL BANK. NEITHER OF THESE PROSPECTS DO THEY FIND ATTRACTIVE, ABOVE ALL SINCE THEY DO NOT SHARE KOHL'S LONG TERM VISION OF A EUROPEAN PARLIAMENT ACTING LIKE A NATIONAL ONE. BUT ALTHOUGH THERE ARE LIMITS ON HOW FAR THEY CAN GO, I JUDGE THAT THE FRENCH WILL BE PREPARED TO GIVE SOME GROUND TO ACHIEVE THEIR PRIMARY AIM OF EARLY IMPLEMENTATION OF EMU STAGE III.

3. THERE IS CONSEQUENTLY A RISK THAT THE FORTHCOMING KOHL-MITTERRAND SUMMIT ON 29/30 MAY WILL PROVIDE THE OCCASION FOR A TRADE-OFF ON THESE CRUCIAL ISSUES AND FOR THE ANNOUNCEMENT OF A JOINT FRANCO-GERMAN INITIATIVE AT THE LUXEMBOURG EUROPEAN COUNCIL. INDEED THE CHANCE TO GIVE THE NEGOTIATIONS SUCH A STEER AT THIS KEY STAGE IN THE IGC CALENDAR COULD PROVIDE AN IRRESISTIBLE OPPORTUNITY FOR SHOWING AGAIN HOW TOP-LEVEL AGREEMENT ON THE CENTRALITY OF FRANCO-GERMAN FRIENDSHIP CAN RESOLVE THEIR WELL-KNOWN DIFFERENCES OVER DETAIL.

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MY TELNO 940: PRESIDENT MITTERRAND'S VISIT TO MOSCOW

SUMMARY

1. HALF DAY VISIT. GOOD ATMOSPHERE. LITTLE INFORMATION ON SUBSTANCE OF TALKS BUT GOOD READOUT ON DUMAS/BESSMERTNYKH PARALLEL SESSION AT WHICH MAIN ISSUES WERE MIDDLE EAST AND CFE (SEE MY TWO IFTS).

DETAIL

2. THE VISIT PROGRAMME WAS AS FORESEEN IN MY TUR. THERE WAS A TETE-A-TETE WITH GORBACHEV FOLLOWED BY A SESSION WITH OFFICIALS, A WORKING DINNER AND A JOINT PRESS CONFERENCE. DUMAS AND BESSMERTNYKH HELD TALKS IN PARALLEL.

3. THE FRENCH EMBASSY SAY THAT THE ATMOSPHERE WAS VERY GOOD. DUFOURCQ WAS STRUCK BY HOW MUCH MORE RELAXED GORBACHEV HAD BEEN THAN IN FEBRUARY. HE DESCRIBED HIM AS 'COOL, QUIET AND VERBOSE'.

4. THE FRENCH EMBASSY KNEW VIRTUALLY NOTHING OF WHAT TRANSPIRED IN THE DISCUSSIONS WITH GORBACHEV. THE MAIN ITEMS COVERED SEEM TO HAVE BEEN EUROPE, THE MIDDLE EAST AND BILATERAL ECONOMIC COOPERATION. THE FRENCH HAVE HOWEVER GIVEN US A FULL ACCOUNT OF THE DUMAS/BESSMERTNYKH TALKS, WHICH WERE DEVOTED ALMOST EXCLUSIVELY TO THE MIDDLE EAST AND CFE.

5. AT THE JOINT PRESS CONFERENCE BOTH PRESIDENTS EXPRESSED SATISFACTION WITH THE TALKS. GORBACHEV COMMENTED ON THE GREAT SIMILARITY OF VIEWS ON THE ISSUES HE HAD DISCUSSED WITH MITTERRAND, PARTICULARLY ON THE MIDDLE EAST. HE SAID THE SOVIET UNION CONTINUED TO SUPPORT AN INTERNATIONAL CONFERENCE WHICH COULD HAVE A CHANGING FORMAT TO ADDRESS DIFFERENT PROBLEMS.

6. ON INTERNAL QUESTIONS, MITTERRAND EXPRESSED SUPPORT FOR THE COURSE OF SOVIET REFORMS, FOR GORBACHEV AND PERESTROIKA. ASKED

ABOUT HIS MEETING IN APRIL WITH YELTSIN, HE WAS AT PAINS TO PLAY DOWN ITS SIGNIFICANCE - IT HAD BEEN SHORT, 'POLITE AND NORMAL', AND HE HAD INFORMED GORBACHEV OF IT IN ADVANCE. GORBACHEV SAID THAT THE SOVIET UNION WAS A POWERFUL STATE AND WOULD REMAIN ONE. HE SPOKE IN STANDARD TERMS ABOUT THE CONCEPT OF A RENEWED FEDERATION OF SOVIET REPUBLICS. ASKED ABOUT THE SITUATION IN AZERBAIDZHAN AND ARMENIA, GORBACHEV EXPRESSED GREAT CONCERN. HE SAID THAT ONE OF THE REASONS FOR THE LATEST BLOODSHED WAS THAT THE PRESIDENTIAL DECREE TO DISBAND ILLEGAL ARMED FORCES HAD NOT BEEN FULFILLED IN THE TRANS-CAUCASIAN REPUBLICS.

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PRESIDENCE
DE LA
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SERVICE DE PRESSE

Mr ARTHUR
We spoke. A bit otherwise/Elin on
Europe. Analysis follows. Cordial Gallic

25/IV

CONFERENCE DE PRESSE CONJOINTE
DE MONSIEUR FRANCOIS MITTERRAND
PRESIDENT DE LA REPUBLIQUE
ET DE MONSIEUR HELMUT KOHL
CHANCELIER DE LA REPUBLIQUE FEDERALE D'ALLEMAGNE

Palais de l'Elysée - Mercredi 24 avril 1991

-=-=-

Mesdames et Messieurs,

J'ai donc reçu ce soir le Chancelier KOHL. C'était un rendez-vous pris depuis déjà plusieurs semaines, qui n'était donc pas lié aux circonstances immédiates, mais qui s'inscrivait surtout dans le cadre de nos délibérations régulières dans la préparation des conférences européennes, le renforcement de la Communauté, la suite à donner aux Conférences intergouvernementales. D'autre part, à propos des événements qui se déroulent sur la surface du globe, il s'agissait de retenir ceux d'entre eux qui nous paraissent exiger une concertation entre l'Allemagne et la France, en l'occurrence aussi bien le problème des Kurdes en Irak, que les problèmes liés à la situation du Moyen-Orient et plus encore autour du conflit israélo-palestinien. Nous avons parlé de bien d'autres choses, mais enfin, je vous laisse, Mesdames et Messieurs, le soin de vous intéresser aux questions de votre choix.

En ce qui concerne la Communauté, nous avons essentiellement parlé du calendrier parce que nous souhaitons, sans accélérer outre mesure, suivre le rythme qui a été décidé et qui devrait nous conduire à ce que le Conseil Européen du mois de juin arrête l'essentiel des travaux engagés par les deux conférences intergouvernementales. Alors, dans la seconde moitié de l'année, les questions encore ouvertes pourront être réglées et nous tiendrons le calendrier que nous avions mis au point.

.../...

Pour l'union politique, nous souhaitons que dans le traité, soit inscrit le principe de la mise en oeuvre d'une politique étrangère de sécurité et de défense commune. Donc, il faudra définir la relation entre l'U.E.O. et l'Union Politique, sans affaiblir les liens avec l'OTAN.

Nous estimons de la même façon que l'union économique et monétaire va constituer un élément tout à fait essentiel de l'union européenne. Le calendrier indique que la deuxième phase doit debuter en janvier 1994, comme cela avait été décidé au Conseil de Rome I en octobre 1990. Quant à la nouvelle institution monétaire, elle sera créée dans le délai prévu.

Je vais laisser au Chancelier le soin de dire maintenant quelques mots au cours de cette rencontre qui sera brève et qui permet simplement de vous tenir informés de notre conversation de ce soir.

LE CHANCELIER KOHL - Merci beaucoup, Monsieur le Président de la République. Cet entretien d'aujourd'hui s'inscrit dans un grand nombre d'autres entretiens que nous avons eus au cours des contacts amicaux et très intenses, au cours des dernières années. Et je considère qu'il est absolument important de constater que le Président de la République Française et le Chancelier allemand se rencontrent en dehors des consultations régulières pour discuter et pour coordonner la politique dans un esprit de relations étroites et dans un esprit d'amitié. Le Président de la République l'a déjà dit : notre préoccupation est commune en ce qui concerne l'évolution au Proche-Orient. Nous en avons parlé, notre préoccupation commune porte surtout sur le sort des Kurdes, et le grand nombre des problèmes affreux auxquels ils sont confrontés, nous avons devant les yeux des images, des personnes âgées, des enfants qui souffrent. Nous sommes en étroite collaboration et vous savez que la République Fédérale d'Allemagne a, dans une certaine mesure, pris une certaine responsabilité en matière de la coordination de l'aide à donner aux réfugiés d'Irak en Iran. Nous savons tous naturellement qu'il s'agit de solutions de transition seulement et que notre intérêt humain, commun à tous devrait être que les gens puissent retourner dans leur terre natale pour ne pas devoir les héberger dans des camps et d'y connaître le sort que connaissent les palestiniens depuis de longues années. Nous avons parlé du conflit au Proche-Orient, des solutions à envisager et je répète encore une fois que mon souhait est que le Président BUSH ait du succès dans sa tentative et qu'après une guerre où il a connu une victoire il puisse trouver une paix durable. Et ceci ne peut se faire qu'à condition que les problèmes dans la région soient résolus, notamment le problème des palestiniens et du Liban. Et, naturellement à condition que la sécurité d'Israël soit garantie.

.../...

Vous savez que pendant neuf années de coopération très étroite entre le Président de la République et moi-même, nous avons apporté une contribution importante à l'évolution européenne. En 1982 et 1983 on parlait beaucoup de l'euro-sclérose et on peut constater qu'aujourd'hui dans moins de 22 mois, le 31 décembre 1992, nous connaitrons l'ouverture du grand marché unique pour 340 millions d'Européens. A Rome, nous avons donné des incitations importantes aux Chefs d'Etat et de Gouvernement, nous avons lancé les deux conférences intergouvernementales pour l'Union Economique et Monétaire et pour l'Union Politique, et nous sommes d'accord également aujourd'hui, sans vouloir exercer une quelconque tutelle sur qui que ce soit, pour dire que dans les mois à venir nous voulons apporter une contribution française et allemande pour que, à la fin de l'année, on connaisse un succès. Le Président de la République a dit à juste titre que nous essaierons, lors du Sommet à la fin de la Présidence Luxembourgeoise en juin, de déblayer les problèmes considérés comme réglés et qu'à ce moment-là on aura pas mal de travail à faire encore avant qu'à la mi-décembre, à Maastricht sous la présidence des Pays-Bas, on puisse conclure. Je crois que l'évolution en Europe et non seulement dans les pays de l'Europe de l'Est, évolution que nous voyons se produire partout en Europe, nous encourage, constitue un encouragement pour nous de poursuivre sur cette voie, et au fond je retourne chez moi ce soir en étant très sûr que cette continuité excellente de l'amitié et de la coopération franco-allemande et ceci au profit des progrès à réaliser en Europe continuera à faire ses preuves à l'avenir également.

QUESTION - Je voulais vous poser une question à tous les deux concernant justement le calendrier de l'Union Economique et monétaire. Il semble que vous disiez qu'il y avait un accord, mais il semble qu'il y ait une interprétation différente du communiqué européen de Rome entre l'Allemagne et la France sur la création, sur la date de la création de la Banque Centrale Européenne, est-ce que vous pouvez nous éclairer là-dessus ?

LE CHANCELIER KOHL - Je suis tout à fait sûr que, comme toujours dans toutes ces années, nous arriverons à trouver une ligne commune et à prendre une décision commune. Bien entendu, il faudra toute une série de discussions, mais nous y arriverons.

.../...

LE PRESIDENT - Nous avons fixé un calendrier à l'intérieur duquel nous entendons aboutir, notamment pour la création d'une institution monétaire commune.

QUESTION - Monsieur le Chancelier, il y a une question qui est à la fois dans l'actualité et hors actualité. On célèbre beaucoup, dans la presse française, le dixième anniversaire de Monsieur le Président de la République, François Mitterrand, que vous avez à côté de vous. Je voulais savoir simplement si, dans les relations franco-allemandes, est-ce que ces dix années, finalement, ont été dans votre esprit plus positives que toutes les autres ?

LE CHANCELIER KOHL - Ma réponse est très claire. Pour les relations franco-allemandes, c'étaient des années bonnes et heureuses et ceci de manière extraordinaire. Lorsque je dis cela, ce n'est pas une manière de parler péjorativement de ceux qui ont travaillé avant nous. Si je me souviens bien, François, dans le gouvernement français vous avez commencé à travailler avec Robert Schuman, et c'était une époque où les pères de l'Europe après la guerre ont vraiment mis sur pied une vision de l'Europe. Très franchement, je m'estime heureux que, tout au cours de ces années, c'est la neuvième année maintenant que je suis Chancelier de la République Fédérale d'Allemagne, je m'estime très heureux donc d'avoir pu travailler avec François Mitterrand ensemble sur ce chemin. Dieu merci, cela n'a pas simplement été une aventure où nous avons fait avancer les problèmes de la politique, mais en plus l'amitié et la sympathie ont cru sur notre chemin, ce qui n'est pas forcément évident dans le monde où nous vivons. Et si vous voulez, voilà mon hommage pour le dixième anniversaire pour la Présidence de Monsieur Mitterrand.

LE PRESIDENT - Le Chancelier vient d'évoquer la collaboration avec Robert Schuman. J'ai en effet été Secrétaire d'Etat auprès de Robert Schuman lorsqu'il était Président du Conseil, peu après la deuxième guerre mondiale. Et j'ai assisté de très près à la naissance des premières institutions européennes pour le temps à passer, beaucoup de temps à passer. mais lorsque je me suis trouvé élu à la Présidence de la République française, peu de temps après, je me suis trouvé avec un Chancelier allemand, qui lui-même, se considérait comme un disciple fidèle du Chancelier Adenauer.

Nous représentions donc deux traditions qui se rejoignaient. On peut représenter, chacun dans son pays, des idées différentes, et même avoir des idées différentes sur le type de société, c'est le cas. Mais nous avons eu en commun les objectifs majeurs de notre époque, la Constitution de l'Europe Communautaire, le marché unique. Nous avons contribué à la décision de réunir les deux conférences intergouvernementales.

Sans vouloir revendiquer pour l'Allemagne et la France un rôle particulier au sein de la Communauté, il est vrai que l'entente et l'amitié entre nos deux pays et entre les deux dirigeants qui avaient eu à mener la politique, ont été un atout considérable pour l'accélération de la construction européenne. On pourra dire, je le pense, que cela a été une période heureuse comme l'a dit le Chancelier Kohl.

Je n'ai pas d'anniversaire à souhaiter particulièrement et je ne me souhaite pas le mien, vous le savez. Je ne sais pas pourquoi on s'est emparé de ce chiffre rond. Chaque année en ajoute une autre. Ce n'est pas un problème pour moi, même si je suis très flatté et heureux de ce qui vient d'être dit par le Chancelier Kohl. Je ne m'attendais pas à ce que vous me fournissiez un prétexte pour ajouter aux compliments mêlés de critiques qu'on peut lire ces temps-ci.

QUESTION - J'aurais aimé savoir comment vous avez commenté les efforts diplomatiques de Monsieur Baker au Proche-Orient et qu'elle est la position allemande sur la forme que devrait prendre le règlement ou la conférence sur le Proche-Orient ?

.../...

LE CHANCELIER KOHL - J'ai déjà dit au début que je regretterais énormément qu'après l'issue heureuse de cette guerre, les chances de la paix et d'une paix réelle ne soient pas véritablement utilisées. Une paix réelle, une vraie paix, cela veut dire que l'on ne met pas de côté les questions du Liban, une paix réelle cela veut dire que le peuple d'Israël sache qu'il peut vivre dans des frontières sûres, c'est une condition absolument importante pour la paix dans cette région. Mais une paix réelle, cela veut aussi dire que l'on trouve une solution pour les Palestiniens et je soutiens tous les efforts y compris ceux de Jim Baker et de George Bush pour avancer... si l'on gagne la guerre, mais que l'on risque de perdre la paix et bien ce serait très triste et c'est pourquoi, il faut parler, surtout avant tout avec le Gouvernement Israëlien.

Est-ce que ce à quoi pensent les Israëliens suffit comme préalable pour la paix, j'en douterai peut-être, mais enfin il faut réfléchir, il faut parler et nous en tant qu'Allemands nous sommes prêts à faire notre possible. Israël a besoin du soutien de l'Europe, vous savez que dans les trois à quatre années à venir, un million de citoyens juifs de l'Union Soviétique vont émigrer vers Israël. Quand vous voyez quelle est la population israëlienne aujourd'hui, vous voyez également la taille du problème que cela pose au point de vue économique et social.

LE PRESIDENT - Monsieur Baker travaille beaucoup et bien. Je suis sûr qu'il est désireux de réaliser ce à quoi il pense : une paix durable entre Israël et ses voisins arabes au bénéfice de la reconnaissance de l'entité palestinienne. Mais les données de ce problème sont multiples et il nous arrive à nous, Français d'y ajouter notre façon de voir, de façon que toutes les parties prenantes de ce difficile débat trouvent vraiment les garanties dont elles ont besoin, d'une part pour leur sécurité et d'autre part pour leur identité. Les démarches de la France n'ont pas d'autre sens et ne doivent pas être considérées comme contraire de celles de Monsieur Baker.

Si nous pouvons faciliter sa tâche, nous le ferons à condition naturellement que soient reconnus, dès le point de départ, les principes qui ont été adoptés par les Nations-Unies. Il ne faut pas oublier qu'au moment de la création d'Israël, les Nations-Unies ont voté un texte qui reconnaissait aussi les droits des Palestiniens. On ne pourra pas s'écarter de cette ligne sans être assuré de l'échec, et l'échec sera dommageable à l'ensemble du monde et en particulier à ceux qui

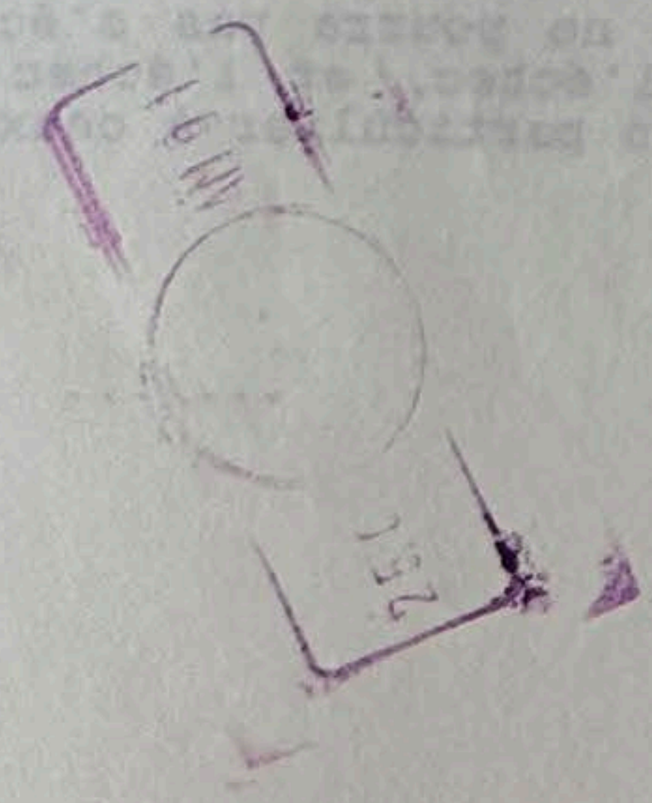
.../...

ont voulu donner au droit international une pleine signification lors de leur engagement dans la guerre du Golfe.

QUESTION - Ma question s'adresse au Chancelier KOHL. Je voudrais savoir quelle leçon vous tirez de l'échec que vous venez d'avoir dans votre fief de Rhénanie-Palatinat ?

LE CHANCELIER KOHL - Vous savez, voilà maintenant dix-huit ans que je suis chef de mon parti et depuis neuf ans chancelier. Eh bien ! j'ai eu de grands succès et de grands échecs électoraux, cela fait partie de notre vie comme le temps, comme la météorologie : il y a les bonnes et les mauvaises journées. L'échec du Palatinat-Rhénanie bien entendu me fait de la peine parce que c'est le land dont je viens, c'est une défaite amère, je le reconnais. Cette défaite a de nombreuses raisons ; j'en tire simplement une conséquence, c'est qu'il faut travailler davantage. Nous sommes dans une époque de transition : il faut maintenant que les nouveaux Bundesländers créent de nouvelles structures, après quarante ans de régime communiste, il faut à présent travailler pour pouvoir à nouveau avoir des structures capitalistes. Je n'ai rien à ajouter à ce que j'ai dit l'année dernière au moment de l'unification allemande - et je le répète ici volontiers à Paris - vous verrez dans trois, quatre, cinq ans, ces länders seront des länders florissants et je ne peux qu'inviter les investisseurs français à y aller, ce sera un investissement rentable.

Et puis les prochaines élections législatives sont en 94, pour l'instant nous avons 60 % au Parlement, il faut bien accepter les échecs mais la vie continue, je dirai que la caravane passe ...



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HAMILTON FOR PRIME MINISTERS PARTY

MITTERRAND/BUSH SUMMIT, MARTINIQUE, 14 MARCH

SUMMARY

1. ELYSEE REGARD THIS AS AN EXCEPTIONALLY SUCCESSFUL MEETING. DISCUSSION OF MIDDLE EAST AND EUROPEAN MATTERS. PRESS CONFERENCE ATMOSPHERE NOTABLY WARM IN SPITE OF DISAGREEMENT ON SOME DETAILS. FRANCE READ BUSH AS READY TO BE FLEXIBLE AND WISHING TO HOLD GULF ALLIANCE TOGETHER/POST WAR.

DETAIL

2. EXTENSIVE COVERAGE IN THE FRENCH PRESS OF THE MITTERRAND/BUSH MEETING IN MARTINIQUE ON 14 MARCH CONCENTRATES LARGELY ON THE EXCELLENT ATMOSPHERICS. TAKING THEIR CUE FROM VEDRINE'S (ELYSEE SPOKESMAN) PRE-TRIP BRIEFING, ALL PAPERS POINT TO A HEALTHIER FRANCO-AMERICAN RELATIONSHIP IN WHICH FRANCE CAN DISCUSS DIFFERENCES OF POLICY WHERE THESE EXIST WITHOUT FEELING THE NEED TO EMPHASISE FRENCH ''SPECIFICITY'' FOR THE SAKE OF IT. COMMENTATORS TALK OF AN IMPORTANT PAGE BEING TURNED.

3. THE SUBSTANCE IS BEST SUMMED UP BY THE LIBERATION (INDEPENDENT LEFT) HEADLINE ''UNION WITH TWO VOICES''. COVERAGE FOCUSES ENTIRELY ON THE MIDDLE EAST. PRESIDENT BUSH'S MEASURED REFERENCE TO A PEACE CONFERENCE IS SEEN AS A STEP TOWARDS THE FRENCH POSITION, BUT THE DIFFERENCES OF NUANCE ON CONDITIONS FOR A CEASE-FIRE, THE ROLE OF THE PLO AND A PALESTINIAN STATE ARE ALSO NOTED.

4. LANXADE (MITTERRAND'S DEFENCE ADVISER) BIANCO (ELYSEE SECRETARY GENERAL) AND MOREL (DIPLOMATIC ADVISER) - ALL OF WHOM ACCOMPANIED MITTERRAND TO MARTINIQUE - CAME TO LUNCH TODAY. THEY CONFIRMED PRESS REPORTS OF THE EXCELLENT RAPPORT BETWEEN BUSH AND MITTERRAND, AND WERE STRUCK BY THE WAY IN WHICH BUSH WENT OUT OF HIS WAY TO ASK MITTERRAND'S VIEWS (AND GAVE THE IMPRESSION OF LISTENING TO THE

REPLY). BUSH WAS CLEARLY ANXIOUS TO CEMENT THE RELATIONSHIP WITH THE FRENCH PRESIDENT BUILT UP OVER THE WAR. FOR THEIR PART, MITTERRAND'S SENIOR ADVISERS WERE HAPPY ENOUGH TO TALK AT LUNCH OF A GENUINELY ''NEW STAGE'' IN BILATERAL RELATIONS.

5. IN WHAT FOLLOWS, ''MOREL'' IS SHORTHAND FOR THE ELYSEE, QUAI AND MATIGNON GUESTS AS A WHOLE. MOREL SAID THAT THE TWO MAIN TOPICS WERE MIDDLE EAST AND EUROPEAN SECURITY.

6. ON THE GULF, MOREL TOLD US THAT THERE HAD BEEN A LONG AND GOOD DISCUSSION. THE PRINCIPAL IMPRESSION THE FRENCH TOOK AWAY WAS THAT BUSH WAS DETERMINED NOT TO LET THE ALLIANCE FALL APART, BUT TO USE ITS POSITION OF STRENGTH TO SOLVE SOME OF THE REGION'S PROBLEMS. ON SADDAM HIMSELF, THE FRENCH HAD THE IMPRESSION THAT BUSH'S POSITION WAS SO STRENGTHENED BY THE VICTORY THAT HE WAS READY TO LEAVE SADDAM TO WRITE HIMSELF OFF. (MOREL COMMENTED THAT, AT SEVERAL POINTS DURING THE GULF CRISIS, BUSH HAD RISKED LOSING CREDIBILITY BY MAKING THE CONFRONTATION WITH SADDAM TOO PERSONAL). BUSH HAD TOLD MITTERRAND THAT ONE COULD NOT TAKE IT FOR GRANTED THAT SADDAM WOULD NOT SURVIVE, AND THE AMERICANS WERE NOT GOING TO INVOLVE THEMSELVES IN IRAQ (AS THEY HAD IN IRAN) AND ENGINEER SADDAM'S DOWNFALL. THERE WAS NO SERIOUS DISCUSSION OF THE SANCTIONS SECURITY COUNCIL RESOLUTIONS. THE MAIN POINT PUSHED BY THE AMERICANS WAS AT THE PRESS CONFERENCE WAS SADDAM'S USE OF HELICOPTER GUNSHIPS AGAINST KURDS, ON WHICH BUSH HAD SAID HE WOULD NOT AGREE TO A CEASE-FIRE UNTIL THIS STOPPED.

7. ON WIDER MIDDLE EAST QUESTIONS, BUSH HAD BEEN CAREFUL NOT TO COMMIT HIMSELF BEFORE BAKER HAD BRIEFED HIM ON HIS MIDDLE EAST TOUR. MITTERRAND DID NOT PRESS THE CASE FOR THE INTERNATIONAL CONFERENCE, AND WAS WILLING TO LEAVE A SIX MONTH WINDOW FOR THE AMERICANS TO MAKE PROGRESS BY PRESSURE ON THE ISRAELIS. BUT MITTERRAND HAD MADE CLEAR THAT THE PERIOD OF GRACE WAS NOT INDEFINITE. HE COULD NOT ALLOW THE INTERNATIONAL CONFERENCE TO DROP OFF THE AGENDA IT WOULD REEMERGE AS A COMPONENT OF RENEWED EUROPEAN ACTIVITY IF THE AMERICANS DID NOT MAKE PROGRESS.

8. ON EUROPEAN DEFENCE AND SECURITY, MOREL SAID THAT MITTERRAND (UNPROMPTED BY HIS OFFICIALS) RAISED THE US DEMARCHE OF 21 FEBRUARY, CALLING IT ''UNACCEPTABLE''. BUSH DENIED ALL KNOWLEDGE OF THE PAPER, AND IN THE COURSE OF THE SUBSEQUENT DISCUSSION, ASKED WHO HAD WRITTEN IT. AT THIS POINT MOREL SAID THAT HE HAD HAD TO SHOP BARTHOLEMEW. MOREL SAID THAT MITTERRAND HAD TOLD BUSH THAT HE REGRETTED THE APPARENT LACK OF US TRUST IN WHAT THE EUROPEANS WERE

UP TO. FRANCE HAD NO WISH TO SET UP A COMPETING EUROPEAN STRUCTURE TO NATO. NATO AND POLITICAL UNION WERE NOT ALTERNATIVES. THE FORMER WAS ACTUAL, THE LATTER ONLY POTENTIAL. IT SHOULD THEREFORE BE POSSIBLE FOR THE TWO TO BE COMPATIBLE. MOREL CLAIMED THAT THE PRESIDENT ACCEPTED THIS CALMLY, BUT THAT THERE WAS LITTLE DETAILED DISCUSSION.

9. LANXADE TOLD ME, HOWEVER, THAT MITTERRAND HAD TWICE REFERRED TO THE NEED FOR EUROPE TO PREPARE ITSELF AGAINST THE DAY, WHICH MIGHT NOT COME FOR TWENTY YEARS BUT COULD COME SOONER. WHEN THE US MIGHT DISENGAGE FROM EUROPE - US TROOP REDUCTIONS WERE CLEARLY UNDERWAY AND EUROPEANS NEEDED TO BE READY. BUSH HAD APPARENTLY REACTED STRONGLY AGAINST THIS LINE OF ARGUMENT.

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KOHL-MITTERRAND BILATERAL: EC ISSUES

SUMMARY

1. SHORT WORKING VISIT TO PARIS BY KOHL ON 15 FEBRUARY PROVIDED OPPORTUNITY FOR AN EXCHANGE ON THE TWO IGCS, RELATIONS WITH THE USSR AND THE GATT. FRENCH OFFICIALS SUGGEST THAT KOHL DID NOT PUT PRESSURE ON MITTERRAND OVER GATT AGRICULTURE, AND THAT THEY AGREED THAT EXAGGERATED REACTIONS TO EVENTS IN THE BALTIC STATES SHOULD BE AVOIDED.

DETAIL

2. KOHL, ACCOMPANIED BY GENSCHER, PAID A SHORT WORKING VISIT TO PARIS ON THE AFTERNOON OF 15 FEBRUARY. THIS WAS AT HIS INITIATIVE. AT THEIR JOINT PRESS CONFERENCE AT THE END OF THE TALKS, THEY SAID THAT APART FROM THE GULF THEY HAD FOCUSSED ON THE TWO EC INTERGOVERNMENTAL CONFERENCES, THE IMPLICATIONS FOR WESTERN POLICY OF WHAT WAS HAPPENING IN THE USSR, AND THE GATT URUGUAY ROUND. THIS AGENDA HAS SINCE BEEN CONFIRMED TO US BY MITTERRAND'S NEW DIPLOMATIC ADVISER, MOREL.

3. THE PRESS CONFERENCE DID NOT GIVE MANY CLUES AS TO THE SUBSTANCE OF THESE DISCUSSIONS AND FRENCH OFFICIALS HAVE BEEN AS RETICENT AS USUAL. HOWEVER, WE HAVE GLEANED THE FOLLOWING:

A) ON GATT, MITTERRAND AND KOHL AGREED THAT UNILATERAL CONCESSIONS FROM THE COMMUNITY ON AGRICULTURE WERE NOT IN ORDER. DESIRABLE THOUGH IT WAS FOR NEGOTIATIONS TO RESTART, IT WAS AS MUCH UP TO THE AMERICANS TO MOVE AS THE COMMUNITY, AND OTHER SUBJECTS MUST BE GIVEN AS MUCH ATTENTION AS AGRICULTURE. KOHL TOLD MITTERRAND THAT HE BELIEVED CAP REFORM WAS NECESSARY, BUT THAT ANY LINKAGE WITH THE GATT AGRICULTURE NEGOTIATIONS SHOULD BE AVOIDED. AT THE PRESS CONFERENCE, KOHL SAID THAT ANY WHO IMAGINED THE GERMANS COULD BE USED TO PUT PRESSURE ON THE FRENCH IN THIS AREA

WOULD BE MISTAKEN.

B) ON THE USSR THERE WAS AGREEMENT THAT EXAGGERATED REACTIONS TO EVENTS IN THE BALTIC STATES SHOULD BE AVOIDED AND THAT FOR THE TIME BEING A POLICY OF SUPPORTING REFORM REMAINED JUSTIFIED.

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MOSCOW TELNO 353 : VISIT OF FRENCH FOREIGN MINISTER TO MOSCOW, 12 FEBRUARY

SUMMARY

1. DUMAS FOUND GORBACHEV CALM AND SELF-ASSURED, AND CONTINUES TO HAVE MORE CONFIDENCE IN HIS STAYING POWER THAN DO FRENCH OFFICIALS.

DETAIL

2. BLOT (DIRECTOR, EUROPE AT THE QUAI) ADDED SOME POINTS TO THE ACCOUNT OF DUMAS'S VISIT GIVEN IN TUR. WITHOUT ANSWERING THE QUESTION WHO HAD INSTIGATED THE VISIT, HE SAID THAT IT HAD BEEN ARRANGED AT VERY SHORT NOTICE IN ORDER TO TAKE PLACE BEFORE THE FORTHCOMING SUPREME SOVIET MEETING (WITH THE DOMESTIC PREOCCUPATIONS THAT WOULD ENTAIL FOR GORBACHEV) AND ALSO BEFORE MERILLON LEFT MOSCOW.

3. BLOT SAID THAT GORBACHEV'S MESSAGE TO DUMAS HAD BEEN ESSENTIALLY ''TRUST ME AND HELP ME: MY POLICY HAS NOT CHANGED'' (THE HELP REQUIRED WAS NOT SPECIFIED). DESPITE THE EVIDENCE ALL AROUND OF MOUNTING POLITICAL AND ECONOMIC PROBLEMS, DUMAS HAD FOUND GORBACHEV CALM, DETERMINED, AND SELF-ASSURED. HE CONTINUED TO SEE GORBACHEV AS THE BEST HOPE FOR THE WEST, WITH THE WILL TO MAINTAIN THE ACHIEVEMENTS OF PERESTROIKA AND DETENTE. IT WAS THIS AND NOT THE SPECTACLE OF DAILY FAILURES WHICH WEIGHED WITH THE FRENCH POLITICAL LEADERSHIP AND STILL MORE WITH THE GERMANS, WHO HAD THE GREATEST INTEREST IN THE PRESERVATION OF DETENTE AND THE RATIFICATION OF THE TREATIES. BLOT EXPECTED A VERY DIFFICULT DEBATE ON RATIFICATION IN THE SUPREME SOVIET. DEPUTIES WERE QUESTIONING THE WHOLE OF THE NEW EUROPEAN ORDER FOR WHICH SHEVARDNADZE HAD STOOD. BESSMERTNYKH HAD TOLD DUMAS THAT THE 2 PLUS 4 WAS TO BE RATIFIED IN THIS COMING SESSION (BEGINNING 18 FEBRUARY).

4. ON THE GULF, THOUGH THE SOVIET FEAR OF AN EXTENSION OF THE CONFLICT BEYOND THE LIMITS OF THE UNSCRS WAS EVIDENT, SO WAS

GORBACHEV'S BASIC SOLIDARITY WITH THE US. THE DISCUSSIONS TOOK PLACE BEFORE ANYTHING WAS KNOWN OF PRIMAKOV'S MISSION TO BAGHDAD, WHICH GORBACHEV HAD SAID OFFERED A 'LAST CHANCE'.

5. BLOT CONFIRMED THAT BESSMERTNYKH HAD DENIED TO DUMAS THAT ANY SOVIET MILITARY EXPERTS REMAINED IN IRAQ. BLOT WAS NOT READY TO BELIEVE THIS. HE BELIEVED THAT SOME HAD STAYED ON IN AN ''UNOFFICIAL CAPACITY'' AS VOLUNTEERS. DUBININ, SOVIET AMBASSADOR IN PARIS, HAD RECENTLY IMPLIED AS MUCH. BLOT WAS UNABLE TO BE SPECIFIC ABOUT THE EXTENT AND NATURE OF ASSISTANCE WHICH MIGHT STILL BE BEING PROVIDED TO IRAQ.

6. ON THE BALTIC STATES, BESSMERTNYKH'S PRESENTATION HAD BEEN ON STANDARD, SELF JUSTIFYING LINES: THE ELEMENT PICKED ONLY BY BLOT WAS HIS REAFFIRMATION THAT THERE WOULD NOT BE RECOURSE TO FORCE (THE EARLIER USE OF FORCE WAS PRESENTED AS A RESPONSE BY THE LOCAL MILITARY TO PROVOCATIONS).

7. ON CFE, BESSMERTNYKH HAD SAID THAT HE WOULD BE REPLYING TO THE LETTER ABOUT DATA SENT BY DUMAS AS PRESIDENCY OF THE WEU, BUT WAS NOT YET READY TO DO SO. KARPOV HAD MADE A FIRMLY NEGATIVE, SELF-JUSTIFYING PITCH, RESTING ON THE CLAIM THAT THERE WERE DIFFERING INTERPRETATIONS OF ARTICLE 3 OF THE TREATY WHICH SHOULD BE DISCUSSED. THE FRENCH REPLIED THAT THE TREATY WAS UNAMBIGUOUS: THE PROBLEM WAS OF SUBSTANCE NOT FORM. THE RUSSIANS HAD AGREED TO TALK ABOUT TRANSFERS EAST OF THE URALS AND NAVAL RESUBORDINATION BUT NOT ABOUT INSPECTION QUOTAS.

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FRAME GENERAL
FRENCH EC POLICY: DEBATE IN THE NATIONAL ASSEMBLY
SUMMARY

1. CRYSTALLISATION OF GOVERNMENT AND OPPOSITION THINKING ON EPU AND EMU. GOVERNMENTS' FEDERALIST RHETORIC NOT BORNE OUT BY SPECIFIC OBJECTIVES ON FOREIGN AND DEFENCE POLICY COORDINATION AND INSTITUTIONAL REFORM. GENUINE FEDERALISTS IN A MINORITY. GOVERNMENT REAFFIRMATION OF GOAL OF CENTRAL BANK AND SINGLE CURRENCY BY 1996-98. MAJORITY SUPPORT FOR SINGLE CURRENCY, BUT RPR FAVOUR PARALLEL CURRENCY.

DETAIL

2. A THINLY ATTENDED DEBATE ON EUROPE IN THE NATIONAL ASSEMBLY YESTERDAY WAS OPENED BY DUMAS. HE DESCRIBED THE GOAL OF GOVERNMENT POLICY AS TRANSFORMING THE EC INTO A FEDERATION BASED ON A SINGLE MARKET, EMU AND EPU. BUT WHEN HE GOT INTO THE DETAIL OF GOVERNMENT THINKING ON THE POLICY COORDINATION ASPECTS OF EPU, IT WAS CLEAR THAT THEIR OBJECTIVES FELL FAR SHORT OF WHAT WOULD NORMALLY BE ASSOCIATED WITH A FEDERATION. HE SAID THAT THE FRENCH GOVERNMENT WANTED A COMMON FOREIGN ND SECURITY POLICY ON ISSUES WHERE THE INTERESTS OF MEMBER STATES CONVERGED, BUT CONTINUING AUTOMONY FOR THE INDIVIDUALISTS ON ISSUES WHERE NATIONAL INTERESTS WERE AT STAKE. HE INSTANCED HUMAN RIGHTS, DEVELOPMENT COOPERATION, AND ECONOMIC ASSISTANCE TO E. EUROPE AS EXAMPLES OF ISSUES WHERE CONVERGING INTERESTS MADE A COMMON POLICY POSSIBLE. IN THE CASE OF THE GULF CRISIS CONVERGING INTERESTS HAD MADE POSSIBLE A COMMON POLICY AT THE UN, BUT FRANCE HAD BEEN FREE TO PURSUE A NATIONAL POLICY ''WHERE APPROPRIATE'' THIS WAS AS IT SHOULD BE. EC COORDINATION SHOULD COMPLEMENT AND REINFORCE NATIONAL POLICIES, NOT REPLACE THEM.

3. ON THE DEFENCE/SECURITY SIDE, HE REFERRED APPROVINGLY TO THE COORDINATING ROLE OF THE WEU SINCE 2 AUGUST. WEU SHOULD BECOME THE PILLAR OF A COMMON APPROACH TO SECURITY POLICY, WHILE DEFENCE POLICY SHOULD BE LEFT TO MEMBER STATES.

EMU

4. DUMAS SAID THAT THE GOVERNMENT'S OBJECTIVE WAS A STAGE 2 STARTING ON 1 JANUARY 1993 AND LEADING WITHIN 3-5 YEARS TO A CENTRAL BANK AND A SINGLE CURRENCY. THERE WOULD BE OBSTACLES, BUT FRANCE COULD COUNT ON THE HELP OF KOHL AND GENSCHER TO OVERCOME THEM. THE UK DECISION TO JOIN THE ERM WAS WELCOME, ALBEIT OVERDUE. THE FRENCH SAW IN IT A SIGN OF GOOD WILL AND A WISH NO LONGER TO GO IT ALONE. THEY WOULD ACCORDINGLY DO WHAT THEY COULD TO HELP THE UK ALONG THE ROAD TO EMU. BUT IF THEY WERE MISTAKEN, THEY WOULD NOT BE DETERRED FROM PURSUING THAT GOAL.

INSTITUTIONAL REFORM

5. DUMAS EMPHASISED THE PRIMACY OF THE EUROPEAN COUNCIL IN THE GOVERNMENT'S APPROACH (''THE ONLY BODY ABLE TO GIVE THE UNION ITS EXTERNAL DIMENSION AND ASSUME THE LEGITIMACY OF ITS ACTION VIS-A-VIS NATIONAL PARLIAMENTS'') IT SHOULD BE GIVEN ITS OWN SECRETARIAT. SOME EXTENSION OF QUALIFIED MAJORITY VOTING (UNSPECIFIED) WAS DESIRABLE. HE IMPLIED A CONTINUING LACK OF ENTHUSIASM FOR A MAJOR INCREASE IN THE POWERS OF THE EP (LIMITED RIGHT TO INITIATE LEGISLATION, POWER OF APPROVAL OF A NEW COMMISSION, AND REINFORCEMENT OF THEIR CONTROL OVER THE COMMISSION WERE OPTIONS THE GOVERNMENT WAS READY TO CONSIDER) OR FOR A REFORM OF FRENCH SCRUTINY PROCEDURES WHICH WOULD GIVE NATIONAL PARLIAMENTARIANS THE TEETH THEY STILL LACK. HE CONFIRMED THAT THE GOVERNMENT HAD ABANDONED THE IDEA OF A SECOND CHAMBER IN STRASBOURG (IT WAS INTELLECTUALLY ATTRACTIVE, BUT IMPRACTICAL). INSTEAD THEY WOULD ADVOCATE A CONGRESS OR DIET OF NATIONAL AND EUROPEAN PARLIAMENTARIANS, TO MEET TWO OR THREE TIMES A YEAR TO DEBATE THE COMMUNITY ECONOMIC AND MONETARY ISSUES AND MAJOR FOREIGN/SECURITY POLICY ISSUES, ON WHICH THE EUROPEAN COUNCIL WOULD HAVE MADE THE STRATEGIC DECISIONS.

6. DUMAS EXPRESSED FIRM BUT VAGUE SUPPORT FOR SPANISH IDEAS ON COMMON EUROPEAN CITIZENSHIP. THERE SHOULD BE A SOLEMN CHARTER WHICH RECOGNISED THE DUAL RIGHTS OF INDIVIDUALS AS CITIZENS OF INDIVIDUAL MEMBER STATES AND OF THE EC.

7. DUMAS CONCLUDED BY EXPRESSING CONFIDENCE THAT THE GOALS OF EMU AND EPU COULD BE ACHIEVED AS LONG AS FRANCE AND THE FRG CONTINUED TO SERVE AS THE DRIVING FORCE BEHIND EUROPEAN CONSTRUCTION (WHICH HE WOULD DO HIS BEST TO ENSURE). THEY HOPED ALL 12 MEMBER STATES WOULD SIGN A NEW TREATY, BUT WOULD NOT ALLOW UNANIMITY TO BE A PRETEXT FOR DOING NOTHING.

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OPPOSITION STATEMENTS

8. STATEMENTS BY OPPOSITION SPOKESMAN CONFIRMED THAT ENTHUSIASM FOR A FEDERAL VISION IS STRONGEST AT THE CENTRE OF FRENCH POLITICS, BUT ABSENT AT EITHER EXTREME. THE CENTRIST CDS WANTED A EUROPEAN DIPLOMATIC SERVICE AND INTEGRATION OF NATIONAL DEFENCE FORCES IN A EUROPEAN FORCE. THEY WERE OPPOSED TO ANY ENLARGEMENT UNTIL A FEDERAL EUROPE HAD BEEN CREATED. THEY WANTED A SINGLE CURRENCY.

9. THE OTHER GROUPS CONSTITUTING THE UDF ALSO WANTED A SINGLE CURRENCY, BUT WERE OPPOSED TO A COMMON ECONOMIC POLICY: MEMBER STATES SHOULD RETAIN FISCAL AND BUDGETARY AUTONOMY. THEY EMPHASISED SUBSIDIARITY AND DECENTRALISATION. IN THEIR FEDERAL VISION ONLY 10 PERCENT OF TOTAL PUBLIC SPENDING WOULD BE UNDERTAKEN AT THE COMMUNITY LEVEL. A COMMON DEFENCE POLICY WAS NECESSARY ONLY IN RELATION TO COMMON THREATS.

Chirac

10. THE RPR WANTED A PARALLEL NOT A SINGLE CURRENCY. TRANSFERS OF SOVEREIGNTY TO THE CENTRAL WERE ACCEPTABLE ONLY IF ESSENTIAL NATIONAL COMPETENCES, EG DEFENCE, WERE MAINTAINED. THE WEU SHOULD BE THE PILLAR OF A EUROPEAN DEFENCE POLICY WITHIN NATO. ANY DEEPENING OF THE EC SHOULD NOT EXCLUDE WIDENING: ALL EUROPEAN DEMOCRACIES SHOULD BE WELCOMED ONCE THEY WERE READY FOR MEMBERSHIP. THE FUNDAMENTAL AIM SHOULD BE A UNION OF NATION STATES.

11. THE PC WANTED PEACEFUL COOPERATION BETWEEN SOVEREIGN NATION STATES, FROM THE ATLANTIC TO THE URALS.

COMMENT

12. THIS DEBATE CRYSTALLISED CURRENT GOVERNMENT AND OPPOSITION THINKING ON EUROPE. IT PROVIDED THE CLEAREST CONFIRMATION YET THAT FOR THE GOVERNMENT POLITICAL UNION ESSENTIALLY MEANS ENHANCED FOREIGN POLICY COORDINATION AN OVERARCHING ROLE FOR THE EUROPEAN COUNCIL, LIMITED EXTENSION OF QUALIFIED MAJORITY VOTING, AND AN INSTITUTIONAL REFORM THAT WOULD NOT ALTER THE EXISTING BALANCE. THEY DO NOT (NOT) BELIEVE IN SUBORDINATING FRENCH FOREIGN AND SECURITY INTEREST TO A COMMON EUROPEAN POLICY. WHERE THERE ARE NATURAL COMMON INTERESTS, THESE CAN BE CO-ORDINATED. BUT WHERE ONE COUNTRY HAS ITS OWN INTERESTS, IT SHOULD BE FREE TO PURSUE THEM INDEPENDENTLY. NOWITHSTANDING THE GOVERNMENTS FEDERALIST RHETORIC THE GENUINE FEDERALISTS ARE CLEARLY IN A MINORITY.

13. AS TO EMU, SUPPORT FOR A PARALLEL CURRENCY IS HOLDING UP IN THE RPR, BUT A SINGLE CURRENCY CONTINUES TO HAVE THE SUPPORT OF A

MAJORITY.

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AMBASSADE DE FRANCE
LONDRES

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L'AMBASSADEUR

7th June, 1990

already "T'd

Dear Prime Minister

I have just received a letter addressed to you by Monsieur François Mitterrand, Président de la République Française.

Please find it herewith.

Yours faithfully

p.o.

Luc de La Barre de Nanteuil

The Rt. Hon. Margaret Thatcher, MP,
Prime Minister,
10 Downing Street
London SW1A 2AA

LE PRÉSIDENT DE LA RÉPUBLIQUE

Paris, le 30 Mai 1990

Madame le Premier Ministre,

Comme vous le savez, j'ai rencontré Mikhaïl Gorbatchev à Moscou le 25 mai et je veux vous faire part de la teneur des entretiens que j'ai eus avec lui.

Une grande partie du temps a été consacrée aux problèmes devant résulter de l'unification allemande, qui se trouve visiblement au coeur de ses préoccupations.

Le Président Gorbatchev m'a paru ferme et déterminé dans son hostilité à la présence de l'Allemagne unifiée dans l'OTAN. Il laisse même entendre que, mis devant le fait accompli, il serait contraint de modifier son attitude dans de nombreux domaines, notamment sur le désarmement en Europe. Son commentaire vise à rejeter par avance sur les Occidentaux la responsabilité du déséquilibre des forces qui s'en suivrait et donc des tensions à venir.

J'ai fait valoir qu'il n'était pas raisonnable de songer à une solution autre que celle de la participation de l'Allemagne à l'Alliance Atlantique et j'ai indiqué que du côté occidental on ne se refuserait certainement pas à mettre au net les garanties qu'il serait en droit d'attendre pour la sécurité de son pays. Mikhaïl Gorbatchev s'est montré "attentif" à mon exposé.

Madame Margaret THATCHER
Premier Ministre de Grande-Bretagne
LONDRES

.../...

Nous avons également parlé de la Lituanie. A ce propos, je vous remercie de la lettre que vous m'avez adressée après votre entretien avec Madame Prunskiene. M. Gorbatchev se montre prêt au dialogue sans être disposé à céder sur le fond. Il continue d'exiger la renonciation par les Lituaniens à leur vote d'indépendance. Il n'exclut pas, me semble-t-il, une négociation mais après un certain délai.

Dans l'ensemble, Mikhaïl Gorbatchev m'est apparu tout à fait conscient des difficultés de tous ordres qu'il rencontre, mais confiant dans sa démarche.

Je garde un très bon souvenir de notre dernière rencontre à Waddesdon Manor et je me réjouis de vous revoir bientôt à Londres.

Je vous prie d'agréer, Madame le Premier Ministre, l'expression de ma haute considération et de mes fidèles sentiments

François Mitterrand

François MITTERRAND

(2) cc/f

Foreign and Commonwealth Office

London SW1A 2AH

1 June 1990

Dear Charles,

President Mitterrand's Visit to the Soviet Union

Thank you for your letter of 30 May. I enclose a translation of President Mitterrand's message to the Prime Minister.

I am copying this letter and enclosure to Simon Webb (Ministry of Defence).

Yours ever,

(R H T Gozney)
Private Secretary

C D Powell Esq
10 Downing Street

TRANSLATION OF MESSAGE FROM PRESIDENT MITTERRAND TO THE PRIME MINISTER DATED 30 MAY 1990

Dear Prime Minister

As you know, I met Mikhail Gorbachev in Moscow on 25 May, and I should like to inform you of the content of my talks with him.

The problems arising out of German unification are plainly a central preoccupation and these took up a large part of our time together.

President Gorbachev's hostility to a united Germany's membership of NATO struck me as firm and determined. He even hinted that, if he were faced with a fait accompli, he would be forced to modify his position in several areas, notably disarmament in Europe. His remarks are aimed at placing responsibility beforehand on the West for the imbalance in forces which would result from this and thus for future tension.

I stressed that it was not reasonable to think of a solution other than German membership of the Atlantic Alliance and indicated that the West would certainly not refuse to clarify the guarantees for the security of his country which he had a right to expect. President Gorbachev listened carefully to what I had to say on this point.

We also discussed Lithuania. In this context I am grateful for your letter following your meeting with Mrs Prunskiene. Mr Gorbachev showed a readiness for dialogue but no disposition to give way on the essentials. He continues to require the Lithuanians to renounce their vote for independence. He does not exclude negotiations, I think, but not until some time has passed.

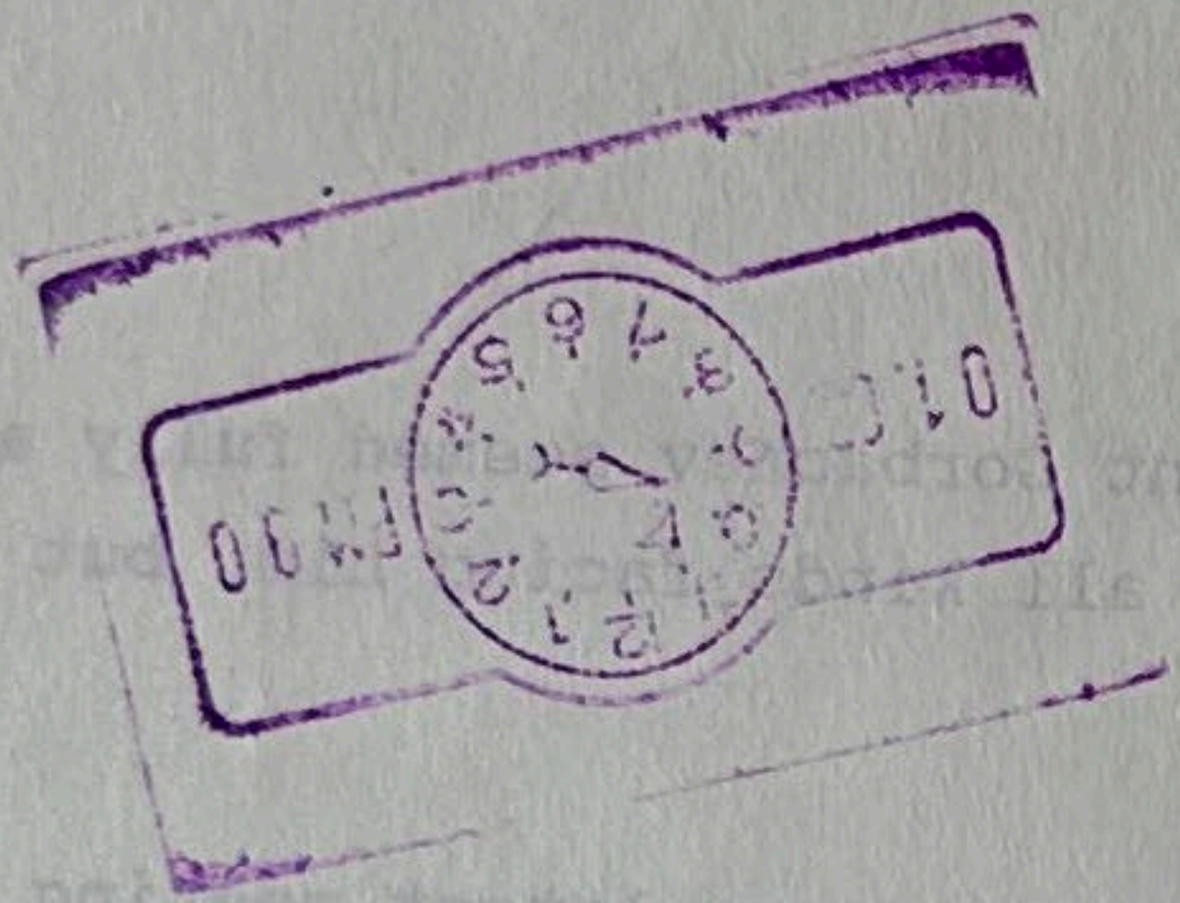
RK4AFZ/1

Overall President Gorbachev seemed fully aware of the difficulties of all kinds facing him, but his manner was confident.

I recall with pleasure our latest meeting at Waddesdon Manor and look forward to seeing you again soon in London.

[Courtesy close]

Francois Mitterrand



10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

30 May 1990

PRESIDENT MITTERRAND'S VISIT TO THE SOVIET UNION

I enclose a copy of a message from President Mitterrand to the Prime Minister about his visit to the Soviet Union. I should be grateful if you could let me have a translation for the Prime Minister.

I am copying this letter and enclosure to Simon Webb (Ministry of Defence).

C. D. POWELL

Richard Gozney, Esq.,
Foreign and Commonwealth Office

SUBJECT cc MASTER
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TRANSLATION OF MESSAGE FROM PRESIDENT MITTERRAND TO THE PRIME MINISTER DATED 30 MAY 1990

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T110B:90

Dear Prime Minister

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I recall with pleasure our latest meeting at Waddesdon Manor and look forward to seeing you again soon in London.

[Courtesy close]

Francois Mitterrand

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ZZ 3Ø15ØØZ
LONDRES DE PARIS

SECRET GOUVERNEMENTAL NR ZZ ØØ1 DU 3Ø MAI 199Ø
FROM : MONSIEUR FRANCOIS MITTERRAND PRESIDENT DE LA REPUBLIQUE FRANCAISE
TO : MADAME MARGARET THATCHER PREMIER MINISTRE DE GRANDE-BRETAGNE

LE PRESIDENT DE LA REPUBLIQUE PARIS, LE 3Ø MAI 199Ø

MADAME LE PREMIER MINISTRE,

COMME VOUS LE SAVEZ, J'AI RENCONTRE MIKHAIL GORBATCHEV A MOSCOU LE 25 MAI ET JE VEUX VOUS FAIRE PART DE LA TENEUR DES ENTRETIENS QUE J'AI EUS AVEC LUI.

UNE GRANDE PARTIE DU TEMPS A ETE CONSACREE AUX PROBLEMES DEVANT RESULTER DE L'UNIFICATION ALLEMANDE, QUI SE TROUVE VISIBLEMENT AU COEUR DE SES PREOCCUPATIONS.

LE PRESIDENT GORBATCHEV M'A PARU FERME ET DETERMINE DANS SON HOSTILITE A LA PRESENCE DE L'ALLEMAGNE UNIFIEE DANS L'OTAN. IL LAISSE MEME ENTENDRE QUE, MIS DEVANT LE FAIT ACCOMPLI, IL SERAIT CONTRAINT DE MODIFIER SON ATTITUDE DANS DE NOMBREUX DOMAINES, NOTAMMENT SUR LE DESARMEMENT EN EUROPE. SON COMMENTAIRE VISE A REJETER PAR AVANCE SUR LES OCCIDENTAUX LA RESPONSABILITE DU DESEQUILIBRE DES FORCES QUI S'EN SUIVRAIT ET DONC DES TENSIONS A VENIR.

J'AI FAIT VALOIR QU'IL N'ETAIT PAS RAISONNABLE DE SONGER A UNE SOLUTION AUTRE QUE CELLE DE LA PARTICIPATION DE L'ALLEMAGNE A L'ALLIANCE ATLANTIQUE ET J'AI INDIQUE QUE DU COTE OCCIDENTAL ON NE SE REFUSERAIT CERTAINEMENT PAS A METTRE AU NET LES GARANTIES QU'IL SERAIT EN DROIT D'ATTENDRE POUR LA SECURITE DE SON PAYS. MIKHAIL GORBATCHEV S'EST MONTRE ''ATTENTIF'' A MON EXPOSE.

NOUS AVONS EGALEMENT PARLE DE LA LITUANIE. A CE PROPOS, JE VOUS REMERCIE DE LA LETTRE QUE VOUS M'AVEZ ADRESSEE APRES VOTRE ENTRETIEN AVEC MADAME PRUNSKIENE. M. GORBATCHEV SE MONTRE PRET AU DIALOGUE SANS ETRE DISPOSE A CEDER SUR LE FOND. IL CONTINUE D'EXIGER LA RENONCIATION PAR LES LITUANIENS A LEUR VOTE D'INDEPENDANCE. IL N'EXCLUT PAS, ME SEMBLE-T-IL, UNE NEGOCIATION MAIS APRES UN CERTAIN DELAI.

DANS L'ENSEMBLE, MIKHAIL GORBATCHEV M'EST APPARU TOUT A FAIT CONSCIENT DES DIFFICULTES DE TOUS ORDRES QU'IL RENCONTRE, MAIS CONFIANT DANS SA DEMARCHE.

JE GARDE UN TRES BON SOUVENIR DE NOTRE DERNIERE RENCONTRE A WADDESDON MANOR ET JE ME REJOUIS DE VOUS REVOIR BIENTOT A LONDRES.

JE VOUS PRIE D'AGREER, MADAME LE PREMIER MINISTRE, L'EXPRESSION DE MA HAUTE CONSIDERATION ET DE MES FIDELES SENTIMENTS

FRANCOIS MITTERRAND

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FROM PRIVATE SECRETARY
SECRETARY OF STATE'S CONVERSATION WITH FRENCH FOREIGN MINISTER
SUMMARY
1. THE SECRETARY OF STATE TELEPHONES DUMAS. DUMAS DESCRIBES RUSSIANS AS VERY EDGY OVER GERMANY. AGREES WITH GENSCHER'S IDEAS ON CFE, INSOFAR AS THEY HAD BEEN EXPLAINED TO HIM. AGREES THAT OFFICIALS OF CLOSE ALLIES SHOULD MEET IMMEDIATELY BEFORE TURNBERRY. DUMAS SAYS POLES STILL UNHAPPY ABOUT BORDER TREATY. THE SECRETARY OF STATE THANKS DUMAS FOR FRENCH HELP IN GABON.
DETAIL
2. THE SECRETARY OF STATE TELEPHONED DUMAS THIS EVENING TO TALK TO HIM AFTER HIS MEETING WITH GENSCHER YESTERDAY (FCO TELNO 368 TO BONN). DUMAS SAID THE RUSSIANS WERE VERY EDGY ABOUT GERMANY AND HE THOUGHT THEY MIGHT BREAK OFF THE CFE NEGOTIATIONS. IN THE CIRCUMSTANCES, DUMAS THEREFORE FAVOURED GENSCHER'S APPROACH TO THE CFE: WE WOULD HAVE TO GO FURTHER THAN WE HAD DONE SO FAR. DUMAS HAD NOT, HOWEVER, HEARD ABOUT THE GERMAN IDEAS IN DETAIL AND AGREED THAT THE CLOSE ALLIES NEEDED TO DISCUSS THEM. WE MUST AVOID WEDGE-DRIVING BY THE RUSSIANS. HE AND THE SECRETARY OF STATE AGREED THAT MINISTERS MIGHT GET TOGETHER IN COPENHAGEN BUT THAT ANYWAY OFFICIALS OF THE CLOSE ALLIES SHOULD CONSULT IMMEDIATELY BEFORE TURNBERRY.
3. POLAND. DUMAS SAID THAT FROM RECENT DISCUSSIONS WITH MAZOWIECKI IT WAS CLEAR THAT THE POLES STILL WANTED A BORDER TREATY TO BE INITIALLED BEFORE UNIFICATION AND WOULD NOT JUST BE CONTENT WITH TWO PARLIAMENTARY DECLARATIONS TRANSMITTED TO THEM BY THE TWO GERMAN GOVERNMENTS. DUMAS HAD TOLD MAZOWIECKI THAT HE WOULD CONSULT THE BRITISH GOVERNMENT. HE TOLD THE SECRETARY OF STATE THAT HE THOUGHT FRANCE AND GERMANY SHOULD SUPPORT THE POLISH POSITION. THE SECRETARY OF STATE SAID THAT HIS IMPRESSION HAD BEEN THAT THE POLES WERE REASONABLY SATISFIED WITH WHAT THE GERMANS WERE PROPOSING BUT DUMAS DENIED THIS.
4. GABON. THE SECRETARY OF STATE THANKED DUMAS FOR FRENCH HELP TO OUR CITIZENS IN GABON. DUMAS SAID WE WOULD HAVE DONE THE

SAME FOR THE FRENCH IN SIMILAR CIRCUMSTANCES. THE SITUATION WAS IMPROVING SOMEWHAT WITH MORE PEOPLE WOUNDED THAN KILLED. HE THOUGHT THERE WAS A REASONABLE CHANCE THAT BONGO WOULD HOLD ON.

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MOSCOW TELNO 994 TO FCO: MITTERRAND'S VISIT TO MOSCOW, 25 MAY

SUMMARY

1. QUAI CONFIRM ACCOUNT IN TUR. THE MAJORITY OF THE TALKS DEVOTED TO GERMAN AND PARTICULARLY UNITED GERMANY'S MEMBERSHIP OF NATO, ON WHICH GORBACHEV MAINTAINED A VERY TOUGH LINE. LESS RIGID, BUT EQUALLY EMOTIONAL, ON LITHUANIA.

DETAIL

2. DANON (DUMAS' CABINET) AND ROUDAUT (HEAD OF QUAI SOVIET DEPT) WHO ACCOMPANIED MITTERRAND TO MOSCOW HAVE CONFIRMED THE ACCOUNT IN TUR. THE VISIT FITTED INTO THE PATTERN OF ANNUAL BILATERAL SUMMITS (GORBACHEV VISITED FRANCE IN JULY 1989). ROUDAUT SAID THAT THE FRENCH HAD BEEN HOPING FOR A TWO-DAY VISIT, BUT SINCE MOSCOW HAD BEEN UNABLE TO OFFER AN APPROPRIATE SLOT BEFORE THE SUMMER, THEY HAD HAD TO SETTLE FOR A HALF-DAY. THE TALKS PLUS LUNCH HAD LASTED 5 HOURS. (LE FIGARO - RIGHT WING - COMMENTED SARCASTICALLY THAT THE BILATERAL LASTED ONLY SLIGHTLY LONGER THAN THE PRESS CONFERENCE).

3. ROUDAUT SAID THAT WHILE GORBACHEV HAD NOT GIVEN THE IMPRESSION OF HAVING HAD HIS BACK TO THE WALL ('AUX ABOIS') HE HAD BEEN TENSE AND EMOTIONAL OVER BOTH GERMAN MEMBERSHIP OF NATO AND LITHUANIA. GERMANY TOOK UP 80 PERCENT OF THE TIME AVAILABLE. GORBACHEV HAD MAINTAINED A VERY HARD LINE INSISTING THAT HE REFUSED TO BE PRESENTED WITH A FAIT ACCOMPLI. THERE WAS AN OBVIOUS LINK BETWEEN THIS ISSUE AND ARMS CONTROL NEGOTIATIONS. IF THE LATTER FAILED, IT WOULD BE THE WEST'S FAULT, NOT HIS. DANON CONFIRMED THAT GORBACHEV HAD MENTIONED AT THE END OF THE TALKS THE POSSIBILITY OF GERMAN MEMBERSHIP OF NATO QUOTE A LA FRANCAISE UNQUOTE, BUT ONLY IN AN ILLUSTRATIVE MANNER TOGETHER WITH OTHER MORE ABSURD IDEAS, SUCH AS JOINT MEMBERSHIP OF NATO AND THE WARSAW PACT. (COMMENT: THE RUSSIANS SEEM TO SEE THE FRENCH POSITION AS MORE DISTANCED FROM NATO THAN IT REALLY IS.) IN RESPONSE, MITTERRAND HAD MAINTAINED THE

LINE THAT UNITED GERMANY WOULD BE IN NATO, SO GORBACHEV SHOULD MAKE THE MOST OF THE OTHER GUARANTEES AND ASSURANCES THAT WERE CURRENTLY ON OFFER. ROUDAUT SAID THAT CFE WAS NOT DISCUSSED IN DETAIL BUT THAT GORBACHEV HAD SAID THAT A 'RUPTURE IN THE PRESENT BALANCE' WOULD MEAN THAT THE CFE COULD NOT REACH A CONCLUSION.

4. THE SOVIET SIDE APPARENTLY PUT QUESTIONS ABOUT MITTERRAND'S PROPOSAL FOR A EUROPEAN CONFEDERATION, AND THE RELATIONSHIP OF THIS WITH THE COMMON EUROPEAN HOME (THE LATTER THEY DESCRIBED AS 'CONCEPTUAL', THE FORMER AS MORE 'LEGAL' (PARA 9 OF TUR) MITTERRAND MAINTAINED HIS VAGUE LINE THAT THE NATURE OF THE CONFEDERATION WOULD BECOME CLEARER AS THE SITUATION IN EUROPE DEVELOPED. BILATERAL QUESTIONS WERE REPORTEDLY DISCUSSED VERY BRIEFLY. THERE WAS A REFERENCE TO THE FRENCH PROGRAMME OF MANAGEMENT TRAINING. (ROUDAUT SAID THAT THE FRENCH WERE WORRIED BY THE LOW STANDARD OF THE CANDIDATES PROPOSED AND THE GENERAL SCEPTICISM OF FRENCH BUSINESS ABOUT GETTING INVOLVED). AN AGREEMENT ON AN EXCHANGE OF CONSULATES IN KIEV AND STRASBOURG WAS SIGNED.

5. DANON SAID THAT GORBACHEV ADOPTED A LESS RIGID (BUT STILL EMOTIONAL) TONE ON LITHUANIA. HE STUCK TO THE LINE THAT HE WAS READY TO NEGOTIATE AS SOON AS LITHUANIA FORMALLY RENOUNCED ITS DECLARATION OF INDEPENDENCE. GORBACHEV HAD BEEN DISMISSIVE OF THE CAPABILITIES OF THE LITHUANIAN LEADERSHIP.

6. THE SOVIET EMBASSY HERE HAVE CONFIRMED TO US BY TELEPHONE THE ESSENCE OF THIS ACCOUNT DESCRIBING THE TALKS AS SIMPLY 'SUBSTANTIAL AND FRANK'. FRENCH PRESS COVERAGE HAS CONCENTRATED ON THE GERMAN ASPECT OF THE TALKS, TO THE EXCLUSION OF ALMOST ALL OTHER TOPICS. THE IMPRESSION HOWEVER IS OF A VISIT OF FORM MORE THAN SUBSTANCE, DRIVEN BY THE PERCEIVED DOMESTIC NEED FOR MITTERRAND TO BE SEEN TO BE ACTIVE ON THE EAST/WEST STAGE AND TO BE GETTING HIS OAR IN BEFORE GORBACHEV'S US VISIT AND THE KIEV MEETING WITH THE PRIME MINISTER.

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VISIT BY PRESIDENT MITTERRAND TO MOSCOW

SUMMARY
1. MITTERRAND TO VISIT MOSCOW AT THE END OF MAY.

DETAIL
1. THERE HAS BEEN RECENT SPECULATION IN THE FRENCH PRESS THAT PRESIDENT MITTERRAND WILL VISIT MOSCOW IN ADVANCE OF THE BUSH/GORBACHEV SUMMIT. THE ELYSEE HAVE CONFIRMED THAT A VISIT IN PRINCIPLE HAS BEEN AGREED FOR THE END OF MAY. ACCORDING TO THE SOVIET EMBASSY, THE MOST LIKELY DATES ARE 24/25 MAY.

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Richard Mottram

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CDS 22/2

ECONOMIC LIBERALISM: WHERE DO THE FRENCH STAND?

Summary

1. The French used to be archetypal interventionists and protectionists (and at one time were admired as such by some in Britain). They have, however, come a long way since a change of course in 1983. Central planning has been abandoned; subsidised credit has dwindled to a trickle; state aids have been cut; capital movements have been liberalised; the financial market has been modernised and liberalised; restrictions on foreign investments have been eased; stock market takeovers have been made easier; prior approval for redundancies is no longer necessary; competition policy has been sharpened up. Public sector managers now have more autonomy than in the past (paras 1-5).

2. There are several reasons for this trend towards greater economic freedom; budgetary pressures, the Single Market programme, EC competition policy, economic self-interest. Above all, underlying attitudes are evolving, a process underpinned by social change and an upsurge of interest in overseas markets (paras 6-11).

3. This is not to say that French policy has become completely liberal. Examples of old style interventionism and protectionism can still be found. Sizeable chunks of the industrial, banking and insurance sectors remain under public control; ministers and officials still think in nationalistic terms and like to direct; French vehicles, textiles, steel, television, footwear and agricultural producers benefit from import restrictions; some of the service sectors and professions are being opened up only slowly and reluctantly (para 12).

4. Many of these remaining restrictions will disappear with the completion of the Single Market, and privatisation will be resumed one day; but mainstream attitudes look unlikely ever to evolve beyond the soft end of liberalism. On the other hand a return to dirigisme looks unlikely (paras 13-17).

5. These changes do not mean France will necessarily seem an easy or congenial place to British businessmen. Yet British exports have a larger share of the French market than of the FRG or US markets, and recently France has been the second largest recipient of British corporate investment after the US (para 18).

6. Conclusions: we should keep in mind how far the French have moved and see EC trade and industrial policy differences in perspective. The rhetoric of a Socialist government will not be liberal, but we may find them ready to work with us against protectionism elsewhere in the EC. We should react to specific examples of anti-competitive practice but avoid throwing stones (para 19).

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The Rt Hon Douglas Hurd CBE MP
Secretary of State for Foreign
and Commonwealth Affairs
LONDON

21 February 1990

Sir

ECONOMIC LIBERALISM: WHERE DO THE FRENCH STAND?

"France's reputation for interventionism is centuries old but now unjustified" - Roger Fauroux, French Minister for Industry, June 1989

1. Not long ago, a Minister in the Foreign Office spoke to me with some envy of the Ecole Nationale d'Administration, the mobility of whose former students helped to bridge the gap between government service and business. In the 1970's many of those who were dismayed by Britain's relatively poor post-War industrial performance, were attracted by the French paradigm. French success in building up their industry after the War suggested that there must be useful lessons from the French industrial policy model, characterised by indicative planning of investment in major industries, the centralisation of credit control and a broad range of support programmes. The Government prompted businessmen (often ex-ENA-trained civil servants) to start up new industries, ensured that capital was available, subsidised

credit, contributed to R&D, subsidised exports, and erected barriers against unwelcome foreign competition. The French concept of "The Plan" carried widespread prestige.

2. Even under Labour governments, and despite the intellectual attraction to many of the French model, there remained a wide gap between British and French approaches. After the May 1979 elections, which moved British policy in a different direction, the gap between our practices and those of the French widened. Monsieur Mitterrand's election in 1981, the Mauroy government's commitment to a strong public sector and the nationalisation programme of 1982 contributed to this.

3. It was only in 1983 that France came to a turning point. Socialist policies, applied to a production system that had been weakened by the oil shocks of 1973 and 1979, unexpected changes in demand for industrial products and the emergence of new industrial nations, had brought on a crisis. Government spending had risen to 48% of GDP, the trade deficit had sunk to FF 90 billion, the Franc had been twice devalued within the European Monetary System in two years. A change of course was decided.

4. This new course has brought France much greater economic freedom. Among the landmarks that have been passed:

- Old-style central planning and indictive targetting have been abandoned. The Ninth Plan (1984-88) prepared by the Socialists in 1983 was short on specifics and was put to one side by the Chirac government in 1986. The tenth Plan (1989-1992), prepared after the Socialists' return to power in May 1988, is little more than a statement of government economic policy. It is not a working document, either for officials or for business.

- Subsidised credit to the corporate sector has dwindled to a trickle. Leaving aside export credits (where subsidies are governed by OECD consensus rules) the cost to government of subsidising interest payments on loans taken out by French industrial companies has shrunk from FF 36 billion in 1984 to FF 2.5 billion in 1989. The only beneficiaries now are small and medium sized companies, many of them in Corsica and France's overseas territories. The government's aim is to eliminate all credit subsidies.

- State aids to the corporate sector have also been cut back, from a high-point in 1984-85 (the result of commitments made in the 1981-83 period). Some British industrialists seem convinced that their French competitors get a much better deal than themselves (eg Sir Robert Haslam of British Coal who has recently talked about "huge subsidies" to the French nuclear industry). Seen from here there is not much evidence of this. The only industries now

in receipt of operating subsidies are the coal industry (FF 3 billion approximately in 1989) and the shipbuilding industry (just over FF 1 billion in 1989). The main emphasis is on support for civil R&D (FF 17 billion in 1989) as opposed to equity injections into public sector industrial groups (FF 4.1 billion in 1989) or regional and small and medium sized business support (FF 4 billion approximately in 1989). Total spending last year, excluding aids to exporters, was probably not very different from that of the United Kingdom where in 1988-89 central government spent over £ 2 billion on sectoral, regional and general industrial support and around £ 1 billion on the advancement of technology.

- Capital movements have been liberalised progressively. The process began in 1986. The last remaining exchange controls were lifted on 1 January 1990.

- The French financial market has been modernised and liberalised. Investment banking has boomed thanks to the lifting of credit controls in 1984, the 1986-88 privatisation programme, and a surge in mergers and acquisitions activity. Foreign owned banks have been able to win a good share of this business. French stockbroking firms have now been opened up to foreign capital, fixed commissions have been abolished and limited market-making has been introduced. Futures and options markets have been established and are flourishing.

- Restrictions on foreign investments in France have been progressively eased, most recently in September 1988 and January 1990. No prior authorisation is required for green-field investments, and apart from three reserved sectors (defence, public order and public health) established European Community companies can now acquire French companies without obtaining prior authorisation from the Ministry of Finance, while for non-European Community companies the Ministry has only one month to withhold authorisation. In 1988 United Kingdom acquisitions in France were worth £ 934 million and involved 56 different deals. From mid-1987 to end 1988, 3000 non-European Community companies sought permission to acquire French companies: fewer than a dozen were refused. Even the Japanese are generally welcome. More than 60 Japanese companies now have industrial plants in France and an effort is being made to attract more. The public attacks on the Japanese by the Minister for European Affairs, Madame Edith Cresson, give a false impression of government policy, though her main target, the vehicles sector, is a special case (see below).

- Stock market rules on takeovers have been clarified, some barriers have been removed, and hostile takeovers have become a feature of the French market. Various barriers remain, eg golden shares in comapnies privatised between 1986-88, defensive cross-shareholdings and double voting rights. But a study of European Community markets commissioned from Coopers and Lybrand showed that France was at the more open end of the spectrum, well ahead of the Germans and Dutch.

- A requirement that employers seek prior authorisation for redundancies was scrapped by the Chirac government and has not been reintroduced by the Rocard government.

- A new competition law was enacted at the end of 1986 and competition policy has been sharpened up. A Competition Council imposed fines of FF 358 million in 1989. In recent months, two cartels involving companies bidding for public interest contracts have been exposed and heavy fines imposed. It has been made clear that action against anti-competitive agreements and abuses of monopoly power is regarded as an essential feature of economic policy.

5. The nature of government's relations with public sector managers has changed too. Public sector managers now have greater autonomy than they did in the past. The government's policy is to encourage them to run their companies as though they were commercial enterprises. They are required to agree general strategies with Ministers and to operate on the basis of a corporate plan which includes manning, financial and investment targets. Government does not, however, interfere in day-to-day management. Monsieur Alan Gomez of Thomson has made this point forcibly to me (though "he would, wouldn't he"). A strong and confident personality at the head of a public

sector group, as most of them are, can set the pace in his dealings with Ministers, in the knowledge that a good case will generally find acceptance. Moreover political affiliations have ceased to count for much; only two of the Chairmen appointed by the Chirac government have been ousted since the Socialists returned to power; several others have been reappointed. That said, there is little doubt that public sector companies do not have quite the same freedom of action as those in the private sector, notably in the area of fund-raising or where rapid decision-making may be desirable.

6. What lies behind this trend towards greater economic freedom? One important factor has been the pressure to cut back government spending to which government has felt subject. Since 1983 reducing the burden of taxation, particularly on the corporate sector, and settling the PSBR at non-inflationary levels, have been cardinal objectives of French macroeconomic policy, the aim being to keep the Franc pegged to the DM and to improve the competitiveness of French producers.

7. More recently, the pressure exerted by the liberal Single Market programme, and by the more vigorous competition policy which the Commission has pursued, has been important. Though French Ministers and officials may fight hard in individual instances to adulterate or delay the coming

into effect of new proposals, they do so in the knowledge that in the last analysis President Mitterrand requires the political commitments made in the Single European Act to be honoured. The French record on implementation, nearly as good as our own, bears this out. In the field of state aids, a ruling made by Monsieur Rocard in the autumn of 1988 requires a 'transparency' in dealings with the Commission that was not always a feature of the French approach.

8. Economic self-interest is a third factor. The liberalisation of the French financial market is the prime example. The aim has been to improve the terms on which French business can gain access to capital and to turn Paris into a major (invisibles earning) financial centre. The logic of the easing of restrictions on foreign investments is to create new employment and to compensate for possible outflows of French capital following capital movement liberalisation. The sharpening up of competition policy reflects an awareness that liberalised markets require tough and attentive regulation (cf our own monopolies and mergers policy).

9. Beyond all this, underlying attitudes are evolving. Leaving aside the Left of the Socialist Party and the Communists, where thinking continues to be influenced by Hegelian and Marxist ideas, there is now a greater

readiness among politicians, senior officials and leading businessmen to believe that it is in French interests for economic policy to be based on more liberal principles than in the post-War period. Doubts about interventionism were sown by the failure of French policy between 1973 and 1983. The impact of liberal policies on the United States and United Kingdom economies has been noted. Above all, it is increasingly recognised that opening up the French economy to outside forces is essential to its health and dynamism. The broad political base of this emerging orthodoxy helps explain why the trend towards liberalism began and has continued under Socialist governments, notwithstanding that it gathered pace between 1986 and 1988 when Monsieur Chirac was Prime Minister and several members of the radically free-market Parti Republicain were in his government.

10. The process is underpinned by social change. Among the under-40s esteem for the entrepreneur has grown at the expense of the civil servant. Many of the young flyers who join the Civil Service after graduating from ENA or the Ecole Polytechnique now do so only to qualify for membership of a useful club (which is what the elite 'corps d'Etat' are). They often leave for the private sector once this aim has been achieved. There they find a new type of French businessman who has been to business school, studied in the United States and travelled the

world, who is less wary of foreign competition than preceding generations, more confident of his ability to handle the consequences of liberalism. Indeed to this younger generation liberal economic policies seem the natural order of things in a way that they did not to the post-War generations. They have acquired a taste for business. Moreover the prestige of the ENArque in industry is in decline. Those moulded in a pattern evolved for the purpose of centralised government direction have the reputation, whatever their intellectual abilities, of being slow to adapt to modern entrepreneurial skills, marketing, risk-taking and the competitive instincts likely to be at a premium in the Single Market after 1993.

11. Further underpinning is provided by an upsurge in interest in overseas markets on the part of French industrialists. A recent survey of thinking in the board-rooms of 300 major French companies revealed that 95% of them believed that their main strategic objective must be to develop their activities outside France. The net figure of direct overseas investments in 1988 was FF 76.1 billion. Between January and June 1989 French acquisitions in other European Community states were worth more than any other single country's acquisitions in those states. French industrial and service sector acquisitions in the United States in 1989 are thought to have been worth US$ 6 billion, 50% up on 1988, and only 4 billion below the corresponding Japanese figure.

12. It is time to look at the other side of the picture. To say that the French economic policy has become more liberal is not to say that it has become completely liberal. Examples of old style interventionism and protectionism can still be found:

- sizeable chunks of the industrial, banking and insurance sectors remain under public control. The privatisation programme launched by Monsieur Chirac and his Finance Minister, Monsieur Balladur, was abandoned in May 1988. President Mitterrand's by now famous ruling that there were to be no further privatisations or re-nationalisations until the completion of the Single Market (ie before 1993) was designed to limit the risk of damaging doctrinal squabbles within the Socialist camp. However, it has had the effect of ensuring that a significant part of the French economy remains off limits to foreigners, and gives the companies concerned the benefit of an implicit state guarantee.

- Though the national plan has become a dead letter, Ministers and officials still like to think in terms of market share goals for specific industrial and service sectors and of national champions. They have proprietorial feelings towards large French companies, private as well as public sector, that are generally absent in the United States or the United Kingdom. Their instinct if a company

like CGE or Peugeot-Citroen were to be the object of a hostile takeover would be to attempt to block it, though it is not to be excluded that liberal principles would end up dominant (once the EC Merger Control Regulation is in force there should be little they can do). They have close links with the business community that can compensate for the absence of formal powers. Even now most leading bankers and industrialists were once civil servants, went to the same schools as Ministers and officials, especially the Ecole Nationale d'Administration, and share their values and outlook. They seem to me to be more responsive to direction than their Anglo-Saxon counterparts; and it occurs to the French Government to direct in a way that would not seem easily thinkable to British Ministers. When Monsieur Chirac was Prime Minister and British Airways' purchase of a new generation of aircraft was at issue, he found it impossible to understand that Lord King, at the head of a recently privatised company, could not be "influenced" by the Prime Minister to buy Airbus. If she did not pick up the telephone, it could only be because she lacked the political will.

- There are still a number of sectors in which French producers are protected from non-European Community competition by import restrictions and local content requirements for inward investments. The instinct to protect the producer rather than the consumer remains strong. The vehicles

sector is the prime example. Japanese car producers are allowed only 3% of the French market, and have been told that they must achieve a local content of 80% at or shortly after start-up if they want to build plants in France. Even the Minister for Industry, Monsieur Fauroux, one of the most liberal members of the present government, considers the vehicles industry a special case. For the best part of a year the French tried to enforce a ruling that UK-made Nissan Bluebirds should count as Japanese until a European Community content of 80% was achieved. They are arguing for continuing restrictions on Japanese imports into the European Community well beyond the date when we are content to abandon our own Voluntary Restraint Agreement with the Japanese producers. The other economically important sectors where French producers continue to benefit from import restrictions are textiles (under the Multi-Fibre Arrangement), steel (under a European Commission-administered VRA system), television (specific QR's) and footwear (specific QR's) and agriculture (under the Common Agricultural Policy).

- As in every other major economy, government authorities and publicly owned service providers have tended to discriminate against foreign suppliers in their purchasing practice. Transport, power, telecoms and defence equipment are the principle sectors concerned. At the sub-assembly and component level, however, British companies have been able to supply without restriction.

- In some of the service sectors and the professions there has been little evidence of readiness to open up the domestic market to foreign competition any faster than necessary under the Single Market programme. Some notable rear-guard battles against liberalisation in the transport and telecommunications sectors have been fought in Brussels. Our auctioneers have so far found themselves banned from holding public auctions in France by a provision in French law which reserves this activity for members of an official corps, the commissaires-priseurs. Our ski instructors have recently encountered a reluctance to recognise the qualifications issued by the Ski Club of Great Britain. Our estate agents can only go into business in France if they have acquired certain French academic qualifications or worked for a certain period for their French counterparts. British lawyers in Paris are currently threatened by a reform of the French legal profession that would require them to qualify for entry into the French profession even if they are intended only to advise on English or EC law.

13. Many of these remaining restrictions will disappear with the completion of the Single Market (eg through mutual recognition of qualifications and public purchasing directives). A resumption of the privatisation programme seems a certainty as and when the Right next forms a government (but "when" could be some time away) and may even happen on an ad hoc

basis under a Centre-Left government after 1993. There is undoubtedly a limit to how far attitudes will evolve. It is hard to see a majority of French politicians and officials ever abandoning a nationalistic way of thinking about the French economy: it is a habit of thought that is deeply ingrained, part of their mental tradition. They will retain protectionist instincts - and will find it difficult to accept the logic of extending free access to European Community markets so long as their major competitors include those who restrict access to their own markets.

14. Not only Socialists but also many reared in the Catholic tradition in the Centre and on the Right will remain uneasy about the central position of the profit motive in economic liberalism and doubtful whether there is anything intrinsically fair about the market-place. There is a centuries-old mistrust for capitalism ("usury" or "money which corrupts" to quote President Mitterrand). They will see a greater need for interference and regulation than would be acceptable to the free-marketeer. French theoreticians point out that the most successful economies of the post-War period, Japan and the FRG, have been run on anything but free-market principles: they suggest that France should seek to steer a middle-course between the Japanese and Anglo-Saxon models. Businessmen continue to be susceptible to the charms of collaboration in preference to competition. Monsieur Beffa of St Gobain once spent an evening arguing with me about

the way the British Government tolerated takeover bids. In short, the soft end of liberalism is probably about as far as mainstream opinion in France will get.

15. On the other hand a return to dirigisme looks equally unlikely. Even were opinion to swing back in favour of it, policy makers would find themselves subject to a number of constraints. It must be doubtful, for instance, whether the civil service is still capable of playing the role it did in the post-War period. It has 'een weakened by the decline in prestige referred to above. Key posts continue to be filled by top quality people but most Ministries now lack strength in depth and there are some signs of demoralisation. Secondly the decentralisation process that began in 1982 has reduced central government's right to intervene. Regional and local governments are jealous of their new-found powers. Dependent for their own careers on local power bases national politicians will be reluctant to take them on.

16. Thirdly, many of the traditional weapons in the armoury of the interventionist are no longer available to French policy-makers or will shortly become unuseable. Controls on capital, state aids, the blocking of takeovers, quantitative restrictions, the reserving of professions for nationals: the Single Market programme is rendering these instruments of policy obsolete or handing control over their use to

the Commission - which, since the appointments of Herr Bangemann and Sir Leon Brittan, they no longer perceive as an ally. There has certainly been more to French liberalism since 1983 than simply putting a good face on changes rendered inevitable by their political commitment to the Single Market; but undoubtedly European Community obligations would limit their options if ever they were tempted to go into reverse.

17. Finally, French indus rialists and service providers, as they expand overseas, have an increasing stake in ensuring that foreigners can enjoy access to the French market. They know that the sword of reciprocity which they brandish so frequently in their dealings with the Japanese and others could be turned against them if the barriers were to go up again.

18. None of this means that British businessmen will necessarily find France an easy or congenial place to do business. For the time being, employer social benefits contributions and corporate tax rates look set to remain higher than in the United Kingdom. The French place less of a premium on good humour and friendliness in business contacts. Fewer French businessmen speak English than an English businessman might wish, though more and more are doing so better and better. The retail distribution system is more fragmented than in the United Kingdom. It will take a long time for liberalism to permeate the thinking of many of the minor officials with whom foreigners

have to deal. These difficulties will no doubt continue to make many feel that they are unwelcome here and will fuel a belief that little has changed. But impressions can be misleading. British non-oil exports to France grew by over 20% in 1989, and from an already strong base. British exports to France in 1987 and 1988 represented 1.44% and 1.55% respectively of French GDP. Measured in these terms the French market is more open to our goods than either the German (1.37% and 1.41%) or the American (0.4% and 0.39%) markets. And in recert years France has been the second largest recipient of British fixed corporate investment after the United States.

Conclusions

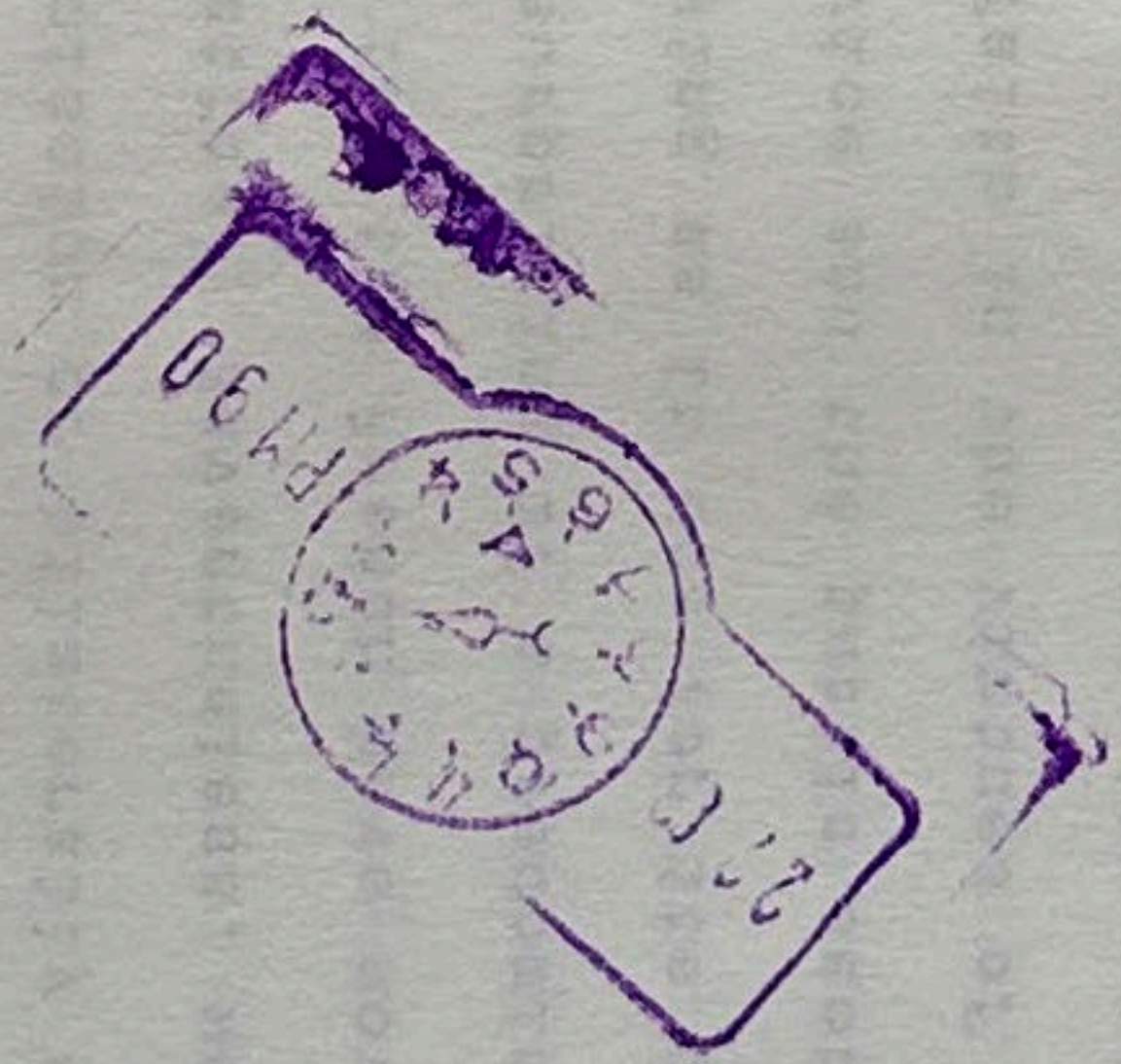
19. Few French are radical free-marketeers, and there are still many examples of interventionism and protectionism in France. But there has been a pronounced trend towards liberalism in recent French policy, and France is now relatively open to foreigners wishing to sell, invest or practise here, probably more open than several other members states of the European Community, and certainly more open than Japan and most of the Newly Industrialising Economies. When we differ on trade or industrial policy issues in brussels, as we shall undoubtedly continue to do in the period ahead (for instance on policy towards Japanese car imports, air services liberalisation and the role of central authorities in ensuring the development

of pan-European infrastructure networks) these differences should be seen in perspective. We should continue to apply pressure for the removal of the restrictions that remain, and we need never hesitate to take up with the Commission or bilaterally examples of anti-competitive practice. Nevertheless, we need also to keep in mind how far the French have moved in recent years. It would be surprising if a predominantly Socialist government, relying as it dos for its political support on the Civil Service and the public sector were to make public professions of faith in the virtues of economic liberalism. Yet they are not at the opposite end of the spectrum from us and we are likely to find that they are increasingly ready to work with us against protectionism elsewhere in the Community, eg barriers to takeovers in the FRG and state aids in Italy. Nor are they always the obvious target for our attacks. Above all, we should not throw stones if we ourselves are vulnerable.

20. I am sending copies of this despatch to the Chancellor of the Exchequer, the Secretary of State for Trade and Industry, Her Majesty's Ambassadors at Washington, Tokyo, Bonn, Rome, Madrid, Brussels and The Hague, to the United Kingdom Permanent Representatives to the EC and OECD, to Charles Powell at No 10 and to the Governor of the Bank of England.

I remain, Sir
Yours faithfully

Ewen Fergusson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PARIS TELNO 140:FRANCE/US:DUMAS/BAKER MEETING

1. THE FRENCH FOREIGN MINISTER AND THE US SECRETARY OF STATE HAD BREAKFAST TOGETHER AT DAWN AT SHANNON AIRPORT ON 6 FEBRUARY.I UNDERSTAND FORM THE FRENCH EMBASSY THAT THE FOLLOWING WERE THE MAIN POINTS TO EMERGE.
A. MR BAKER AGREED TO THE HOLDING OF A CSCE SUMMIT THIS YEAR,PROVIDED ONLY THAT A CONVENTIONAL DISARMAMENT AGREEMENT COULD BE SIGNED AT IT.M DUMAS PUBICLY WELCOMED AMERICAN AGREEMENT AND ENVISAGED A SUMMIT IN OCTOBER OR NOVEMBER.THE DCM COMPLAINED TO ME IN TTHE PRESENCE OF HIS SOVIET COLLEAGUE THAT THE EUROPEAN COMMUNITY HAD GIVEN THE AMERICANS NO OPTION.
B. GERMAN REUNIFICATION HAD BEEN DISCUSSED AT LENGTH BUT THE FRENCH WERE RETICENT ABOUT IT.THE TWO MINISTERS SEEM TO HAVE ACCEPTED THAT REUNIFICATION WAS INEVITABLE BUT AGREED ON THE NECESSITY FOR FINDING 'NEW ELEMENTS OF STABILITY IN EUROPE',AN ORDERLY CALENDER OF EVENTS AND PROPER CONSULTATION OVER THE RIGHTS OF THE FOUR ALLIED POWERS:
C. OPEN SKIES.BAKER ACCEPTED THE FRENCH PROPOSAL THAT THE 12 EUROPEAN NEUTRAL AND NON-ALIGNED NATIONS SHOULD ATTEND THE OTTAWA CONFERENCE AS OBSERVERS:
D. EBRD.MR BAKER MAINTAINED HIS OPPOSITION TO SOVIET ACCESS TO EBRD LOANS-APPARENTLY NOT ON THE GROUND THAT THE SOVIET UNION WAS A BOTTOMLESS PIT,BUT BECAUSE IT HAD NOT YET TAKEN THE NECESSARY STEPS TOWARDS A MARKET ECONOMY:
E. EC/US.BAKER ASKED DUMAS TO THINK AGAIN ABOUT FRENCH RESISTANCE TO NEW STRUCTURES FOR EC/US RELATIONS.THESE WERE AN AMERICAN REQUIREMENT AND INDISPENSIBLE FOR THE HARMONIOUS MANAGEMENT OF HISTORIC CHANGE.

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FRANCE/FRG : MITTERRAND/KOHL MEETING

SUMMARY
1. MEDIA REPORTS SUGGEST AN AMIABLE BUT INSUBSTANTIAL MEETING. AGREEMENT ON ACCELERATING EC INTEGRATION. KOHL POLITE ABOUT MITTERRAND IDEAS ON EUROPEAN CONFEDERATION, NON-COMMITTAL ON 1990 CSCE SUMMIT.

DETAIL
2. CHANCELLOR KOHL AND PRESIDENT MITTERRAND MET INFORMALLY AT MITTERRAND'S HOUSE IN THE LANDES (SW FRANCE) ON 4 JANUARY. ACCORDING TO PRESS REPORTS THEIR DISCUSSIONS CONCENTRATED ON EAST/WEST RELATIONS AND THE FUTURE OF EUROPEAN SECURITY AND POLITICAL INSTITUTIONS. JUDGING FROM WHAT THEY TOLD THE MEDIA, THE ATMOSPHERE WAS GOOD. KOHL SAID THAT THE FRANCO-GERMAN COUPLE WOULD HAVE AN EVEN MORE DECISIVE ROLE IN THE 1990'S THAN IN THE 1980'S NOTABLY IN ACCELERATING EC INTEGRATION.

3. KOHL EXPRESSED POLITE INTEREST IN MITTERRAND'S IDEA FOR A EUROPEAN CONFEDERATION (MY TELNO 2) QUOTE AN INTELLIGENT PROPOSAL UNQUOTE. MITTERRAND SAID THAT IT WAS NECESSARY TO GIVE THE DEMOCRATIZING EAST EUROPEAN COUNTRIES QUOTE A EUROPEAN PERSPECTIVE UNQUOTE BUT THE EC COULD NOT EXPAND INDEFINITELY. THE CONFEDERATION IDEA WAS A LONG-TERM PROPOSAL. HE SAID THAT A DEMOCRATIC SOVIET UNION COULD BE PART OF THE CONFEDERATION.

4. MITTERRAND AND KOHL INSISTED THAT A EUROPEAN CONFEDERATION WAS QUITE SEPARATE FROM THE QUESTION OF GERMAN UNIFICATION, AND MITTERRAND POINTED OUT THAT KOHL HAD NEVER SPOKEN OF A GERMAN CONFEDERATION. KOHL CONFIRMED THAT HE HAD NOT CONSULTED PARTNERS BEFORE PRESENTING HIS TEN-POINT PLAN: QUOTE THIS IS A GERMAN MATTER. HOWEVER YOU CAN BE CERTAIN THAT MY PROPOSAL CORRESPONDS TO THE SPIRIT OF FRANCO-GERMAN FRIENDSHIP AND CO-OPERATION UNQUOTE. HE SAID THAT THERE WAS A JUSTIFIED FEAR OF REUNIFICATION BUT THERE WAS ALSO

AN ARTIFICIALLY NOURISHED FEAR. PATIENCE AND A MEASURED STEP-BY-STEP APPROACH WERE NEEDED. HE SAW NO CONTRADICTION BETWEEN PROGRESS TOWARDS A MORE INTEGRATED EC, A WIDER EUROPE AND A REUNIFIED GERMANY. MITTERRAND STRESSED THAT FOR FRANCE THE ESSENTIAL POLITICAL TASK IN EUROPE WOULD REMAIN THE DEVELOPMENT OF THE EC, IE A STRENGTHENING OF ITS STRUCTURE AND THE ACHIEVEMENT OF A SHARED POLITICAL WILL.

5. MITTERRAND AGAIN DISTINGUISHED BETWEEN THE INNER-GERMAN BORDER AND EUROPE'S INTANGIBLE NATIONAL FRONTIERS: THE FORMER COULD BE SETTLED BY GERMAN SELF-DETERMINATION.

6. CSCE SUMMIT. ASKED WHETHER HE SUPPORTED MITTERRAND'S PROPOSAL FOR A CSCE SUMMIT MEETING IN PARIS IN 1990, KOHL SAID THAT SUCH A SUMMIT WOULD NEED CAREFUL PREPARATION: QUOTE I SHALL GIVE MY AGREEMENT, INCLUDING ON THE LOCATION OF THE MEETING, WHEN ALL IS CLEAR, BECAUSE WE CANNOT ALLOW OURSELVES A FAILURE. UNQUOTE

COMMENT

7. THE FRENCH WILL HAVE BEEN PLEASED AGAIN TO HEAR KOHL SAYING THE RIGHT THINGS ON EC INTEGRATION BUT THEY MAY HAVE BEEN A LITTLE DISAPPOINTED NOT TO HAVE OBTAINED HIS ENDORSEMENT OF THE PARIS CSCE SUMMIT PROPOSAL AND MORE EXPLICIT APPROVAL OF MITTERRAND'S IDEAS ON EUROPEAN CONFEDERATION. ON THE CONFEDERATION, KOHL SEEMS TO HAVE WANTED RE-ASSURANCE THAT IT WAS NOT A SCHEME DESIGNED TO COMPLICATE AND DELAY GERMAN UNIFICATION: MITTERRAND WAS AGAIN ABLE TO INSIST THAT HE DID NOT SEEK TO BE A BRAKE ON THE GERMANS.

8. WE HOPE TO GET A READ-OUT FROM THE ELYSEE EARLY NEXT WEEK.

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MY TELNO 496: VISIT BY PRESIDENT MITTERRAND TO EAST BERLIN AND THE GDR: 20-22 DECEMBER

SUMMARY

1. MITTERRAND RAISES FRANCE'S PROFILE AS A MAJOR PLAYER IN THE EVENTUAL SOLUTION OF THE GERMAN QUESTION.

DETAIL

2. ON 21 DECEMBER THE FOLLOWING BILATERAL AGREEMENTS WERE SIGNED:

- A GOVERNMENT PROGRAMME ON ECONOMIC INDUSTRIAL AND TECHNICAL COOPERATION FOR THE PERIOD 1990-94 (BY EXTERNAL ECONOMIC RELATIONS MINISTERS BEIL AND RAUSCH)

- ON AVOIDANCE OF DOUBLE TAXATION (BY GDR FINANCE MINISTER FRAU NICKEL AND FOREIGN MINISTER DUMAS)

- ON ENVIRONMENTAL COOPERATION (BY GDR ENVIRONMENT MINISTER REICHELT AND DUMAS)

- ON YOUTH EXCHANGES (FOREIGN MINISTERS)

- ON FUTURE ARRANGEMENTS FOR THE WORK OF CULTURAL CENTRES AND AN EXCHANGE OF LETTERS ON THE OPENING OF NEW CENTRES IN BOTH COUNTRIES. AT PRESENT THERE ARE CENTRES IN EAST BERLIN AND PARIS: IN LEIPZIG, MITTERRAND INDICATED THAT THE FRENCH INTENDED TO OPEN A NEW CENTRE THERE. DRESDEN, TWINNED WITH STRASBOURG, IS ANOTHER CANDIDATE.

3. MITTERRAND MADE A FIVE-HOUR VISIT TO LEIPZIG ON 21 DECEMBER WHERE HE VISITED THE (KARL MARX) UNIVERSITY AND, ACCOMPANIED BY THE FAMOUS CONDUCTOR PROFESSOR KURT MASUR, VISITED THE GEWANDHAUS, AND BOTH THE THOMAS CHURCH (WHERE J S BACH WORKED FOR MANY YEARS) AND THE NIKOLAIKIRCHE (THE WEEKLY MEETINGS THERE

TO PRAY FOR PEACE WERE SIGNIFICANT IN LAUNCHING THE GDR'S PEACEFUL REVOLUTION).

4. IN LEIPZIG MITTERRAND SAID THAT GERMANS IN BOTH STATES MUST DECIDE ON GERMAN UNITY FOR THEMSELVES, IN FREE ELECTIONS., TAKING INTO ACCOUNT HOWEVER, THE EUROPEAN BALANCE. FRANCE WOULD NOT THEN OPPOSE GERMAN UNITY AND WOULD ALWAYS BE ON THE SIDE OF THE PARTY OF FREEDOM. HOWEVER POST-WAR REALITIES COULD NOT BE ERASED AT A STROKE. IT WAS NECESSARY TO BRING FORWARD GERMAN AND EUROPEAN UNITY TOGETHER. THE EUROPEAN COMMUNITY WOULD HAVE TO STRENGTHEN ITSELF TO INVOLVE EVERYBODY IN THE GERMAN QUESTION. AT HIS PRESS CONFERENCE ON 22 DECEMBER IN BERLIN HE SAID: JE NE SUIS PAS DE CEUX QUI FREINENT. [I am not one of those who is putting on the brakes]

5. MITTERRAND, WHOSE MAIN PUBLIC ENGAGEMENT IN LEIPZIG WAS A MEETING WITH OVER A THOUSAND STUDENTS, WAS ASKED ABOUT VISAS. HE EXPRESSED HIMSELF AMBIGUOUSLY BUT IN FAVOUR OF EARLY NEGOTIATIONS ON ABOLITION ''WITHIN THE FRAMEWORK OF THE EUROPEAN HOUSE''.

6. THE SIGNING OF THE AGREEMENTS AND THE VISIT TO LEIPZIG WERE PRECEDED BY A WORKING BREAKFAST WITH PRIME MINISTER MODROW. ON HIS RETURN FROM LEIPZIG, MITTERRAND HAD AN (EXTENSIVE ACCORDING TO NEUES DEUTSCHLAND (ND)) EXCHANGE OF VIEWS WITH SED-PDS CHAIRMAN GREGOR GYSI, BEFORE HOSTING A RECEPTION (WHICH I ATTENDED) FOR ABOUT A THOUSAND PEOPLE REPRESENTING THE ''POLITICAL, ECONOMIC AND CULTURAL LIFE'' OF THE GDR.

7. THE FRENCH AMBASSADOR GAVE A COMMUNITY BRIEFING (FULL REPORT BY BAG) ON 22 DECEMBER. MME TIMSIT'S ACCOUNT WAS UNUSUALLY INTERESTING ALTHOUGH NO FUNDAMENTALLY NEW POINTS EMERGED. MITTERRAND HAD COME TO LISTEN AND LEARN. HE WANTED TO GUAGE THE MOOD OF THE PEOPLE AND DECIDE FOR HIMSELF HOW BEST FRANCE COULD BE INVOLVED. THE AGREEMENTS SIGNED COVERED AREAS OF GREATEST OPPORTUNITY. MITTERRAND THOUGHT CULTURAL AND YOUTH EXCHANGES WERE A VERY HIGH PRIORITY. HE HAD SPONTANEOUSLY INVITED A THOUSAND YOUNG PEOPLE TO VISIT FRANCE IN 1990 AS GUESTS OF THE FRENCH GOVERNMENT. ARRANGEMENTS WOULD NOW BE MADE CONCENTRATING ON THE STUDENTS IN LEIPZIG WHO HAD IMPRESSED MITTERRAND WITH THEIR INTEREST IN FOREIGN COUNTRIES. MITTERRAND THOUGHT THAT THE POLITICAL SITUATION WAS VOLATILE. INTELLECTUALS OPPOSED TO GERMAN UNITY WERE TRYING TO STAGE A COUNTER REVOLUTION VIA A REFORMED SED-PDS.

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8. ALTHOUGH BOTH SIDES WANTED TO EXPAND TRADE AND ECONOMIC COOPERATION (AND MITTERRAND HAD BEEN ACCOMPANIED BY CAPTAINS OF INDUSTRY) THE GDR WOULD HAVE TO DECIDE ON A NEW LEGISLATIVE FRAMEWORK BEFORE FRENCH COMPANIES WOULD COMMIT THEMSELVES. DEPUTY PRIME MINISTER LUFT SEEMED FIXED ON 49 PER CENT ONLY FOR FOREIGN COMPANIES BUT BEIL SEEMED PREPARED TO BE FLEXIBLE. THERE HAD BEEN NO AGREEMENTS ON CREDIT.

COMMENT

9. MITTERRAND'S OBJECTIVE WAS TO ASSERT FRANCE'S ROLE AS A MAJOR PLAYER IN CENTRAL EUROPE, IN PARTICULAR OVER THE SOLUTION OF THE GERMAN QUESTION. HIS TIMING IMMEDIATELY AFTER KOHL'S VISIT TO DRESDEN IN THE LAST MONTH OF THE FRENCH EC PRESIDENCY WAS GOOD. HE HAS RAISED THE FRENCH PROFILE HERE SUBSTANTIALLY. THE CONCLUSION OF AN ECONOMIC COOPERATION AGREEMENT FOR 1990-94 SUGGESTS THAT THE FRENCH EXPECT THE GDR TO EXIST AS A STATE AT LEAST THAT LONG. THIS, TOGETHER WITH HIS VISIBLE SUPPORT FOR GERLACH, MODROW AND GYSI, WILL BE A SOURCE OF COMFORT TO ALL THOSE WHO WANT TO PRESERVE THE GDR AS A SEPARATE STATE. ND'S HEADLINE ON 22 DECEMBER IS ''GDR AND FRANCE AND THEIR RESPONSIBILITY FOR THE EUROPEAN BALANCE OF POWER''. IN LEIPZIG, MITTERRAND SALUTED THE PLACE (NIKOLAI CHURCH) WHERE THE PEACEFUL REVOLUTION STARTED, AND IN PARTICULAR KURT MASUR WHO (IT IS NOW CLEAR) MORE THAN ANYONE ELSE PREVENTED A BLOODY REVOLUTION BREAKING OUT ON 9 OCTOBER. IN A SKILFUL EVOCATION OF GREAT GERMAN CULTURAL FIGURES CONNECTED WITH LEIPZIG AT THE TIME OF THE FRENCH REVOLUTION (GOETHE, LESSING AND FICHTE), MITTERRAND SET OUT FRANCE'S POSITION ON GERMAN UNITY. FRANCE WOULD NOT OPPOSE ITS ACCOMPLISHMENT AFTER FREE ELECTIONS (IE AFTER 6 MAY 1990) PROVIDED THAT THE INTERESTS OF OTHER PEOPLES IN EUROPE WERE TAKEN INTO ACCOUNT. I THINK HE SEES A CSCE CONFERENCE IN LATE 1990 IN PARIS AS THE SETTING FOR ESTABLISHING THE NEW ERA.

Why not UK?

10. THE GUESTS AT MITTERRAND'S RECEPTION WERE MAINLY PEOPLE FROM CIRCLES WHICH FAVOUR A SEPARATE GDR (THE CULTURAL AND RELIGIOUS COMMUNITIES, ESTABLISHED POLITICAL PARTIES, AND INTELLECTUALS IN THE NEW OPPOSITION GROUPS). SED-PDS CHAIRMAN GYSI (WHO KNOWS FRANCE WELL) TOLD ME IT HAD BEEN A VERY GOOD VISIT. ON THE OTHER HAND I SEE THAT MITTERRAND IS ATTRACTING PRAISE FROM WEST GERMAN POLITICIANS WHO FAVOUR EARLY REUNIFICATION. THIS IS PERHAPS THE MEASURE OF HIS SUCCESS.

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FRENCH FOREIGN POLICY : MITTERRAND TV INTERVIEW, 10 DECEMBER

SUMMARY
1. MITTERRAND EXPRESSES SATISFACTION - BUT NO TRIUMPHALISM - AT STRASBOURG OUTCOME. SPEAKS OPENLY OF HIS PRESSURE ON KOHL FOR IGC DATE. MEASURED APPROACH TO GERMAN REUNIFICATION - THE GERMANS SHOULD REMEMBER THE ORIGINS OF PRESENT FRONTIERS. GERMANY MUST NOT POSSESS NUCLEAR WEAPONS. SUPPORT FOR GORBACHEV. THE ALLIANCES SHOULD REMAIN - EUROPEAN DEFENCE A COMPLEX ISSUE. FRANCE TO AVOID HASTY CUTS IN DEFENCE SPENDING.

DETAIL
2. PRESIDENT MITTERRAND GAVE A LONG RADIO AND TELEVISION INTERVIEW ON 10 DECEMBER. MAIN POINTS ON THE STRASBOURG COUNCIL AND OTHER FOREIGN QUESTIONS WERE AS FOLLOWS.

STRASBOURG
3. MITTERRAND SPOKE WITH SATISFACTION OF THE OUTCOME OF THE STRASBOURG EUROPEAN COUNCIL, CONCENTRATING ON ECONOMIC AND MONETARY UNION (EMU) AND THE SOCIAL CHARTER. PROGRESS HAD BEEN MADE, AT A DIFFICULT TIME, ALONG THE ROAD ALREADY MARKED OUT TOWARDS POLITICAL UNION. HE HAD SET CLEAR OBJECTIVES FOR STRASBOURG: TO CALL AN IGC: TO SHOW THAT ALL CITIZENS WOULD BENEFIT FROM EUROPEAN CONSTRUCTION (I.E. SOCIAL CHARTER) TO MARK PROGRESS TOWARDS THE SINGLE MARKET: AND TO HELP THE EASTERN EUROPEAN COUNTRIES, PARTICULARLY THROUGH AGREEMENT ON A EUROPEAN BANK. ECONOMIC AND MONETARY UNION WOULD TAKE TIME, BUT IT WAS IMPORTANT TO GIVE IT A PUSH. KOHL WOULD HAVE PREFERRED TO PUT THE IGC BACK, INFLUENCED BY PUBLIC OPINION, PARTICULARLY IN BUSINESS CIRCLES RELUCTANT TO SHARE GERMANY'S ECONOMIC POWER, AND BY THE ELECTORAL TIMETABLE:
QUOTE BUT IT WAS ENOUGH FOR ME TO EXPLAIN MYSELF CLEARLY TO HIM. I SAID TO HIM QUOTE I BELIEVE IT TO BE NECESSARY AND IN ANY

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CASE I SHALL PUT THE QUESTION TO THE EUROPEAN COUNCIL AND I SHALL ASK EACH COUNTRY TO DECLARE ITSELF. WE HAVE TAKEN ON A DECISIVE RESPONSIBILITY IN ORDER TO MAKE EUROPE ADVANCE ON ALL FRONTS. WE SHALL CONTINUE UNQUOTE. HE'S A CONVINCED EUROPEAN, AND HE COMPLETELY UNDERSTOOD. THERE IS NO AMBIGUITY ABOUT HIS POSITION, THOUGH HE HAS HIS PROBLEMS UNQUOTE. THE SOCIAL CHARTER WAS NECESSARY TO SHOW THAT EVERYONE WOULD BENEFIT FROM THE SINGLE MARKET. IT WENT LESS FAR THAN HE, MITTERRAND, BUT FURTHER THAN SOME OF HIS PARTNERS, WOULD HAVE LIKED. IT WAS NOT JUST A STATEMENT OF GOOD INTENTIONS, BUT A FRAMEWORK WHICH THE COMMISSION WOULD NOW FILL OUT. THE EUROPEAN BANK WOULD NOT BE CONFINED TO THE EC, BUT OPEN TO OTHERS FROM EAST AND WEST - THE US, JAPAN, CANADA - TO JOIN.

GERMAN QUESTION

4. MITTERRAND CONFIRMED THAT KOHL HAD NOT CONSULTED HIM BEFORE ANNOUNCING HIS TEN-POINT PROGRAMME. HE TOOK VIEWERS THROUGH THE STRASBOURG COMMUNIQUE, INSISTING THAT GERMAN REUNIFICATION MUST BE ACHIEVED DEMOCRATICALLY AND PEACEFULLY, RESPECTING THE RELEVANT AGREEMENTS AND TREATIES, AND IN THE PERSPECTIVE OF EUROPEAN INTERGRATION. THE REFERENCE TO THE HELSINKI FINAL ACT INDICATED INVIOLABILITY OF FRONTIERS. RESPECT FOR FRONTIERS WAS AN ESSENTIAL PRINCIPLE, AND A NEW GERMAN BALANCE MUST NOT BE ACHIEVED TO THE DETRIMENT OF EUROPEAN BALANCE. MITTERRAND DISTINGUISHED BETWEEN THE INNER GERMAN BORDER AND THE ODER-NEISSE FRONTIER: THE LATTER MUST REMAIN AS THEY WERE. ASKED LATER WHETHER A REUNITED GERMANY MIGHT HAVE NUCLEAR WEAPONS, HE SAID THAT THIS WAS A FUNDAMENTAL QUESTION: GERMANY MUST NOT POSSESS NUCLEAR WEAPONS. NOR SHOULD IT BE NEUTRALISED. HE SAID THAT HE STILL HOPED TO VISIT THE GDR ON 20-22 DECEMBER: HE HAD CONSULTED KOHL BEFORE ACCEPTING HONECKER'S ORIGINAL INVITATION, AND KOHL HAD SUPPORTED THE VISIT.

5. GDR ACCESSION TO THE COMMUNITY WAS NOT A ACTUAL QUESTION. FRG/GDR INTER-STATE AGREEMENTS ON A VARIETY OF SUBJECTS AND OF VARIOUS FORMS 'INCLUDING CONFEDERATIVE' WERE WHAT ONE SHOULD EXPECT TO SEE.

SOVIET UNION

6. MITTERRAND STRESSED HIS GOOD RELATIONS WITH GORBACHEV: FRANCE AND RUSSIA HAD A HISTORY OF COOPERATION, AND QUOTE ACROSS THE CENTURIES HAD SERVED AS POINTS OF EQUILIBRIUM IN THE GREAT MOVEMENTS OF HISTORY UNQUOTE. GORBACHEV WAS A PARTNER, INCLUDING ECONOMICALLY, NOT AN ADVERSARY. AT KIEV ON 6 DECEMBER HE HAD SEEMED MORE SERENE AND FIRMER THAN IN PARIS IN JULY. BEING AT THE ORIGIN OF THE REFORMS SWEEPING EASTERN EUROPE, HE MUST REALISE THAT IN DUE COURSE THE

SOVIET UNION ITSELF WOULD HAVE TO DEVELOP A MULTI-PARTY SYSTEM.

NATO

7. MITTERRAND NOTED GENERAL AGREEMENT THAT NATO AND WARSAW PACT SHOULD REMAIN. ON 18 NOVEMBER AT THE ELYSEE THIS HAD BEEN THE FIRST REACTION OF THE EC HEADS OF GOVERNMENT. GORBACHEV HAD SAID THE SAME, THAT THE ALLIANCES PROVIDED A GOOD FRAMEWORK. AS FOR EUROPEAN DEFENCE, THIS WAS A DESIRABLE OBJECTIVE BUT IT WAS A COMPLEX MATTER AND THE TWO ALLIANCES WOULD NOT COLLAPSE OVERNIGHT. THE QUESTION OF THE US WITHDRAWING ITS FORCES FROM EUROPE WAS NOT AN ACTUAL ONE.

DISARMAMENT

8. MITTERRAND NOTED THAT THE MALTA MEETING HAD GIVEN NEW IMPETUS TO START. ONLY IF THE US AND SOVIET UNION WENT MUCH FURTHER TOWARDS DISARMAMENT WOULD FRANCE JOIN IN THE NEGOTIATION. AT PRESENT GIVEN THE HUGE SUPERPOWER ARSENALS FRANCE HAD NOTHING TO PUT ON THE TABLE: THE FRENCH NUCLEAR ARSENAL WAS JUST SUFFICIENT TO ENSURE THE DEFENCE OF FRANCE. IT WOULD BE RIGHT TO REDUCE FRENCH DEFENCE SPENDING IF THE SOVIET UNION DID THE SAME. BUT ONE COULD NOT DECIDE ON NATIONAL AND INTERNATIONAL DEFENCE CAPABILITIES JUST ON THE BASIS OF THE LATEST EVENTS IN EASTERN EUROPE. MITTERRAND REJECTED QUESTIONS ABOUT HYPOTHETICAL CUTS IN DEFENCE SYSTEMS QUOTE BUT LET ME CATCH MY BREATH. LET ME DISCUSS THIS WITH THE PRIME MINISTER AND THE MINISTER OF DEFENCE. INDEED WE HAVE ALREADY MET REGARDING THIS QUESTION. UNQUOTE.

COMMENT

9. THIS WAS A RELAXED AND CONFIDENT PERFORMANCE BY MITTERRAND. HE WAS EVIDENTLY CHEERED BY STRASBOURG BUT AVOIDED TRIUMPHALISM. ON GERMANY, HE SEEMED MAINLY INTERESTED, AS AT KIEV ON 6 DECEMBER, IN RE-ASSURING THE SOVIET UNION AND FRENCH DOMESTIC OPINION. ASKED AT THE END FOR HIS VIEW OF HIS MAIN ACHIEVEMENTS OF THE 1980S, HE MENTIONED OFF THE CUFF HIS WORK FOR EUROPE (QUOTE BENEFICIAL FOR FRANCE UNQUOTE): THAT FRANCE (IN EUROPE) HELD A PROMINENT PLACE IN THE WORLD: FRANCO-GERMAN RECONCILIATION AND HIS VISIT TO VERDUN WITH KOHL: HIS WORK FOR JUSTICE IN THE 3RD WORLD: AND THE GOOD STATE OF RELATIONS WITH THE US AND USSR.

10. SEE MY 2 IFTS (NOT TO ALL) ON LEBANON AND INTERNAL POLITICAL QUESTIONS..

FERGUSSON

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ADDITIONAL 1

FRAME

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ADVANCE COPY

STRASBOURG FOR SECRETARY OF STATE'S PARTY
SOVIET UNION/FRANCE = PRESIDENT MITTERRAND'S VISIT TO KIEV

SUMMARY

1. SOVIET PRESS ACCOUNTS OF DISCUSSION BETWEEN PRESIDENTS GORBACHEV AND MITTERRAND. SUBJECTS COVERED INCLUDED EC/EAST EUROPE, GERMANY AND LEBANON

DETAIL

2. PRESIDENTS GORBACHEV AND MITTERRAND FLEW TO KIEV FOR A BRIEF WORKING MEETING ON 6 DECEMBER. MITTERRAND WILL NO DOUBT BRIEF HIS PARTNERS AT STRASBOURG. THE FOLLOWING COVERS THE MAIN POINTS, AS REPORTED BY THE SOVIET MEDIA.

3. THE REPORTS DESCRIBE THE CONVERSATION AS TOUCHING ON THE CONCEPTUAL PROBLEMS ARISING FROM THE RAPIDLY CHANGING SITUATION IN THE WORLD.

EC/EAST EUROPE

4. ACCORDING TO TASS, MITTERRAND INFORMED GORBACHEV OF THE EC MEMBER STATES INTENTIONS TO DEEPEN CONTACTS AND TIES BETWEEN THE COUNTRIES OF THE TWO HALVES OF EUROPE, AND OF THEIR ''PLANS TO SET UP NEW INSTITUTIONS, IN PARTICULAR A BANK, WHICH WOULD CONTRIBUTE TO THIS PROCESS.'' GORBACHEV ''SHOWED GREAT INTEREST IN THESE IDEAS.''

5. BOTH SIDES WERE CONVINCED OF THE NEED TO GIVE PRIORITY TO PAN-EUROPEAN COOPERATION ON THE BASIS OF THE PRINCIPLES SET OUT IN THE HELSINKI FINAL ACT. AT THEIR JOINT PRESS CONFERENCE, BOTH BACKED THE IDEA OF HELSINKI II, BUT GORBACHEV ADDRESSED THIS MORE SPECIFICALLY AS BEING A POSSIBLE CONTRIBUTION TO THE SUCCESSFUL CONCLUSION OF THE CFE.

GERMANY

6. IN RESPONSE TO A QUESTION, GORBACHEV SAID THAT THE ANSWERS TO RESOLVING THE PROBLEMS OF THE TWO GERMAN STATES WOULD HAVE TO EMERGE FROM THE PAN-EUROPEAN PROCESS. HE BELIEVED THAT ''REUNIFICATION IS

NOT A QUESTION FOR NOW. IT MIGHT CREATE A SITUATION WHICH COULD ADVERSELY AFFECT THE PAN-EUROPEAN PROCESS AND RELATIONS BETWEEN THE TWO GERMAN STATES.''

7. MITTERRAND SAID THAT THE QUESTION COULD ONLY BE DECIDED IN A DEMOCRATIC AND PEACEFUL WAY. ''NOT ONE STATE IN EUROPE CAN AFFORD TO TAKE ANY ACTIONS WITHOUT CONSIDERING THE BALANCE IN EUROPE AND PRESENT-DAY REALITIES.'' HE ALSO THOUGHT, SAID TASS, THAT THE QUESTION OF FRONTIERS SHOULD NOT BE RAISED AGAIN.

LEBANON

8. THE TWO LEADERS ALSO EXPRESSED THEIR SUPPORT FOR THE DRAFT CHARTER ON NATIONAL UNITY FOR THE LEBANON. GORBACHEV SAID THAT HRAWI HAD SENT HIM A MESSAGE ASKING HIM TO RAISE THE SITUATION IN LEBANON WITH MITTERRAND. GORBAHCEV STRESSED SOVIET SUPPORT FOR THE PRESERVATION OF LEBANESE UNITY AND SYMPATHY FOR THE LEBANESE PEOPLE. HE SAID THERE WAS A REGULAR FRANCO-SOVIET DIALOGUE ON WAYS TO RESOLVE THE CONFLICT AND MUCH IDENTITY OF VIEW.

9. MITTERRAND SAID IT WAS NECESSARY TO RECOGNISE THE AUTHORITY AND COMPETENCE OF PRESIDENT HRAWI

BRAITHWAITE

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VISIT TO THE NETHERLANDS BY PRESIDENT MITTERRAND

SUMMARY

1. DISCUSSIONS MAINLY ON EASTERN EUROPE, EMU, SOCIAL EUROPE. MITTERAND SEEKING ENDORSEMENT OF IDEAS FOR RAPID MOVEMENT ON COOPERATION OF EASTERN EUROPE AND EUROPEAN DEVELOPMENT BANK, AND AGREEMENT TO AN IGC. THE DUTCH RESPOND CAUTIOUSLY BUT HOPE FOR CONSENSUS AT STRASBOURG.

DETAIL

2. MITTERAND HAD A ONE HOUR MEETING IN THE HAGUE WITH LUBBERS AND VAN DEN BROEK FOLLOWING LUNCH WITH QUEEN BEATRIX ON 20 NOVEMBER. DUTCH OFFICIALS HAVE GIVEN US AN OUTLINE OF THE DISCUSSIONS.

EASTERN EUROPE

3. THE DUTCH HAD BEEN SURPRISED THAT MITTERRAND HAD REOPENED SUBJECTS COVERED AT THE ELYSEE DINNER ON 18 NOVEMBER. MITTERAND HAD ARGUED THAT IT WOULD BE WRONG TO BE TOO CAUTIOUS ABOUT CONDITIONS FOR WESTERN ECONOMIC CO-OPERATION FOR EASTERN EUROPE. WITHOUT EFFECTIVE EARLY HELP THERE COULD BE REACTION AGAINST THE WHOLE PROCESS BEGUN BY GORBACHEV. TO WAIT FOR THE COMPLETION OF ELECTIONS WOULD BE A MISTAKE. HE HAD RAISED AGAIN FRENCH IDEAS FOR A EUROPEAN DEVELOPMENT BANK AND PRESSED THE DUTCH TO GIVE THIS FULL SUPPORT.

4. DUTCH MINISTERS REPLIED CAUTIOUSLY. LUBBERS SAID THAT IT WAS IMPORTANT FOR THE WORLD BANK/IMF PROCESSES TO BE CARRIED THROUGH. THEY MADE NO FIRM COMMITMENTS ON THE BANK OR THE PROPOSED TROIKA COMMITTEE OTHER THAN THAT THEY WOULD LOOK AT THE IDEAS FOR NEW STRUCTURES. BUT LUBBERS AGREED ON THE IMPORTANCE OF FINDING EFFECTIVE WAYS TO SUPPORT THE GROWTH OF MORE DEMOCRACY IN EASTERN EUROPE.

EMU

5. MITTERAND URGED SUPPORT FOR PROGRESS ON THE DELORS PROPOSALS AND FOR FIXING A DATE FOR AN IGC. LUBBERS STRESSED THAT AN EFFORT SHOULD BE MADE TO REACH CONSENSUS. HE MADE CLEAR HOWEVER THAT THE NETHERLANDS WOULD NOT BE OPPOSED IN PRINCIPLE TO A PROCEDURAL

DECISION BY THE EUROPEAN COUNCIL FOR AN IGC TO BE CONVENED BY THE END OF 1990, PROVIDED THAT QUOTE FULL AND ADEQUATE PREPARATION UNQUOTE WAS MADE FOR A CONFERENCE. IN PARTICULAR THE DUTCH WOULD BE LOOKING FOR AGREEMENT TO THREE POINTS: THE POLITICAL INDEPENDENCE OF A CENTRAL BANK, THE GOAL OF PRICE STABILITY, AND NO FINANCING OF BUDGET DEFICITS. LUBBERS ALSO MADE CLEAR THAT THE DUTCH, IN ENVISAGING A START TO THE PROCESS DID NOT WISH TO AGREE A DEADLINE FOR ITS COMPLETION. THE FRENCH AGREED THAT MORE WORK NEEDED TO BE DONE OVER DEFINING THE ROLE OF A CENTRAL BANK.

6. THE DUTCH ASKED WHETHER THE FRENCH WOULD BE ABLE TO MOVE QUICKLY TO FREEDOM OF CAPITAL MOVEMENTS. MITTERRAND REPLIED THAT THE FRENCH HAD TO DISCUSS THIS FURTHER WITH LUXEMBOURG. THEY WANTED ADEQUATE RULES ON TAXATION FRAUD BUT THEY EXPECTED TO BE ABLE TO REACH AGREEMENT.

SOCIAL EUROPE

7. MITTERAND STRESSED THE NEED TO REACH AGREEMENT ON A CHARTER AT STRASBOURG. LUBBERS REPLIED THAT THE DUTCH HAD AGREED TO THE DRAFT FOR A CHARTER BUT THAT THE TEXT NEED NOT BE IMMUTABLE. ANY UK IDEAS SHOULD BE EXAMINED ON THEIR MERITS.

OTHER POINTS

8. THE DUTCH TOLD MITTERRAND THAT THEY MIGHT WISH TO SUGGEST OTHER POINTS FOR THE COUNCIL, INCLUDING FISCAL HARMONISATION, ON WHICH PROGRESS WAS STALLED, AND GERMAN IDEAS FOR A ROAD TAX. THEY WERE PARTICULARLY CONCERNED TO HARNESS OPPOSITION WITHIN THE EC AGAINST THE GERMAN IDEAS AND WERE CONSIDERING AN INITIATIVE TO TRY AND FIND AN ACCEPTABLE FORMULA.

9. MITTERAND CONFIRMED THAT THE PRESIDENCY INTENDED THAT THE COORDINATORS FOR FREE MOVEMENT AND FOR DRUGS SHOULD REPORT TO THE EUROPEAN COUNCIL.

COMMENT

10. MITTERAND'S REMARKS TO THE PRESS AFTER THE DISCUSSIONS GAVE THE IMPRESSION THAT HE WAS CONTENT WITH THE WAY THE TALKS HAD GONE. ALTHOUGH LUBBERS WAS PRESSED BY JOURNALISTS AS TO WHETHER AGREEMENT TO THE THREE POINTS SPECIFIED IN PARAGRAPH 5 ABOVE WAS A PRECONDITION FOR HOLDING AN IGC IN 1990, HE REFUSED TO BE DRAWN. NOR HAVE OFFICIALS TO WHOM WE HAVE SPOKEN BEEN ABLE TO CLARIFY WHAT IS INTENDED. SOME BRIEFING HAS SUBSEQUENTLY BEEN GIVEN TO THE PRESS, HOWEVER, THAT THE CONDITIONS SHOULD NOT BE TAKEN AS AN EXCUSE UNDULY TO DELAY MATTERS. I CONCLUDE THAT HERE IS STILL SOME FLEXIBILITY IN

THE DUTCH POSITION, BUT THAT THEY HAVE MOVED A LITTLE CLOSER TO THE FRENCH IN RESPECT OF AN IGC.

JENKINS

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FRANCO-ITALIAN SUMMIT, VENICE, 5 OCTOBER

SUMMARY

1. A WIDE-RANGING BILATERAL BETWEEN MITTERRAND AND ANDREOTTI. AGREEMENT TO PRESS FOR AN INTERGOVERNMENTAL CONFERENCE BY THE END OF 1990. ALSO AGREEMENT ON NEED TO HELP EASTERN EUROPE. MITTERRAND PROPOSAL ON DRUGS. ANDREOTTI EXPRESSES RESEVATIONS ABOUT THE WYOMING AGREEMENT ON CW.

DETAIL

2. THE TENTH FRANCO-ITALIAN INTERGOVERNMENTAL SUMMIT TOOK PLACE IN VENICE ON 5 OCTOBER. PRESIDENT MITTERRAND AND SIX OF HIS MINISTERS (INCLUDING DUMAS AND BEREGOVOV) HAD TALKS WITH THEIR ITALIAN COUNTERPARTS. MITTERRAND HAD AN HOUR-LONG TETE-A-TETE WITH ANDREOTTI. AFTER LUNCH, MITTERRAND FLEW TO BOLOGNA TO RECEIVE AN HONORARY DEGREE, RETURNING TO PARIS IN THE EVENING.

EMU

3. ANDREOTTI AND MITTERRAND AGREED THAT THEY SHOULD WORK TOGETHER TO SECURE AGREEMENT AT THE EUROPEAN COUNCIL AT STRASBOURG IN DECEMBER THAT AN INTERGOVERNMENTAL CONFERENCE SHOULD TAKE PLACE DURING THE ITALIAN PRESIDENCY IN THE SECOND HALF OF 1990. AFTER THE TALKS, MITTERRAND TOLD A PRESS CONFERENCE: 'MADRID BEGAN THIS PROCESS, PARIS IS CARRYING IT FORWARD, AND I HOPE ROME WILL CONCLUDE IT.'
THERE WAS ALSO REPORTEDLY DISCUSION OF A FRENCH PROPOSAL THAT THE STRASBOURG DISCUSSION SHOULD BE DECIDED BY MAJORITY VOTE. ANDREOTTI IS REPORTED TO HAVE AGREED WITH THIS IDEA.

OTHER EC TOPICS

4. THERE WAS PREDICTABLY AGREEMENT ON FISCAL HARMONISATION AND THE SOCIAL CHARTER. MITTERRAND HOPED THAT THE SOCIAL CHARTER

WOULD BE APPROVED AT STRASBOURG. THERE WAS ALSO DISCUSSION OF THE ITALIAN ENTRY INTO THE AIRBUS PROGRAMME AND DE MICHELIS IS REPORTED TO HAVE DISCUSSED THE BAGNOLI STEELWORKS WITH DUMAS. BEREGOVOY AND FINANCE MINISTER FORMICA (TREASURY MINISTER CARLI WAS UNABLE TO GET AWAY FROM ROME) SIGNED A DOUBLE TAXATION AGREEMENT.

AID TO EASTERN EUROPE

5. MOST OF TODAY'S NEWSPAPERS HAVE SEIZED ON THIS TOPIC AS THE MOST SIGNIFICANT IN THE MITTERRAND/ANDREOTTI DISCUSSIONS. BOTH FRANCE AND ITALY EXPRESSED THEIR SUPPORT FOR THE BUSH PLAN TO HELP POLAND. THEY ALSO SUPPORTED THE US SUGGESTION THAT THE IMF SHOULD RESCHEDULE POLISH DEBTS. ANDREOTTI TOLD JOURNALISTS: 'OUR HELP MUST BE IMMEDIATE. BEFORE ECONOMIC REFORMS ONE HAS TO BE ABLE TO SUROLES TO CHANGE COURSE '. DE MICHELIS URGED THAT CAUSE THE P
SIMILAR ASSISTANCE BE GIVEN TO HUNGARY AND YUGOSLAVIA.

DRUGS

6. MITTERRAND EXPRESSED SUPPORT FOR THE BUSH PLAN AND PROPOSED THE FORMATION OF AN EC CONSULTATIVE COMMITTEE, MADE UP OF ONE EXPERT REPRESENTING EACH COUNTRY (SOCIOLOGISTS OR LEGAL EXPERTS WERE SUGGESTED) TO COORDINATE THE FIGHT AGAINST DRUGS AND HARMONISE ANTI-DRUGS LEGISLATION AMONGST THE TWELVE. ANDREOTTI IS REPORTED TO HAVE WELCOMED THIS IDEA.

MIDDLE EAST

7. ANDREOTTI GAVE AN ACCOUNT OF PRESIDENT MUBARAK'S VISIT TO ROME EARLIER THIS WEEK. BOTH FRANCE AND ITALY EXPRESSED SUPPORT FOR MUBARAK'S 10-POINT PLAN AND AGREED TO PRESS FOR AN EC STATEMENT IN FAVOUR OF IT. MITTERRAND DESCRIBED THE MUBARAK PLAN AS 'THE ONLY CARD LEFT TO PLAY. WE MUST SUPPORT IT BECAUSE IT FORCES OTHER PARTIES - ESPECIALLY SHAMIR -TO SHOW THEIR HANDS'. ON LEBANON, ANDREOTTI AND MITTERRAND AGREED THAT AN EC INITIATIVE WAS NO LONGER APPROPRIATE, AND OFFERED THEIR FULL SUPPORT TO THE TRIPARTITE COMMITTEE OF THE ARAB LEAGUE

IMMIGRATION

8. THERE WAS A SHORT DISCUSSION OF THE PROBLEMS ATTACHED TO IMMIGRATION INTO THE EC FROM OTHER MEDITERRANEAN COUNTRIES.

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MITTERRAND CALLED FOR RESTRICTIONS ON IMMIGRATION, 'OTHERWISE WE SHALL BE SUBMERGED'. ANDREOTTI REPORTED THAT ITALY WAS ALREADY IN THE PROCESS OF INTRODUCING QUOTAS.

DISARMAMENT

9. ANDREOTTI EXPRESSED ITALIAN RESERVES ABOUT THE WYOMING AGREEMENT BETWEEN BAKER AND SHEVARDNADZE ON CHEMICAL WEAPONS, ON THE GROUNDS THAT THE PROPER FORUM FOR SUCH AGREEMENTS WAS GENEVA, RATHER THAN BILATERAL TALKS BETWEEN THE SUPERPOWERS. MITTERRAND ANNOUNCED THAT HE HOPED TO RELAUNCH THE CW NEGOTIATIONS IN GENEVA.

BILATERAL

10. IT WAS ANNOUNCED THAT PRESIDENT COSSIGA WOULD UNDERTAKE A STATE VISIT TO FRANCE 29-31 JANUARY 1990.

THOMAS

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SYRIA/LEBANON/FRANCE: SCHEER'S VISIT TO DAMASCUS
SUMMARY
1. SYRIA PRESENTS SCHEER WITH UNCHANGED POSITIONS. POOR PROSPECTS FOR GREATER SYRIAN FLEXIBILITY.
DETAIL
2. QUAI SECRETARY GENERAL SCHEER VISITED DAMASCUS FROM 27-29 AUGUST AND CALLED ON FOREIGN MINISTER SHARA' AND PRESIDENT ASAD, TO WHOM HE DELIVERED A PERSONAL MESSAGE FROM PRESIDENT MITTERAND.
3. ACCORDING TO THE FRENCH AMBASSADOR'S COMMUNITY BRIEFING ON 29 AUGUST, SCHEER BEGAN HIS 3 HOUR MEETING WITH SHARA' ON 28 AUGUST BY STRESSING FRANCE'S PRINCIPAL TENETS:

- THAT THE SOLUTION TO THE LEBANESE CONFLICT HAD TO BE POLITICAL.

- THAT THE COMMITTEE OF THREE (C3) SHOULD RESUME ITS MISSION.

- THAT THERE COULD BE NO POLITICAL SETTLEMENT IN LEBANON WITHOUT THE ACTIVE COOPERATION OF SYRIA.

- THAT THE FRENCH INITIATIVE WAS BLIND TO CONFESSIONALISM AND AIMED ONLY TO SERVE THE LEBANESE PEOPLE.

4. SCHEER THEN POINTED TO THE CONGRUITY OF VIEW PRESENT IN CURRENT INTERNATIONAL INITIATIVES (TARASOV, THE EC, THE UN SECRETARY GENERAL) AND CALLED FOR AN EARLY CEASE-FIRE, RESUMPTION OF AN INTER LEBANESE DIALOGUE AND THE REACTIVATION OF THE C3. SUBSEQUENT DISCUSSION CENTRED ON THESE QUESTIONS.
5. SHARA'S LINE WAS TO AGREE THAT A POLITICAL SOLUTION WAS ESSENTIAL BUT ALSO TO INSIST THAT SUCH A SOLUTION MUST BE BASED ON THE CASABLANCH ACCORDS WHICH WERE A FULL AND SUFFICIENT PLAN IN THEMSELVES. THE C3 HAD DEVIATED FROM THE CASABLANCA FRAMEWORK BY EXCEEDING ITS MANDATE AND ADDRESSING THE QUESTION OF SYRIAN WITH-DRAWAL WHEN, ACCORDING TO SHARA', THIS QUESTION SHOULD NOT/NOT HAVE BEEN RAISED UNTIL AFTER THE FORMATION OF A NEW LEBANESE GOVERNMENT.

6. ON IMPLEMENTING A CEASE-FIRE AND LIFTING THE BLOCKADES SCHEER ARGUED STRONGLY FOR A MONITORING MECHANISM WHICH WOULD AFFECT ALL PARTIES EQUALLY. SHARA',HOWEVER, WOULD NOT BUDGE FROM THE POSITION THAT SYRA'S WORD (''LA PAROLE DE DAMAS'') WAS SUFFICIENT IN ITSELF TO GUARANTEE THE NON-RESUPPLY OF WEAPONS TO SYRIA'S ALLIES. SHARA' ARGUED THAT TRUST IN SYRIA WAS A PRECONDITION FOR A SUCCESSFUL DIALOGUE.

7. SCHEER ALSO ARGUED THAT, AS GENERAL AWN ''CONTROLLED THE CANNONS'' IN EAST BEIRUT, THE SYRIANS SHOULD ACCEPT REALITY AND NEGOTIATE A CEASE-FIRE WITH HIM. THIS STEP DID NOT PREJUDGE THE OUTCOME OF SUBSEQUENT POLITICAL/CONSTITUTIONAL NEGOTIATIONS. SHARA' WOULD HAVE NONE OF THIS AND DISPARAGED AWN IN STANDARD TERMS. HE APPEARED UNCONVINCED BY FRENCH PROTESTATIONS THAT AWN WAS SHOWING GREATER FLEXIBILITY.

8. SCHEER HAD A FURTHER TWO AND A HALF HOURS WITH PRESIDENT ASAD IN LATAKIA THE SAME EVENING. ASAD'S TONE WAS MODERATE, THOUGH UNCOMPROMISING ABOUT AWN. AFTER HIS STANDARD HISTORICAL DIGRESSIONS HE EXPRESSED HIMSELF READY TO CONTINUE THE FRANCO-SYRIAN DIALOGUE, NOTING THAT LEBANON WAS AN OBSTACLE IN BILATERAL RELATIONS. OTHER-WISE, NOTHING OF SUBSTANCE EMERGED.

COMMENT

9. THE FRENCH AMBASSADOR CONCLUDED FROM THE VISIT THAT THE SYRIANS REMAIN INTERESTED IN A SERIOUS DIALOGUE. BUT HE HAS NO HARD EVIDENCE TO SUGGEST THAT THE SYRIANS ARE DOING MORE THAN STONEWALLING POLITELY AND PLAYING FOR TIME. SCHEER'S SECOND VISIT HAS NOT BROUGHT ABOUT THE SLIGHTEST SHIFT IN SYRIA'S POSITION ON KEY QUESTIONS SUCH AS POLICING THE CEASE-FIRE.

10. CONTONAY TRIED TO ARGUE THAT THE WEIGHT OF INTERNATIONAL CALLS FOR A CEASE-FIRE IN LEBANON, PARTICULARLY FROM THE USSR, WOULD IN TIME FORCE SYRIA TO MODERATE ITS POSITION. OTHERS WERE SCEPTICAL. IN THE FIRST PLACE, THERE IS NO EVIDENCE YET THAT THE RUSSIANS ARE PREPARED (OR ABLE) TO GO BEYOND DIPLOMATIC PERSUASION AND ACTIVELY TO COERCE THE SYRIANS INTO LINE. SECOND, THE SYRIANS ARE NOT INTIMIDATED BY THE PRESENCE OF THE FRENCH FLEET. ASAD MAY WELL CALCULATE THAT CONTINUED SYRIAN PRESSURE ON THE ENCLAVE THROUGH WELL TRIED TACTICS (SHELLING AND SPORADIC ATTACKS BY NATIONALIST FORCES ON ITS OUTPOSTS) WILL NOT BE CHALENGED AND THAT PROVIDED HE AVOIDS PROVOCATIVE ASSAULTS BY HIS OWN TROOPS HE HAS NOTHING TO FEAR. SHORT OF CONCERTED PRESSURE ON SYRIA BY A UNITED ARAB LEAGUE, WITH SAUDI ARABIA AND ALGERIA IN THE VANGUARD, ASAD IS LIKELY TO MAINTAIN HIS USUAL OPEN DOOR TO ALL CALLERS AND A RESOLUTE REFUSAL TO ALTER HIS BASIC DEMANDS.

DAVIES

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TELNO 367
OF 191415Z JUNE 89
INFO PRIORITY PARIS, MOSCOW, EAST EUROPEAN POSTS, BONN, MADRID
INFO PRIORITY UKDEL NATO, WASHINGTON, ACTOR

(COLLAR)

MITTERRAND'S VISIT TO POLAND, 14-16 JUNE

SUMMARY

1. VISIT OF MITTERRAND AND HIGH LEVEL DELEGATION WELL RECEIVED. NUMBER OF BILATERAL AGREEMENTS SIGNED. REITERATION OF FRENCH PROMISE TO ACT AS ADVOCATE FOR POLAND IN PARIS CLUB.

DETAIL

2. PRESIDENT MITTERRAND PAID A WELL PUBLICISED 3-DAY OFFICIAL VISIT TO POLAND FROM 14-16 JUNE. HE BROUGHT WITH HIM A LARGE AND IMPRESSIVE DELEGATION WHICH INCLUDED SIX MINISTERS: DUMAS (FOREIGN AFFAIRS), BEREGOVOY (ECONOMY, FINANCE AND THE BUDGET), JOXE (INTERIOR), LANG (CULTURE AND COMMUNICATIONS), RAUSCH (OVERSEAS TRADE) AND CHEREQUE (INDUSTRY AND LAND USE). ALSO IN THE PARTY WERE THE CHAIRMAN OF THE NATIONAL ASSEMBLY'S FRENCH/POLISH GROUP, BUSINESSMEN AND REPRESENTATIVES OF THE ARTS AND SCIENCES.

3. MITTERRAND HELD TWO ROUNDS OF TALKS WITH JARUZELSKI. IN HIS SPEECH AT THE RECEPTION HELD IN WARSAW IN MITTERRAND'S HONOUR, JARUZELSKI SAID THAT POLAND WAS GOING THROUGH A PERIOD OF GREAT CHANGE AND WANTED FRANCE TO BE INVOLVED IN MODERNISATION AND RECONSTRUCTION OF POLAND'S ECONOMY AND IN THE AREAS OF SCIENCE, TECHNOLOGY AND CULTURE. HE SAID HE WAS CONVICED THAT MITTERRAND'S VISIT WOULD NOT ONLY RESTORE BILATERAL RELATIONS TO THEIR FORMER GLORY BUT WOULD CONTRIBUTE TO THEIR FURTHER EXPANSION. IN A MORE SUBSTANTIVE SPEECH WHICH FORESHADOWED MANY OF THE AGREEMENTS SIGNED DURING THE VISIT AND WHICH ALSO TOUCHED ON SUBJECTS SUCH AS THE COMMON EUROPEAN HOME, EC RELATIONS WITH EASTERN EUROPE AND HUMAN RIGHTS, MITTERRAND SAID THAT HE HAD COME TO RENEW TIES BETWEEN POLAND AND FRANCE WHICH HAD BEEN LOOSENED BUT NOT BROKEN AND TO PAY TRIBUTE TO THE POLISH NATION FOR ITS COURAGE, PERSISTENCE AND PATRIOTISM. POLAND'S DEBT DESERVED SPECIAL

TREATMENT AND HE HOPED THAT INTERNATIONAL FINANCIAL INSTITUTIONS WOULD SHOW ENOUGH IMAGINATION TO HELP POLAND THROUGH THE CURRENT DIFFICULT PERIOD. HE REPEATED HIS PLEDGE THAT FRANCE WOULD BE POLAND'S ADVOCATE IN THE PARIS CLUB.

4. IN WARSAW MITTERRAND ALSO MET PRIME MINISTER RAKOWSKI AND OTHER POLISH MINISTERS, AS WELL AS THE POLISH PRIMATE, CARDINAL GLEMP. HE VISITED GDANSK (WHERE HE MET WALESA AND SENIOR SOLIDARITY FIGURES: SEE MIFT FOR DETAILS OF SOLIDARITY ECONOMIC PROPOSALS) AND KRAKOW.

5. FRENCH MINISTERS IN THE PARTY ALSO HELD TALKS WITH THEIR POLISH OPPOSITE NUMBERS. AS FORESHADOWED IN MY TELNO 362, A NUMBER OF AGREEMENTS WERE SIGNED:

(A) FINANCE MINISTERS SIGNED AN AGREEMENT WHICH PROVIDES FOR CO-OPERATION AND EXCHANGE OF INFORMATION ON E.G. TAXATION SYSTEMS, FINANCIAL MARKETS, RELATIONS BETWEEN STATE AND PRIVATE ENTERPRISE. THE FRENCH OFFERED TECHNICAL HELP FOR THE CREATION OF ECONOMIC, FINANCIAL AND BANKING TRAINING CENTRES:

(B) MINISTERS OF CULTURE REACHED AGREEMENT ON BOOK PROMOTION: AFTER THE FIRST MITTERRAND/JARUZELSKI MEETING 4 BILATERAL AGREEMENTS WERE SIGNED ON:

(A) YOUTH EXCHANGES:

(B) ENVIRONMENTAL PROTECTION (PROVIDING FOR CO-OPERATION IN SCIENCE, TECHNOLOGY, INFORMATION, MANAGEMENT AND MONITORING):

(C) MANAGEMENT TRAINING:

(D) RESCHEDULING OF BILATERAL DEBT CONSEQUENT ON THE DECEMBER 1987 PARIS CLUB AGREEMENT (THE RESCHEDULING PROVIDES FOR A 4 YEAR GRACE PERIOD).

6. PRESS REACTION TO THE VISIT HAS, ON THE WHOLE, BEEN FAVOURABLE. THE PARTY PAPER 'TRYBUNA LUDU' CALLED THE VISIT AN HISTORIC ONE, IN WHICH BOTH SIDES SHOWED A DESIRE TO END THE PERIOD OF DECLINE IN MUTUAL RELATIONS, AND NOT ONLY TO RETURN TO THE CO-OPERATION OF THE PAST, BUT ALSO TO SEEK A NEW DYNAMISM AND TO LIVE UP TO THE NEEDS AND CHALLENGES OF THE PRESENT DAY. HOWEVER, WHILST WELCOMING THE AGREEMENTS SIGNED ON THE FIRST DAY OF THE VISIT, THE PAPER EMPHASISED THAT THEY STILL FALL SHORT OF MITTERRAND'S PROMISE THAT FRANCE WOULD BE POLAND'S ADVOCATE IN INTERNATIONAL FORA. WALESA, COMMENTING ON

HIS MEETING WITH THE PRESIDENT, BELIEVED THAT HE AND HIS ADVISERS HAD CONVINCED MITTERRAND THAT POLAND WAS WORTH HELPING AND DESERVED HELP: THEY WERE NOW COUNTING ON THE PRESIDENT'S ECONOMIC EFFECTIVENESS MATCHING HIS POLITICAL EFFECTIVENESS.

7. WE HAVE ASKED THE FRENCH EMBASSY FOR A FULLER BRIEFING AND WILL TELEGRAPH FURTHER IN THE LIGHT OF THAT.

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VISIT OF PRESIDENT MITTERRAND TO POLAND

SUMMARY

1. WIDE RANGING PLAN FOR FRENCH ASSISTANCE PUBLISHED DURING MITTERRAND'S VISIT. COVERS DEBT, CREDITS, EC/POLAND AGREEMENT, MANAGEMENT TRAINING AND BILATERAL COOPERATION IN A NUMBER OF SECTORS.

DETAIL

2. FOLLOWING ARE THE MAIN POINTS OF A '' FRENCH PLAN FOR POLAND'' CIRCULATED TO THE MEDIA DURING PRESIDENT MITTERRAND'S VISIT WHICH BEGAN YESTERDAY AFTERNOON:

A. FINANCIAL ISSUES
(I) DEBT.
THE TWO FINANCE/ ECONOMY MINISTERS SIGNED AN AGREEMENT RESCHEDULING CREDITS WORTH FF 7.5 BILLION. FRANCE HAS UNDERTAKEN TO BE POLAND'S MOST ''ACTIVE ADVOCATE'' IN THE IMF AND THE WORLD BANK AND TO TRY TO OBTAIN ''AS GENEROUS AS NECESSARY'' A RESTRUCTURING OF DEBT IN THE PARIS CLUB. FRANCE ALSO CONSIDERS THAT POLAND SHOULD BENEFIT FROM SUPPORT MECHANISMS ALONG THE LINES PROPOSED BY MITTERRAND IN HIS UNGA SPEECH, AND DESIGNED TO REDUCE DEBT OR DEBT SERVICE.

(II) CREDIT GUARANTEES.
FRANCE IS PREPARED TO MAKE AVAILABLE FF 150 MILLION IN SHORT TERM CREDITS AND FF 500 MILLION IN MEDIUM CREDITS - THE LATTER TO FINANCE SPECIFIC PROJECTS IN THREE PRIORITY AREAS:FOOD PROCESSING, INDUSTRY, HOTELS/TOURISM. THE MEDIUM TERM CREDITS CAN BE DRAWN ON SIGNATURE OF AN AGREEMENT WITH THE IMF.

(III) FRENCH INVESTMENTS.
FOLLOWING SIGNATURE OF THE INVESTMENT PROTECTION AGREEMENT EARLIER

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THIS YEAR, FRENCH TREASURY GUARANTEES WILL BE AVAILABLE TO FRENCH INVESTMENTS IN POLAND.

(IV) JOINT VENTURES.
CREDIT LYONNAIS/BANK HANDLOWY WILL SIGN A PROTOCOL AIMED AT PROMOTING JOINT VENTURES.

B. EC/POLAND RELATIONS

IF NEGOTIATIONS ON A POLAND /EC AGREEMENT ARE NOT CONCLUDED BEFORE 30 JUNE, FRANCE UNDERTAKES TO BRING THEM TO A POSITIVE CONCLUSION DURING ITS PRESIDENCY. THE KEY OBJECTIVES OF THE AGREEMENT ARE IDENTIFIED AS : ''THE MOST COMPLETE LIBERALISATION POSSIBLE'' OF TRADE, INCLUDING THE ''RAPID ELIMINATION WITHIN A FIXED TIMETABLE'' OF ALL SPECIFIC QRS. FRANCE UNDERTAKES TO UNILATERALLY ABOLISH HER OWN SPECIFIC QRS: AND TO SUPPORT MUTUAL CONCESSIONS IN THE AGRICULTURAL SECTOR. FRANCE EXPECTS POLAND TO IMPROVE CONDITIONS FOR COMMUNITY BUSINESSMEN AND TO ENSURE NON-DISCRIMINATORY TREATMENT FOR THEM. FINALLY, FRANCE HOPES THAT THE COMMUNITY WILL CONSIDER, THROUGH THE EIB, THE POSSIBILITY OF FINANCIAL COOPERATION WITH POLAND: SHE WILL MAKE PROPOSALS TO HER PARTNERS TO THIS END.

C. BILATERAL ECONOMIC COOPERATION

(I) FRANCE WILL ESTABLISH A MAJOR PROGRAMME OF MANAGEMENT TRAINING. AN AGREEMENT BETWEEN THE FINANCE AND ECONOMIC MINISTERS OF THE TWO COUNTRIES PROVIDES FOR COOPERATION IN SUCH AREAS AS PLANNING, TAXATION, ORGANISATION OF FINANCIAL MARKETS AND BANKING SYSTEMS, AND THE MANAGEMENT OF PUBLIC SECTOR ENTERPRISES. AN EXCHANGE OF LETTERS WILL ENABLE THE BANK OF FRANCE TO PROVIDE TECHNICAL ASSISTANCE TO THE BANK OF POLAND. COOPERATION IS ALSO ENVISAGED IN AGRICULTURE, TELECOMMUNICATIONS (RE-ACTIVATING AGREEMENTS SIGNED IN 1970), TOURISM (IMPLEMENTING AN AGREEMENT OF 1979), ENERGY, ENVIRONMENT, TRADE (WHERE FRANCE WILL CONSIDER PROPOSALS FOR THE CREATION OF FRANCO/POLISH INVESTMENT PROMOTION CENTRES IN FRANCE AND POLAND), HEALTH AND RESEARCH.

D. OTHER ISSUES

THESE INCLUDE YOUTH EXCHANGES, IMPROVEMENTS IN THE VISA SERVICE (VISAS TO BE AVAILABLE IMMEDIATELY TO A WIDER RANGE OF PEOPLE IN THE ECONOMIC AND CULTURAL FIELDS, AND THE ENTIRE SERVICE TO BE COMPUTERISED WITH A VIEW TO ISSUING VISAS IN TWO OR THREE DAYS) SEMI CLN GIFTS OF BOOKS.

COMMENT
THIS IS AN IMPRESSIVE LOOKING PLAN, BUT, AT FIRST SIGHT, IT OWES MORE TO CLEVER PACKAGING THAN TO ANY SUBSTANTIAL NEW INITIATIVES, PARTICULARLY ON THE DEBT/CREDIT FRONT. SUBJECT TO CONFIRMATION WITH THE FRENCH, WE ASSUME (AS THE POLISH PRESS HAVE DONE) THAT THE FF 7.5 BILLION RESCHEDULING AGREEMENT IN FACT REPRESENTS THE SIGNING OF THE OUTSTANDING FRANCO/POLISH BILATERAL PARIS CLUB AGREEMENT. ON THE QUESTIONS OF A WIDER PARIS CLUB RE-SCHEDULING AND AN IMF AGREEMENT THE PLAN IS NOT SPECIFIC AND, IN SO FAR AS THERE IS NO MENTION OF 1989 MATURITIES, DOES NOT GO AS FAR AS THE PRIME MINISTER'S UNDERTAKING TO JARUZELSKI. THE FF 150 MILLION SHORT TERM CREDIT IS LESS THAN IS ALREADY AVAILABLE FROM THE UK SEMI CLN AND THE LARGER MEDIUM TERM CREDIT IS FIRMLY TIED TO AN IMF AGREEMENT.

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MY TELNO 653 (NOT TO ALL): PRESIDENT MITTERRAND'S PRESS CONFERENCE : EAST/WEST AND DEFENCE ISSUES

SUMMARY

1. MITTERRAND WISHES GORBACHEV SUCCESS, BUT SAYS WEST SHOULD NOT GO TOO FAST OR DISMANTLE DEFENCES. CONFIRMATION OF JUNE VISIT TO POLAND AND VISIT BEFORE END OF YEAR TO GDR. ALL EUROPEAN COUNTRIES SHOULD MULTIPLY CONTACTS AND OPEN DOORS: OBLIQUE REFERENCE TO BERLIN WALL. 1991 AND 1992 DEFENCE BUDGETS LIKELY TO GROW IN CASH TERMS, BUT NO MORE REAL INCREASES.

DETAIL

2. MY TELNO 648 REPORTED PRESIDENT MITTERRAND'S REMARKS ON SNF. THESE CONCENTRATED ON MODERNISATION RATHER THAN ON NEGOTIATIONS. SOME SECTIONS OF THE FRENCH PRESS HAVE SEEN HIS WILLINGNESS TO SEE NATO DELAY MODERNISATION DECISIONS AS SIDING WITH THE FRG. BUT THE BBC AND THE TIMES ARE RIGHT TO STRESS HIS IMPLICIT OPPOSITION TO IMMEDIATE OR EARLY NEGOTIATIONS ON SNF. MITTERRAND REPEATED THAT THE WEST SHOULD GIVE PRIORITY TO THE CFE TALKS AND IMPLIED THAT WE SHOULD NOT LOOK AT THE QUESTION OF AN SNF NEGOTIATION UNTIL ABOUT 1992. GENSCHER (WHO WAS DUE TO SEE MITTERRAND AFTER THE PRESS CONFERENCE) MAY TAKE COMFORT FROM A REFERENCE IN MITTERRAND'S GENERAL INTRODUCTION TO THE NEED FOR THE WEST ALWAYS TO SHOW ITSELF READY TO NEGOTIATE AND TALK ABOUT DISARMAMENT. BUT IT WAS INTERESTING THAT MITTERRAND SHOULD HAVE DECIDED EXPLICITY TO OPPOSE A THIRD ZERO (THOUGH THAT DOES NOT NECESSARILY MEAN THAT THE FRENCH WILL INSIST ON THIS BEING AN ELEMENT IN THE NATO SUMMIT COMMUNIQUE).

3. ON EAST/WEST RELATIONS, MITTERRAND AGREED THAT DEVELOPMENTS IN THE SOVIET UNION HAD CHANGED THE QUALITY OF FRANCO-SOVIET RELATIONS. HE WISHED GORBACHEV SUCCESS: THERE HAD BEEN PROGRESS ON DISARMAMENT AND A CERTAIN SOVIET MILITARY DISENGAGEMENT. CONFIDENCE HAD GROWN AND THE DIALOGUE DEEPENED. BUT WE SHOULD NOT GO TOO FAST AND SHOULD NOT DISMANTLE OUR SECURITY ARSENALS.

4. MITTERRAND CONFIRMED THAT HE WOULD VISIT POLAND IN MID-JUNE AND SPOKE ABOUT FRANCO-POLISH FRIENDSHIP. HE MENTIONED HIS CONTACTS WITH GORBACHEV AND HIS RECENT VISITS TO CZECHOSLOVAKIA AND BULGARIA. HE SAID THAT HE WOULD VISIT THE GDR BEFORE THE END OF THIS YEAR. HE SAID THAT THE EC WAS NOT THE WHOLE OF EUROPE AND THAT THE EC SHOULD MULTIPLY ITS CONTACTS AND AGREEMENTS WITH OTHERS EG THE SO-CALLED EAST EUROPEANS. AS MANY DOORS AND WINDOWS SHOULD BE OPENED AS FAR AS POSSIBLE: THIS WAS DIFFICULT WHEN WE WERE DIVIDED BY A WALL ETC.

5. MITTERRAND TWICE SAID THAT THE BUILDING-UP OF A POLITICAL EUROPE SHOULD LEAD TO A EUROPEAN DEFENCE SYSTEM (UNDEFINED). HE DID NOT MENTION THE WEU.

DEFENCE BUDGET

6. MITTERRAND SAID THAT THE QUESTION WAS ONE OF REDUCING THE PLANNED RATE OF GROWTH. A STRONG FRANCE NEEDED A HEALTHY ECONOMY: THERE WERE OTHER BUDGETARY PRIORITIES (EDUCATION, RESEARCH, ETC) AND IT WOULD BE POSSIBLE AT A LOWER COST TO PRESERVE FRANCE'S NUCLEAR DETERRENT, TO LOOK AFTER THE FRENCH DEFENCE INDUSTRY AND MORALE IN THE SERVICES.

7. MITTERRAND SAID THAT HE THOUGHT THAT 40 TO 45 BILLION FRANCS COULD BE SHAVED FROM THE 470-474 BILLION FRANCS FOR THE FOUR YEARS 1990 TO 1993. MORE IMMEDIATELY, 16 TO 18 BILLION FRANCS COULD BE SHAVED FROM THE 1991 AND 1992 BUDGETS. MITTERRAND SAID THAT MAJOR PROGRAMMES WOULD BE PRESERVED, ALTHOUGH PERHAPS AT DIFFERENT RHYTHMS. IT WAS PERHAPS SIGNIFICANT THAT HE DID NOT LIST THE S4 MISSILE PROGRAMME (DUE TO REPLACE THE PLATEAU D'ALBION IRBMS BUT ABOUT WHICH MITTERRAND HAS LONG VOICED SCEPTICISM). MITTERRAND MADE NO EFFORT TO SUGGEST THAT THE ENDING OF GROWTH IN THE FRENCH DEFENCE BUDGET WAS DUE TO A REDUCED SOVIET THREAT: HE SET IT PURELY IN THE CONTEXT OF OTHER DOMESTIC PRIORITIES.

NUCLEAR TESTS/ARMS CONTROL

8. MITTERRAND SAID THAT FRANCE WOULD NOT STOP NUCLEAR TESTING SO LONG AS THE OTHER NUCLEAR POWERS CONTINUED THEIR TESTS. TESTING WAS NECESSARY FOR DETERRENCE. HE REITERATED FRANCE'S CONDITIONS FOR ENTERING NUCLEAR DISARMAMENT NEGOTIATIONS. HE SAID THAT THE HADES MISSILE'S PRE-STRATEGIC FUNCTION WAS NOW WELL-FEFINED. HE ALSO SAID THAT, THANKS TO FRANCE, PROGRESS WAS BEING MADE TOWARDS A CHEMICAL WEAPONS BAN.

FRANCO-GERMAN RELATIONS

8. ALTHOUGH MITTERRAND'S COMMENTS ON THE DIFFICULTIES ON

FRANCO-GERMAN RELATIONS WERE MAINLY IN THE ECONOMIC/MONETARY FIELD (SEE SEPARATE TELEGRAM), HE UNDERLINED THE NEED FOR UNDERSTANDING OF GERMANY'S SPECIAL HISTORICAL, GEOGRAPHICAL CIRCUMSTANCES. IN VIEW OF THE CHALLENGES OVER THE COMING DECADES OF INTERNAL POLITICAL DEVELOPMENTS IN GERMANY OF FRG/SOVIET RELATIONS AS WELL AS OF EC CONSTRUCTION, THE FRG AND FRANCE MUST CONTINUE TO WORK TOGETHER. BUT HE WARNED (UNSPECIFICALLY) THAT THE RULES OF THE GAME MUST BE RESPECTED.

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MY TELNO 518: FRANCO GERMAN SUMMIT: SNF AND EMU

SUMMARY

1. FRENCH ANXIOUS TO HELP CHANCELLOR KOHL OVER SNF DECISIONS. GENERAL WELCOME AT FRANCO-GERMAN SUMMIT FOR DELORS REPORT APPROACH TO EMU AND AGREEMENT THAT DELORS REPORT MUST BE TAKEN AS A WHOLE. BUT NO SPECIFIC DECISIONS YET ON HOW TO PROCEED UNDER THE FRENCH PRESIDENCY.

DETIAL

2. WE DO NOT YET HAVE AN ACCOUNT OF THE TETE-A-TETE DISCUSSIONS BETWEEN MITTERRAND AND KOHL IN PARIS ON 19-20 APRIL OF EMU AND THE DELORS REPORT, OR SNF. BUT A PICTURE IS EMERGING FROM CONTACTS WITH THOSE WHO ATTENDED THE DUMAS-GENSCHER TALKS AND THE PLENARY (CRESSON AND ADAM-SCHWEITZER WERE PRESENT AT THE FORMA FOR PART OF THE TIME). I HAVE DISCUSSED WITH THE GERMAN AMBASADOR (PFEFFER) AND THE MINISTER WITH THE QUAI DIRECTOR FOR EUROPE (BLOT).

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3. THE MAIN DISCUSSION WAS EVIDENTLY BETWEEN KOHL AND MITTERRAND, BUT DUMAS AND GENSCHER COVERED THIS TOO. PFEFFER CONFIRMED OUR READING OF THE PRESENT FRENCH APPROACH, BASED ON EXTREME SENSITIVITY TO GERMAN INTERNAL PREOCCUPATIONS, AND RELUCTANCE TO PUT FORWARD A FIRM PUBLIC VIEW ON THE SUBSTANCE (MITTERRAND AT THE JOINT PRESS CONFERENCE WAS CHARACTERISTICALLY GUARDED.) THERE WAS NO DISCUSSION OF NATO SUMMIT LANGUAGE IN VIEW OF THE CURRENT DISCUSSION WITH THE COALITION IN BONN.

4. BLOT SAID THAT ALL THE FRENCH PARTICIPANTS WERE STRUCK BY THE DETERIORATION OF KOHL'S POSITION: IT WAS A REAL QUESTION WHETHER, IF THE RESULTS OF THE EUROPEAN ELECTIONS WERE UNFAVOURABLE FOR HIM, HE WOULD SURVIVE THE SUMMER. THOSE ACCOMPANYING GENSHCER HAD SAID AS MUCH AND PFEFFER COMMENTED TO ME ON THE NERVOUSNESS AND SENCE OF FRAGILITY WHICH HE HAD FOUND. FRENCH ATTITUDES TO BOTH SNF AND THE BIG EUROPEAN COMMUNITY ISSUES HAD TO BE SEEN IN THAT LIGHT. THEY NEEDED TO HELP KOHL, RECOGNISING THAT HE WAS IN A SITUATION IN WHICH

HE COULD NOT TAKE THE MODERNISATION DECISION. THE GERMANS WERE EXPECTING A LOT OF THEIR FORTHCOMING CONTACTS WITH THE AMERICANS. DUMAS HAD ARGUED AGAINST GOING DOWN A TRACK THAT WOULD END IN SNF NEGOTIATIONS.

COMMUNITY ISSUES

5. THERE HAD BEEN DISCUSSION OF THE DELORS REPORT, TAX APPROXIMATION, AND EC ENLARGEMENT. ACCORDING TO PFEFFER, DUMAS AND GENSCHER CONCLUDED THAT THE REPORT WAS NOT IDEAL FOR EITHER SIDE, BUT NOT TOO BAD EITHER. IT WAS HIGHLY SATISFACTORY THAT IT HAD BEEN AGREED UNANIMOUSLY. IT NEEDED TO BE SEEN AND DISCUSSED AS A WHOLE, WITHOUT SALAMI TACTICS. MR LAWSON'S REACTION TO THE REPORT HAD BEEN DISCUSSED. PFEFFER TOLD ME HE TOOK AWAY FROM THE DISCUSSION AN IMPRESSION OF THE DILEMMA FACING FRANCE AND GERMANY: THEY WANTED PROGRESS INCLUDING BRITAIN, BUT FEARED THAT THIS WOULD BE IMPOSSIBLE WITHOUT BRITISH COMMITMENT TO SOME EVENTUAL INSTITUTIONAL REFORM. PFEFFER SAID HE WAS UNAWARE OF ANY PLANNING AT THIS STAGE BETWEEN FRENCH AND GERMANS FOR AN IGC, BUT IF THAT WAS TO BE THE DIRECTION OF FRENCH/GERMAN POLICY THEN WORK WOULD BE NEEDED BY EXPERTS NOT LONG AFTER THE MADRID EUROPEAN COUNCIL. (PETIT (ROCARD'S DIPLOMATIC ADVISER) HAS TOLD ME THAT ALTHOUGH THE FRENCH HAD EXPECTED SOMETHING NEGATIVE THEY HAD BEEN TAKEN ABACK BY THE STRENGTH OF THE CHANCELLOR'S REACTION TO THE DELORS REPORT. IT HAD BEEN AT THE HARD END OF THE SPECTRUM OF RESPONSES WHICH THEY HAD IDENTIFIED.))

6. BLOT TOLD US THAT THE DISCUSSION OF EMU WAS A PRELIMINARY ONE: GENSCHER HAD ARGUED THAT GOVERNMENTS WERE NOT YET IN A POSITION TO SETTLE THE WAY FORWARD. READING FROM THE NOTE OF THE JOINT REPORT BY DUMAS AND GENSCHER TO THE PLENARY, BLOT SAID THAT THE MINISTERS HAD 'UNDERLINED THE QUALITY' OF THE DELORS REPORT, UNDERLINED THAT IT FORMED A SINGLE WHOLE, AND POINTED OUT THAT THERE WOULD PROBABLY NEED TO BE A NEW LEGAL INSTRUMENT TO REALISE IT: THE TASK NOW WAS TO PREPARE FOR A DISCUSSION IN DEPTH IN MADRID. THE JOINT REPORT WENT ON TO REFER TO A COMMON APPROACH TO HARMONISATION OF TAX ON SAVINGS AND OF VAT, AND TO A WILL TO MAKE PROGRESS IN THE SOCIAL DIMENSION, ESSENTIAL TO EUROPEAN CONSTRUCTION.

ENLARGEMENT

7. THE TWO SIDES AGREED THAT IT WAS PREMATURE TO CONSIDER ANY ENLARGEMENT BEFORE 1993. THE COMMUNTIY OF 12 MUST BE CONSOLIDATED. BLOT SAID THAT THE GERMANS HAD LAID STRESS ON THEIR SPECIAL LINKS AND SYMPATHY FOR AUSTRIA, AND THE NEED NOT TO DISCOURAGE THE AUSTRIANS. PFERRER'S ACCOUNT GAVE ME THE IMPRESSION THAT THE FRENCH SEE MUCH MORE CLEARLY THAN THE GERMANS THE REAL DISAVANTAGES IN

TERMS OF EUROPEAN COHESION (AND FRENCH LEADERSHIP EXCLAM) OF FURTHER ENLARGEMENT.

COMMENT

8. THESE ACCOUNTS ARE CONSISTENT WITH THOSE IN THE PRESS (WHICH HAS GIVEN VERY LITTLE COVERAGE TO THIS ''BREAD AND BUTTER'' FRANCO GERMAN SUMMIT, FAMILIAR BY NOW AND THIS TIME OVERSHADOWED BY OTHER EVENTS). THE PRESS REPORTS THAT THE TWO SIDES AGREED IN GENERAL TERMS TO MAKE RAPID PROGRESS ON MONETARY QUESTIONS AND GAVE GENERAL APPROVAL TO THE DELORS REPORT. MUCH REPORTING IS OVERSHADOWED BY THE UNEXPECTED HIKE IN GERMAN INTEREST RATES WHICH THE FRENCH PRESS PLAYS UP AS A BLOW TO EUROPEAN MONETARY COOPERATION. PFEFFER SAID THAT IT SEEMED TO COME AS A SURPRISE TO FRENCH SUMMIT PARTICIPANTS - THOUGH HE COULD NOT BELIEVE THAT THE APPROPRIATE CENTRAL BANK AND FINANCE MINISTER CHANNELS HAD NOT BEEN USED FOR CONFIDENTIAL ADVANCE CONSULTATIONS.

9. I HAVE REPORTED ROCARD'S WELCOME FOR THE DELORS REPORT, AND CRITICISM OF THE BRITISH RESPONSE TO IT, IN MY TELNO 526. AUTHEMAN IN BEREGOVOY'S CABINET, HAS TOLD US THAT HE EXPECTS BEREGOVOY TO MAKE A MAJOR STATEMENT ON THE DELORS REPORT BETWEEN NOW AND THE END OF THE MONTH. WE COULD TAKE IT THAT BERERGOVOY FOUND THE REPORT OF GOOD QUALITY.

10. GISCARD TELEPHONED ME TO SAY THAT AN INTERVIEW WITH HIM IN THE TRIBUNE DE L'EXPANSION OF 19 APRIL SUGGESTING THAT BRITAIN MUST BE PUT UP AGAINST THE WALL ON MONETARY UNION HAD BEEN RENDERED TENDENTIOUS AND DISTORTED BY THE SUB EDITORS. THERE WOULD UNDOUBTEDLY BE PROBLEMS AHEAD. HIS OWN VIEWS WERE WELL KNOWN AND NOT SHARED BY THE BRITISH. BUT THERE WAS TIME TO LOOK AT ALL ASPECTS DISPASSIONATELY BETWEEN NOW AND THE END OF THE YEAR WHEN HE ASSUMED THAT DECISIONS WOULD HAVE TO BE TAKEN.

1. FCO PLEASE ADVANCE TO PS/SECRETARY OF STATE, KERR, ARTHUR (ECD(I)), PS/CHANCELLOR OF EXCHEQUER, LAVELLE (CABINET OFFICE), WICKS (TREASURY), PS/GOVENOR, ARROWSMITH (BANK).

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FRANCO-GERMAN SUMMIT

SUMMARY

1. FRANCO-GERMAN SUMMIT COVERS MAINLY EC, DEFENCE AND BILATERRAL TOPICS. FRANCO-GERMAN DEFENCE COUNCIL MEETS FOR THE FIRST TIME. NEW FRANCO-GERMAN COLLABORATION ANNOUNCED IN THE CIVIL NUCLEAR FIELD. FOREIGN AFFAIRS TOPICS INCLUDE LEBANON AND EASTERN EUROPE. BOTH LEADERS COMMENT ON AUSTRIAN ACCESSION TO THE EC.

DETIAL

2. THE 53RD FRANCO-GERMAN SUMMIT TOOK PLACE IN PARIS ON 19/20 APRIL. THE TWO TEAMS COMPRISED A BROAD RANGE OF MINISTERS, INCLUDING FOREIGN AFFAIRS, DEFENCE, EUROPEAN AFFAIRS, CULTURE, ENVIRONMENT, COMMUNICATIONS, TRANSPORT AND RESEARCH.

3. THE MAIN TOPICS COVERED WERE:

A) DEFENCE. THE FIRST MEETING OF THE FRANCO-GERMAN DEFENCE AND SECURITY COUNCIL WAS HELD ON 20 APRIL AND ISSUED A DECLARATION (FULL TEXT BY BAG TO FCO AND BONN) COVERING THE ORGANISATION OF THE SECRETARIAT, BILATERAL COOPERATION IN SECURITY POLICY, MILITARY COOPERATION AND A JOINT APPROACH TO EAST/WEST RELATIONS. THE TWO LEADERS (SEPARATELY FROM THE DEFENCE COUNCIL) ALSO DISCUSSED SNF AND THE FORTHCOMING NATO SUMMIT (SEE MY TELNO 514 - NOT TO ALL)

B) EAST/WEST RELATIONS. THE TWO SIDES WERE AGREED ON THE IMPORTANCE OF KEEPING UP CURRENT DIPLOMATIC ACTIVITY IN ORDER TO MAINTAIN THE MOMENTUM OF EVOLUTION IN EASTERN EUROPE.

C) TRANSPORT. TWO COMMUNIQUES WERE ISSUED (TEXTS BY BAG) COVERING THE DEVELOPMENT OF RAIL LINKS, AND IN PARTICULAR THE TGV LINK TAKING IN STRASBOURG AND SARREBRUCK.

D) EC QUESTIONS, IN PARTICULAR THE DELORS REPORT, TAX QUESTIONS, ABOLITION OF FRONTIERS AND SOCIAL QUESTIONS. IN THE FINAL PRESS

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CONFERENCE, MITTERRAND SAID THAT HE CONSIDERED THE LEGAL RIGHTS OF WORKERS IN A UNITED EUROPE TO BE PARTICULARLY IMPORTANT.

E) AUDIOVISUAL EUROPE, IN PARTICULAR THE TECHNOLOGICAL (IE HDTV) AND AUDIOVISUAL EUREKAS

F) FRANCO-GERMAN COLLABORATION IN THE FIELD OF CIVIL NUCLEAR ENERGY, ESPECIALLY OVER THE RE-TREATMENT OF NUCLEAR FUEL (TEXT OF DECLARATION BY BAG). A JOINT WORKING GROUP WAS ESTABLISHED, TO BE HEADED BY THE FRENCH MINISTRY OF INDUSTRY AND THE GERMAN MINISTER OF ENVIRONMENT, NATURE AND NUCLEAR SAFETY.

G) THE ENVIRONMENT.

4. IN THE FINAL PRESS CONFERENCE, KOHL LAID EMPHASIS ON THE AMOUNT OF WORK THAT STILL NEEDED TO BE DONE IF THE SINGLE MARKET WAS TO BE ACHIEVED BY 1993. HE DECLARED HIS AFFECTION FOR STRASBOURG AND HIS PERSONAL DETERMINATION THAT IT SHOULD RETAIN ITS ROLE AS A EUROPEAN CITY, AND ALSO SAID HOW IMPORTANT THE SARRE REGION WAS FOR THE FRG. ON NUCLEAR COLLABORATION, KOHL SAID THAT THE NEW AGREEMENT FORESAW THE ESTABLISHMENT OF TWO PILLARS, ONE GERMAN (IE WACKERSDORF PLANT) AND ONE FRENCH. HE UNDERLINED THAT THE FRG GOVERNMENT'S OVERRIDING CONSIDERATION IN DEVELOPING NUCLEAR POWER WAS AND ALWAYS WOULD BE THE SAFETY OF THE CITIZEN. MITTERRAND SPOKE OF SUCH COLLABORATION BEING OPEN TO TO OTHER EUROPEAN COUNTRIES IF THEY CHOSE TO JOIN IT, THOUGH OF COURSE IN MILITARY NUCLEAR MATTERS THERE WERE LIMITS TO COOPERATION: THE FRENCH PRESIDENT'S FINGER HAD TO STAY ON THE TRIGGER.

5. THE FOREIGN AFFAIRS TOPICS COVERED AT THE SUMMIT, MAINLY BETWEEN DUMAS AND GENSCHER, INCLUDED LEBANON, POLAND AND THE SUDAN (WHERE THE FRENCH AND THE GERMANS ARE COLLABORATING IN THE PROVISION OF HUMANITARIAN AID). ON POLAND, MUSITELLI (ELYSEE) TOLD US THAT THE FRENCH AND THE GERMANS WOULD WORK OUT A JOINT APPROACH ON FINANCIAL AID AND DEBT RELIEF. THEY ALSO AGREED THAT PRESIDENT BUSH'S RECENT PROPOSALS ON POLAND SHOULD BE FOLLOWED UP IN A CONCERTED MANNER BY THE TWELVE. MUSITELLI ADDED THAT BONN AND PARIS HAD ALSO AGREED ON A COMMON DEMARCHE TO THE ROMANIAN GOVERNMENT ABOUT THE SIX, AND WOULD PROPOSE THAT THE TWELVE SHOULD FOLLOW UP THEREAFTER. MUSITELLI SAID THAT MITTERRAND WAS CONCERNED TO UNDERLINE THE MESSAGE IN PUBLIC THAT THE FRANCO-GERMAN DEFENCE COUNCIL WAS NOT INTENDED TO RUN AGAINST THE CURRENT OF ARMS CONTROL, NOR TO SET ITSELF UP AS AN ALTERNATIVE TO NATO. THE FRENCH AND GERMAN GOVERNMENTS WERE MERELY CONCERNED TO DEVELOP AS COMMON AN APPROACH AS POSSIBLE ON DEFENCE

ISSUES. IT WAS REDICULOUS FOR THE SOVIET UNION TO CLAIM THAT THE COUNCIL WAS AN INDICATION OF A NEW MILITARISM IN WESTERN EUROPE.

6. ON LEBANON, MITTERRAND SAID AT THE PRESS CONFERENCE THAT FRANCE HAD BEEN THE ONLY COUNTRY TO TAKE POSITIVE ACTION: SHE COULD NOT JUST STAND ASIDE AND FIDDLE WHILE BEIRUT BURNT. THE HUMANITARIAN ACTION HAD BEEN PARTLY INTENDED TO FOCUS INTERNATIONAL ATTENTION ON THE PROBLEM. FRANCE WAS NOW DIPLOMATICALLY ACTIVE ON THE POLITICAL PROBLEM AND HOPED THAT THE UN WOULD BECOME INVOLVED. THE TROUBLE WAS THAT NEITHER SYRIA NOR ISRAEL, THE TWO FOREIGN POWERS DIRECTLY INVOLVED, WANTED THE LEBANESE CRISIS INTERNATIONALISED.

7. QUESTIONED AT THE PRESS CONFERENCE ON AUSTRIAN ACCESSION TO THE EC, MITTERRAND SAID THAT THERE WERE A NUMBER OF ACTUAL OR LIKELY APPLICATIONS, ON WHICH AUSTRIA'S CAME FROM A COUNTRY CLEARLY DESTINED TO PLAY A FULL AND SIGNIFICANT ROLE IN EUROPE. BUT THE SINGLE MAKRET AND THE SEA HAD TO BE IMPLEMENTED FIRST. AUSTRIA'S APPLICATION WAS WORTHY OF CONSIDERATION BUT NOT IN THE IMMEDIATE FUTURE (QUOTE RECEVABLE MAIS PAS D'ACTUALITE UNQUOTE). KOHL SAID MUCH THE SAME. THE FRG WAS PARTICULARLY ATTACHED TO AUSTRIA, BUT THERE WAS JUST TOO MUCH TO DO IN THE RUN-UP TO 1993. AUSTRIA'S APPLICATION WAS DESIRABLE IN ITSELF BUT COULD NOT YET BE ADDRESSED.

8. WE SHALL REPORT FURTHER AS DETAILS BECOME AVAILABLE, PARTICULARLY ON EC TOPICS.

FERGUSSON

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ITALO-FRENCH SUMMIT, SICILY, 30 MARCH

SUMMARY

1. MITTERRAND AND DE MITA MET IN TAORMINA FOR SOME THREE HOURS ON 30 MARCH. MAIN FOCUS OF DISCUSSION WAS ON EUROPEAN COMMUNITY ISSUES. THE MINI SUMMIT WAS PRESENTED AS PREPARING THE GROUND FOR MADRID. MITTERRAND AND DE MITA AGREED ON THE AIM TO CREATE A SINGLE EUROPEAN CURRENCY AND A EUROPEAN CENTRAL BANK. BUT ACCOUNT ALSO TAKEN OF BRITISH RESERVATIONS. AGENDA ALSO INCLUDED COOPERATION IN THE MEDITERRANEAN, DEVELOPMENTS IN SOVIET POLICY AND TERRORISM.

DETAIL

2. THE TAIRMINA MEETING RECEIVED EXTENSIVE COVERAGE IN THE ITALIAN MEDIA, CONVEYING THE OVERALL IMPRESSION THAT DE MITA SAW EYE TO EYE WITH MITTERRAND ON ALMOST ALL EC ISSUES. PARTICULAR PROMINIENCE WAS GIVEN TO THE IDENTITY OF VIEW RECORDED ON EC MONETARY POLICY AND ON THE SOCIAL SPACE. COVERAGE IN MAY NEWS-PAPERS PLAYED UP THE DIFFERENCES BETWEEN THE JOINT ITALO-FRENCH POSITION AND THAT OF THE UK, WITH HEADLINE TREATMENT SUGGESTING THAT THE FRENCH AND ITALIANS, TOGETHER WITH THE GERMANS, SPANISH AND OTHERS, ARE DETERMINED TO PUSH AHEAD WITH THE CREATION OF A SINGLE EUROPEAN CURRENCY AND A CENTRAL BANK NOTWITHSTANDING MRS THATCHER'S OPPOSITION.

3. THIS COMBATIVE TONE IS NOT, HOWEVER, APPARENT IN THE REPORTING OF WHAT DE MITA AND MITTERRAND ACTUALLY SAID DURING THEIR JOINT PRESS BRIEFING. DE MITA IS QUOTED IN MOST PAPERS AS HAVING SAID ''THE MONETARY ASPECT MUST SHOW PROGRESS PARALLEL TO THE COMPLETION OF THE SINGLE MARKET ... WE HAVE CONSIDERED THE RISKS BUT THE OBJECTIVE IS SO IMPORTANT IT MUST BE PURSUED ... WE MUST FIND A WAY THROUGH WHICH AVOIDS CONFRONTATIONS AND ACHIEVES AGREEMENT''. MITTERRAND, FOR HIS PART, IS REPORTED TO HAVE SAID ''THE TASK IS TO WORK IN SUCH A WAY AS TO AVOID THE POSSIBLE RISK OF COLLISION WITH COUNTRIES SUCH AS BRITAIN WHICH HAVE A MUCH MORE CAUTIOUS APPROACH TO THE ISSUE ... THE COMMUNITY HAS OVERCOME IN RECENT

YEARS MANY DIFFICULTIES WHICH WERE AT FIRST SIGHT UNSURMOUNTABLE ... THE SUMMITS OF MILAN, FONTAINEBLEAU AND HANOVER WERE ALL FORWARD STEPS. WHY SHOULD MARDRID NOT BE ANOTH MILESTONE? WE DISCUSS AND WE TRY TO REACH AGREEMENT. IF WE DO NOW SUCCEED THE COMMENTS COME AFTERWARDS. BUT THERE IS NO REASON TO DOUBT THE STRENGTH OF THE DYNAMIC OF EUROPEAN CONSTRUCTION''.

4. OTHER EC ISSUES ON THE AGENDA WERE APPARENTLY TAX HARMONISATION, CAPITAL TAXATION AND MONOPOLIES AND THE FREE MOVEMENT OF PEOPLE. ON THE LATTER IT IS NOTED BY SOME PAPERS THAT ITALIAN BORDER CONTROLS ARE MUCH LAXER THAN IN OTHER EC COUNTRIES.

5. INTERNATIONAL AFFAIRS RECEIVED LESS COVERAGE. DE MITA AND MITTERRAND ARE REPORTED TO HAVE EXCHANGED VIEWS ON THE MEDITERRANEAN AREA AND AGREED ON THE NEED FOR CLOSER COOPERATION BOTH BETWEEN FRANCE AND ITALY AND WITH THE COUNTRIES OF NORTH AFRICA. THE TWO LEADERS ALSO AGREED THAT THE SUMMIT SEVEN MEETING IN PARIS IN JULY SHOULD TACKLE THE PROBLEM OF THE INDEBTEDNESS OF THE DEVELOPING COUNTRIES. THERE WAS AN EXCHANGE OF VIEWS ON CURRENT DEVELOPMENTS IN THE SOVIET UNION.

6. SEVERAL PAPERS REPORTED THAT AT THE PRESS CONFERENCE MITTERRAND WAS PRESSED BY JOURNALISTS TO CLARIFY THE FRENCH GOVERNMENT'S POSITION ON THE POSSIBLE EXTRADITION OF THE TWO RED BRIGADES TERRORISTS ARRESTED IN PARIS LAST SEPTEMBER. IN REPLY MITTERRRAND EXPLAINED THAT EXTRADITION WAS A MATTER FOR THE FRENCH JUDICIARY RATHER THAN FOR THE GOVERNMENT. BUT HE WENT ON TO SAY THAT THERE HAD BEEN A CHANGE OF INTERPRETATION OF THE JUDICIAL ASPECTS OF EXTRADITION IN FRANCE IN RECENT YEARS AND THAT IN RESPONSE TO REQUESTS FROM OTHER COUNTRIES, IN PARTICULAR EC PARTNERS, IT WAS RIGHT THAT SUSPECTS SHOULD BE EXTRADITED. WITH REGARD TO THE SPECIFIC RED BRIGADES CASE MITTERRAND ADDED THAT ONCE THE ITALIAN JUDICIARY PRESENTED A FORMAL APPLICATION FOR EXTRADITION IT WOULD BE THE DUTY OF FRANCE TO SHOW SOLIDARITY WITH ITALY IN THE FIGHT AGAINST TERRORISM.

COMMENT

7. IMMEDIATELY AFTER THE SUMMIT DE MITA LEFT FOR JAPAN TAKING HIS SENIOR DIPLOMATIC ADVISERS WITH HIM. HOWEVER, A MEMBER OF DE MITA'S STAFF IN ROME WHO WAS PRESENT AT THE SUMMIT HAS GIVEN US HIS OWN ACCOUNT WHICH TALLIES IN ALL IMPORTANT RESPECTS WITH THE REPORTS IN THE MEDIA. TONINI VOUCHED, IN PARTICULAR, FOR THE STATEMENTS BY DE MITA AND MITTERRAND IN PARA 3 ABOVE. TONINI ADDED THAT SOME NEWSPAPERS HAD GIVEN UNDUE PROMINENCE TO THOSE EC QUESTIONS

ON WHICH THE BRITISH POSITION WAS KNOW TO BE DIFFERENT, CONVEYING IN THE PROCESS THE IMPRESSION OF SINGLING OUT THE UK FOR SPECIAL CRITICISM. HE SAID THAT THIS WAS NOT AN ACCURATE REFLECTION OF THE LINE TAKEN BY DE MITA AND MITTERRAND.

8. IT WAS ANNOUNCED DURING THE SUMMIT THAT COSSIGA WILL PAY A STATE VISIT TO FRANCE NEXT MONTH ACCOMPANIED BY DE MITA AND THAT THE NEXT BILATERAL SUMMIT WILL TAKE PLACE IN VENICE IN OCTOBER.

THOMAS

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ECONOMIC SECRETARY TO THE TREASURY

Treasury Chambers, Parliament Street, SW1P 3AG

Charles Powell Esq
10 Downing Street
LONDON SW1

13 March 1989

Dear Charles,

I attach an article from Le Monde of 3 March on French attitudes to Europe. The Economic Secretary thought that the Prime Minister might find this of interest.

Yours,
Sheila

S M A JAMES
PRIVATE SECRETARY

LE MONDE.
FRIDAY 3 MARCH.

Un sondage SOFRES pour « le Monde » et RTL

L'inquiétude des Français s'accroît face à la construction de l'Europe

A quelque trois mois des élections européennes du 18 juin, on assiste à une montée de l'inquiétude des Français face à la construction de l'Europe. Tel est le principal enseignement que l'on peut tirer du sondage réalisé par la SOFRES pour « le Monde » et RTL, dont nous publions les résultats page 6. Alors que 43% des Français estimaient en 1984 que la priorité était de faire l'Europe, ils ne sont plus aujourd'hui que 30 %.

Qui, en France, a peur de l'Europe ? La réponse que fournit le sondage réalisé pour *le Monde* et RTL par la SOFRES ne souffre d'aucune ambiguïté : de plus en plus de Français sont inquiets, parfois confusément, parfois contradictoirement, à l'approche de 1993. Pour 33 % qui expriment leur confiance en ce marché unique dont on parle tant depuis 1985, jusqu'à en avoir fait un mythe, 58 % craignent de plus en plus la date fatidique. Résultat : seuls 30 % des Français estiment que la priorité d'aujourd'hui est de faire avancer la construction de l'Europe, alors qu'ils étaient 43 % de cet avis, selon un sondage SOFRES-*Figaro* réalisé en 1984. Pour les autres, l'heure est à la défense des intérêts de la France dans la CEE.

La tendance ainsi mise à jour n'est pas faite pour surprendre. A trop avoir présenté la construction européenne comme la panacée... européenne, en évitant soigneusement d'en souligner la problématique, les défis et les difficultés, il fallait bien s'attendre à un réveil agité. Sans suivre au jour le jour les étapes et les méandres de l'aventure, rares sont les Français aujourd'hui qui ignorent que la tâche ne sera pas facile ; ils ont tous entendu parler du dynamisme et de la force de l'industrie allemande, du mauvais caractère de Mme Thatcher qui explose dès qu'on lui parle d'Europe sociale, de l'agriculture espagnole, des élevages et des laiteries danoises, de l'astuce des Grecs et, à un moindre degré, des Italiens qui, les uns et les autres, s'y entendraient si bien pour puiser dans la caisse commune...

M. Mitterrand, hier si lyrique, mais toujours aussi habile à détecter les fluctuations de l'opinion, ne s'y est d'ailleurs pas trompé ; il a parfaitement anticipé ce changement d'humeur dans son intervention du 12 février sur TF1 : l'Europe certes, a-t-il dit en substance, mais pas à n'importe quel prix, en tout cas pas à celui qu'exige aujourd'hui la locataire du 10 Downing Street ; et de consacrer la partie de son intervention ayant trait à l'Europe à un discours presque nationaliste.

JACQUES AMALRIC.

(Lire la suite page 6.)

(Suite de la première page.)

Comme si M. Mitterrand songeait à bâtir une ligne Maginot économique destinée à éviter « *la ruine de l'économie française et le pillage* », à défendre « *les producteurs français, les chefs d'entreprise, les entrepreneurs français contre cet argent baladeur – comme les oiseaux de proie – qui s'empare de tout cela sans avoir fait d'efforts, sans avoir pris part à l'effort quotidien* ».

Depuis, l'entourage du président de la République a modéré la portée de ses propos. Mme Edith Cresson s'y emploie encore jeudi 2 mars, dans une interview au *Quotidien de Paris*, expliquant que M. Mitterrand ne brandissait pas la menace de la chaise vide lorsqu'il déclarait : « *L'Europe sera sociale ou ne sera pas.* » « *Non*, dit-elle, *ce que le président a voulu dire, c'est que si l'Europe (...) reste l'Europe des capiteux, des marchands, de l'harmonisation de la fiscalité et de l'épargne, elle ne rencontrera pas l'adhésion des individus (...). Et, pour ce faire, il faut rassurer, faire comprendre à chacun que ses droits sociaux seront préservés, il faut obtenir une certaine solidarité entre les pays européens.* »

Il est probable, en effet, que la querelle de l'Europe sociale sera dominée grâce à un compromis minimal. Mais des crises de cette nature, il va y en avoir beaucoup d'ici à 1993. Que M. Mitterrand veuille faire « *monter les enjeux* » dans cette perspective se comprend. En même temps, le tableau quasi apocalyptique qu'il a dressé l'autre jour peut contribuer encore à accroître les inquiétudes de ceux qui ne maîtrisent pas les mécanismes complexes et peu enthousiasmants de la construction européenne. Il y a quelque chose de contradictoire à faire l'Europe et à dénoncer en même temps la lèpre qui nous viendrait de l'étranger. Ne serait-il pas temps, enfin, de passer à la pédagogie ?

La peur du changement

C'est là que le sondage de la SOFRES permet de mesurer l'ampleur des risques. Quels sont en effet les secteurs sociaux et professionnels les plus inquiets par les perspectives européennes ? En tête viennent bien sûr les agriculteurs. Mais deux autres groupes suivent à peu près à égalité : les ouvriers et les artisans, commerçants et industriels. Ce n'est pas une surprise, mais les chiffres sont éloquents, et on voit déjà se dessiner une masse de manœuvre pour les anti-Européens affirmés (les communistes) ou plus subtils (le Front national), qui pourraient se retrouver « objectivement » et contraindre les grands partis à plus de prudence au moment de la campagne électorale du mois de juin. « La France seule » est une idée qui n'appartient pas qu'à l'extrême droite et qui est suffisamment simpliste pour séduire, pêle-mêle, les échaudés et les frustrés de l'Europe, ceux qui ont peur de tout changement parce qu'ils craignent de ne pas pouvoir s'adapter.

Politiquement, ce sont bien sûr les « sondés » se réclamant du communisme qui se révèlent les plus anti-européens, avec une logique presque stéréotypée dans les réponses : plutôt que de construire l'Europe ou le socialisme, ils choisissent en majorité la lutte pour la réduction des armements et l'aide aux pays en voie de développement : ils sont à 75 % hostiles à une nationalité européenne, rejoignant en cela le Front national (89 %) ; l'idée, il est vrai, ne paraît pas séduire grand-monde : 32 % à peine des centristes, 29 % des socialistes, et 25 % des RPR. Même chose en ce qui concerne la défense des intérêts de la France : les communistes viennent en première place avec 83 %, talonnés par le RPR (75 %) ; c'est à peu près les mêmes chiffres que l'on retrouve lorsqu'on comptabilise ceux qui se disent inquiets de l'Europe ou ceux qui pensent que le marché unique va aggraver les difficultés économiques de la France.

Autres enseignements de ce sondage-avertissement : la « greffe » européenne appliquée au RPR semble toujours tenir ; ce sont bien sûr les cadres et les travailleurs intellectuels qui sont les plus favorables à la grande aventure, mais les femmes sont plus réticentes que les hommes pour s'y lancer (il y a toujours entre 6 % et 8 % d'écart entre les sentiments européens des hommes et ceux des femmes). Ce sont enfin les jeunes (de dix-huit à vingt-quatre ans) qui sont le plus favorables à l'Europe. Puissent leurs aînés ne pas les décevoir !

JACQUES AMALRIC.

● **Les Européens sont prêts à payer plus pour leur défense.** – « Une large discussion est en cours sur le souhait des Etats-Unis de réduire leurs engagements dans la défense commune de l'Europe occidentale. Pensez-vous ou non que les Européens occidentaux devraient accepter de prendre une part plus large du fardeau nécessaire à la préservation de la paix en Europe ? » A cette question, 69 % des Européens répondent par l'affirmative, et seulement 18 % par la négative, selon un sondage effectué par le magazine *European Affairs* auprès de 11 794 ressortissants de la CEE, à l'occasion du dernier Eurobaromètre – enquête effectuée tous les six mois pour le compte de la Commission européenne. Les moins favorables sont les Allemands (57 % de « oui »). Les Français arrivent en troisième position (74 %), derrière les Italiens (79 %) et les Britanniques (77 %).

Selon vous, dans cette liste, quelles sont les deux priorités pour les Français dans les vingt prochaines années ?

	%
Construire l'Europe unie	51
Lutter pour la réduction des armements	35
Accélérer le progrès scientifique et technique	32
Aider les pays en voie de développement	31
Construire une société libérale	23
Construire le socialisme	5
Sans opinion	4
	% (1)

(1) Le total des pourcentages est supérieur à 100, les personnes interrogées ayant pu donner deux réponses.

Si 34 % des communistes ont répondu oui à la première question, ils sont 86 % à avoir répondu à la seconde mais 17 % à la dernière, 81 % des socialistes, 67 % des UDF et 58 % des RPR ont répondu oui à la première question.

Dans vingt ans, souhaiteriez-vous avoir la nationalité française ou la nationalité européenne ?

	%
La nationalité française	62
La nationalité européenne	26
Sans opinion	12
	100

17 % seulement des communistes souhaitent avoir la nationalité européenne contre 29 % de socialistes, 27 % d'UDF, 28 % de RPR et 7 % de FN.

Selon vous, quelle est la priorité d'aujourd'hui ?

	Rappel enquête *Figaro*-SOFRES Mars 1984	Février 1989
	%	%
Faire avancer la construction de l'Europe	43	30
Défendre les intérêts de la France dans la Communauté européenne	50	64
Sans opinion	7	6
	100	100

A la montée des inquiétudes correspond une augmentation de ceux qui placent en priorité la « défense des intérêts de la France » : les communistes sont 83 % dans ce cas, les socialistes 59 %, la UDF 63 %, les RPR 75 % et les FN 74 %.

On parle beaucoup du grand Marché unique européen de 1992-1993. Voyez-vous venir cette échéance avec confiance ou avec inquiétude ?

	%
Avec confiance	33
Avec inquiétude	58
Sans opinion	9
	100

L'inquiétude prévaut chez les communistes (78 %) ; elle est moindre chez les socialistes (50 %), les UDF (59 %), mais atteint 73 % au RPR et 67 % seulement au FN. Dans les catégories professionnelles, les agriculteurs viennent en tête (73 %) suivis par les artisans, commerçants et industriels (67 %). Ce sont les cadres et intellectuels qui sont le moins inquiets (43 %).

La réalisation du Marché unique européen va-t-elle, selon vous, aggraver ou réduire les difficultés économiques de la France ?

	%
Elle va les aggraver	41
Elle va les réduire	27
Ni l'un ni l'autre	16
Sans opinion	16
	100

Pour 81 % des communistes, il faut s'attendre à une aggravation ; 33 % seulement des socialistes pensent de même, ainsi que 49 % des UDF et 48 % des RPR.

Pensez-vous que l'ouverture du Marché unique européen aura en France des effets positifs, négatifs ou aucun effet sur :

	Effets positifs	Effets négatifs	Aucun effet	Sans opinion
Le niveau de vie ..... 100 %	39	25	24	12
Le montant des impôts ..... 100 %	26	25	24	25
L'emploi ..... 100 %	43	30	16	11
La protection sociale ..... 100 %	30	24	25	21
Les conditions de travail ..... 100 %	40	24	21	15

La réponse est nette : pour 41 % des communistes, le Marché unique aura des effets négatifs sur le niveau de vie, alors que 19 % seulement des socialistes sont de cet avis ; 28 % des UDF et des RPR partagent ce point de vue, qui est celui de 52 % du FN. Les opinions sont beaucoup moins significatives à propos des impôts, de l'emploi, de la protection sociale et des conditions de travail, sinon que 46 % des communistes sont pessimistes à ces sujets.

Pensez-vous que le Marché unique européen aura en France des effets positifs, négatifs ou aucun effet sur :

	Effets positifs	Effets négatifs	Aucun effet	Sans opinion
L'automobile ..... 100 %	43	22	15	20
L'industrie séronautique et spatiale ..... 100 %	63	7	9	21
La sidérurgie ..... 100 %	27	30	14	29
L'agriculture ..... 100 %	29	43	12	16
Le secteur public ..... 100 %	32	19	23	26
Le tourisme ..... 100 %	78	5	7	10

L'effet Airbus et Ariane joue à plein : tous les partis estimant que les effets en matière séronautique et spatiale seront bénéfiques (communistes : 61 % ; socialistes : 67 % ; UDF : 71 % ; RPR : 68 % ; FN : 63 %). Résultats mitigés pour ce qui est de l'automobile, de la sidérurgie et du secteur public ; 59 % des communistes sont en revanche inquiets pour l'agriculture ; 50 % d'UDF et 46 % de RPR partagent cet avis. Les socialistes ne sont que 38 %. Euphorie générale en revanche pour prévoir le développement du tourisme : les plus pessimistes sont les communistes, avec 73 %.

Pensez-vous que l'ouverture du Marché unique européen aura en France des effets positifs, négatifs ou aucun effet sur :

	Effets positifs	Effets négatifs	Aucun effet	Sans opinion
Les chefs d'entreprise ..... 100 %	55	15	9	21
Les ouvriers ..... 100 %	36	29	18	17
Les professions libérales ..... 100 %	41	17	19	23
Les commerçants ..... 100 %	40	25	15	20
Les cadres ..... 100 %	47	13	16	24
Les fonctionnaires ..... 100 %	25	22	31	22
Les agriculteurs ..... 100 %	27	43	11	19

La catégorie « artisan, commerçant, industriel » ne répond oui à la première question qu'à 50 %. Les ouvriers ne sont que 32 % à prévoir une amélioration de leur condition, loin des employés (42 %). Les cadres (62 %) sont optimistes, les fonctionnaires et les professions libérales sans avis significatifs, mais les agriculteurs pessimistes à 87 % ; les commerçants sont optimistes à 36 %, pessimistes à 28 %.

Ce sondage, réalisé pour *Le Monde* et RTL, du 18 au 22 février, a été effectué sur un échantillon national de 1 000 personnes représentatif de l'ensemble de la population âgée de dix-huit ans et plus. Les explications qui suivent chaque tableau sont tirées des réponses aux questions complémentaires portant sur la profession, le sexe, l'âge et l'appartenance politique des « sondés ».