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Prime Minister

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MR. ALEXANDER

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Print - 18/7

I delivered the Prime Minister's personal message for President Giscard d'Estaing to Monsieur Jacques Wahl at the Elysee on Saturday, 12th July at 11.00 am. Monsieur Wahl said that he could not immediately give it to the President, who had gone down to the country, being tired after his visit to Germany and wishing to prepare himself for the rigours of Bastille Day on 14th July. But he would let him know on a secure line that the message had been received, and its general purport. He supposed, and I confirmed, that a positive response was to be expected.

2. Monsieur Wahl did not comment on the substance of the message, though it clearly came as little of a surprise to him.
3. In subsequent conversation we touched on a number of matters:
 - (1) Monsieur Wahl said that the President's visit to Germany had gone well. Though it was the first State visit since 1962, no particular importance needed to be attached to that. It was the fact, however, that with every exchange of visits the relationship became closer and deeper. On this occasion, for the first time, there had begun to be some discussion of the possibility of closer defence co-operation between France and Germany. Monsieur Wahl was anxious that we should not underestimate the significance of this, and of the President's recent speech on the modernisation of the "force de dissuasion" and the development of the neutron bomb, as indications of a new development in the evolution of French defence policy. He emphasised that, while the French Government understood the limitations on the possibilities for defence co-operation between Britain and France, they would wish to develop these links to the greatest possible extent: the co-operation with Germany was not intended to be exclusive.

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(2) Monsieur Wahl said that the strength with which we had pursued our objective in the negotiations on the Community Budget had engendered some suspicion in the Community. On occasions it had not been clear whether we were simply pursuing a short term objective with single-minded vigour or whether we were in fact out to "wreck the boat". Our attitude in the further negotiations which were now about to start would be carefully studied from this point of view. Monsieur Wahl also reverted to the point he had made to me earlier in the year about the need for our trade to adjust to our membership of the Community, not least as a means of reducing our net contributions.

I said that we had certainly pursued our objective in the negotiations with determination, not only because of our financial problems at home but because of the impossibility of justifying the situation in which Britain was the largest net contributor. In the negotiations which were about to start we should be looking for equitable solutions, and, like our partners, would no doubt pursue them with vigour. But that was not a reason to question our commitment to membership of the Community, which the Prime Minister had several times reasserted. As to our trade, the proportion of our total trade which was with the Community had risen from about 32 per cent when we joined to about 40 per cent now: a very considerable shift over so short a time.

Referring to enlargement, Monsieur Wahl said that I should understand the French position: they were not against enlargement in principle, but it was a question of timing. Negotiations for enlargement were bound to take longer, and the Community needed to consolidate its existing position. He commented that, once we had a Community of 12, Britain was bound to be a net contributor, given that the three new members all had gross national product per head substantially lower than that of the existing members of the Community.

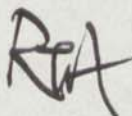
Monsieur Wahl said that he would like to explain to me the French position on the Common Agricultural Policy. When it started, it had been important to the French to have a system of intervention with

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surpluses paid for out of Community funds. This was not now important to the French - Monsieur Wahl claimed that the French did not produce surpluses - and in the forthcoming discussions the French objective would be to retain a single price within the Community, higher than the world price, for agricultural products, and free movement within the Community; but they would be content to see surpluses financed from other than Community sources.

- (3) Monsieur Wahl asked whether we were contemplating any initiative in Namibia. This was an area in which British and French interests, particularly in uranium, coincided. It was very important to us both that there should be 10 years' stability in that part of the world. We could not just leave it to the South Africans. It was a part of the world in which the French Government thought that the British Government for historical reasons were best placed to take the lead. I said that we were certainly concerned about the situation in Namibia, but that I did not think that we had any present plans for an initiative.
- (4) I said that the Prime Minister was looking forward to her next meeting with President Giscard in Bordeaux in September. This would be an important occasion, and the Prime Minister was expecting to be accompanied not only by the Foreign and Commonwealth Secretary but also by three or four other senior Ministers. Monsieur Wahl took note of this, indicating that the President would welcome this and would expect to respond in kind.



(Robert Armstrong)

15th July, 1980

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