

Prime Minister: This is the conversation mentioned by Mr Walker this morning in Cabinet. For some reason this record had not been sent to us previously.

RECORD OF CONVERSATION BETWEEN THE FOREIGN AND COMMONWEALTH SECRETARY AND THE FRENCH FOREIGN MINISTER AT CHEVENING ON FRIDAY 19 DECEMBER 1980 AT 5 PM.

Present

File is paras 10-18.

- The Rt Hon Lord Carrington
KCMG MC
- Sir R Hibbert KCMG
- Mr J L Bullard CMG
- Mr D H A Hannay
- Mr D A S Gladstone
- Mr G G H Walden

- M. Jean François-Poncet
- M. Jean Sauvagnargues GCMG
- M. Pierre Achard
- M. Gabriel Robin
- M. Alfred Siefert-Gaillardin
- M. Jean-Paul Cluzel

Print - 8/1

Poland and Afghanistan

attached -

1. (Discussion of Poland and Afghanistan has been recorded separately).

Middle East

2. Lord Carrington said that Mr Linowitz had said at a press conference in Jerusalem that the Reagan Administration was committed to the Camp David process and that any European initiative would be harmful. He was not a helpful influence. M. François-Poncet said that General Haig was more open-minded about the Middle East than the present administration. But he foresaw great difficulties ahead with the Americans on this subject. It would be important for the Europeans to stand by their policies, otherwise European interests would suffer. We could not afford further mistakes in that part of the world.
3. In reply to a question by Lord Carrington, M. François-Poncet said he thought a victory by M. Peres at the next Israeli elections was not a foregone conclusion. In any case a Peres victory could pose more difficulties for the Europeans even than did Begin because Israeli policies would then look more reasonable. But in practice the policies would probably be equally hard.
4. M. François-Poncet said it was very hard to understand the military tactics of either side in the Iran/Iraq war but especially of Iraq.
5. Lord Carrington said that the difference, if Labour came to power in Tel Aviv, would be mainly of style. Israel ought to see the present period as the moment to be flexible: but they were doing the opposite. He was going to Egypt after Christmas and would see Sadat. M. François-Poncet thought it important to build a bridge between

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Europe and Egypt (and the Arab moderates). Egypt was potentially a source of military strength. She could also help vis-à-vis Libya: unfortunately, she did not.

6. M. François-Poncet wondered how Mr van der Klaauw would perform on the Middle East and how strong his domestic position was. Lord Carrington thought that his position was not very strong but that he would honourably do his best. He himself was in trouble with the Board of Deputies of British Jews on account of Sir J Graham's meeting with Mr Arafat.

Uganda

7. Lord Carrington thought that the recent elections had been questionable but the result was perhaps better than any alternative.

Chad

8. M. François-Poncet said that Europe regarded Qadhafi as a dangerous clown, but to the Africans he was a menace. All surrounding African states were worried and wanted the Libyans out, especially the Nigerians, who wrongly thought that the French were behind Hissein Habré. In fact, the latter was not a potential pole of attraction in the area, being hated by the people of the south. All were fearful of Qadhafi, who trained terrorists, distributed weapons and threw his money around. The French had no intention of going back into Chad: their recent communiqué had certainly been unfortunately timed but had been misinterpreted. Equally, however, they would not let other neighbouring states be destabilized by Libya. In time, M. François-Poncet thought that Qadhafi would get into trouble in Chad. His troops were unpopular with their supposed allies. He repeated that the attitude of the Nigerians would be crucial: they would not put up with Qadhafi for long. Lord Carrington pointed out that the Nigerians had given Qadhafi facilities in the past. However, the Lord Privy Seal had found their attitudes changing. He himself was going to Nigeria in February.

9. M. François-Poncet said he would receive the 'political' Foreign Minister of Libya. The Libyans were telling the Africans that the French were their best friends and that a secret deal existed. Jalloud himself talked of dividing Africa between Libya and France, but M. François-Poncet made a point of keeping him at arm's length. France did not even buy oil from Libya and relations were thin. Nevertheless, there were still 1800 Frenchmen living in Libya. Lord Carrington commented that Britain had 5,000. M. François-Poncet said that Qadhafi was constantly trying to visit President Giscard at very short notice. He said that the Egyptian Foreign Minister had admitted, unfortunately, that Sadat had no appetite for 'taking Qadhafi out'.

European Community

10. Lord Carrington said that problems had arisen in Brussels in the last few days concerning especially fish and agricultural issues and the budget of the Assembly. Frankly, we were mystified by these developments. Things had been going better and we had understood that the French wanted agreement on fish by the end of the year. He would be grateful for an explanation of what had gone wrong.

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11. M. François-Poncet said that there was an explanation. As regards fisheries, there was a key principle at stake: all waters were Community waters. The UK had asked the Community to move away from this principle and agree that within the 12-mile limit they should not be Community waters. The French had made a big concession in agreeing to talk on that basis: they could have stood pat on the Treaty. The question now was how to define historic rights.

12. M. François-Poncet said that we had been close to agreement on quotas but French fishermen had traditionally fished in areas from which the British now wished to remove them. If that happened, they would be unable to take up their quota. If the UK could not formulate an acceptable definition of historic rights, they would have to go back to the simple concept of all-embracing Community waters. What the British were asking was in fact the impossible, i.e. elimination of French historic rights off the Scottish coast. If the French agreed, they would lay themselves open to similar exclusion from Irish 12-mile waters and would lose 40% of their fish. It was therefore not true to say that the Community had been 'close to agreement' at Brussels: agreement on a definition of historic rights was still outstanding.

13. Lord Carrington said that he had spoken to Mr Walker who had told him that the proposals currently under discussion had been with the French for 4-5 months without the French raising major difficulties until now. The UK had done a great deal to improve French quotas. M. François-Poncet agreed, but said that quotas were only meaningful if they could be taken up.

14. Lord Carrington said that the problem dated back to the time of UK accession to the Community. The Dutch had allowed the fishing regime to be introduced and we had been bounced into accepting it. A great deal of ill-feeling on the British side had ensued. If it were now suggested that we could not have an exclusive 12-mile zone, a solution would be impossible.

15. M. François-Poncet said that the French were not just arguing with the British but Community-wide. What was done for the UK would apply generally, especially to the Irish. Mr Hannay said that we did not understand the French reference to losing 40% of their catch opportunities. In any case, Ireland was not on all fours with the British case. The Hague areas were only part of the UK. It was surely in the French interests to settle with us since this would ensure that other member states boats did not get fishing rights in our 12-mile zone, diluting the French historic rights.

16. M. François-Poncet said that the British attitude on historic rights raised acute problems, especially for Brittany, where the fishermen concerned were concentrated. The UK was pushing France back on to Treaty principles, when they had in fact moved away from the pure doctrine of Community waters. British calculations that the French would not be doing badly were not justifiable. One could not conduct this discussion in percentage terms: the French would bring out the Bible. Mr Hannay said there could be no solution that way. M. François-Poncet agreed; there would just be a lamb war situation in reverse - we must avoid a Spanish situation where waters were fished out.

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17. Lord Carrington said that in no way could the UK accept Community fishermen coming right up to our coasts. We had to find a solution. M. Francois-Poncet agreed that the problem must be removed and suggested that further bilateral consultations would be useful. Lord Carrington said he thought this was already agreed. We had told the Commission and the Presidency we were prepared for any bilateral contacts they might decide to initiate.

18. M. Achard said that the derogations in the Treaty of Accession could be lengthened. But historic rights must be maintained. It was difficult to say that historic rights should remain in Southern England but not in Scotland. Mr Hannay pointed to the major changes that had taken place since the Accession Treaty was negotiated in 1971. Extension to 200 miles and a drastic reduction in the quantity of fish meant that new factors were now more important, especially conservation. Maintenance of French historic rights should be seen as a concession to France: the problem of Scotland was very sensitive. M. Francois-Poncet said that one could not reason and negotiate as if no Treaty existed. If we waited until 1983 everything would belong to the Community in any case.

EC Budget Restructuring

19. M. Francois-Poncet said he understood there had been talks between British and French officials. He understood the UK had some ideas. He would like to hear them. Lord Carrington said that the problem was to reform the CAP within the 1% VAT ceiling. He invited Mr Hannay to explain the British position. Mr Hannay spoke on the lines of EQS(80)50, emphasizing that the UK position was still basically in the analytical phase; we had no solutions to propose as yet.

20. M. Francois-Poncet said that the French government still had much homework to do. He queried whether the proportion of EC expenditure on agriculture was really so high, maintaining that the proportion had dropped from 80% to 60% plus. He wondered what sort of agricultural policy the Community wanted. The CAP was not a white elephant. Rather, we should accustom ourselves to regarding the EC as an agricultural power in the world: we should not aim to reduce agricultural output in Europe and thus encourage imports. Nor, of course, should one aim to pile up surpluses for their own sake. The French agreed that an extremely prudent price policy was needed; the coming year would unfortunately not be a favourable time to make a start on it.

21. M. Francois-Poncet said that it would be painful to eliminate what had gone wrong with the CAP, but there were in fact fewer agricultural problems than was generally supposed. Improved accounting procedures would help: the 30 million UA's for Poland and the cost of importing sugar from ACPs above world prices should not be included under the FEOGA heading. With a growing food problem in the world at large the CAP might look very different in three years' time. Already Community grain was being sold close to the world price and sugar below it. With more grain at

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Our disposal the Community would acquire greater weight. The real problem was powdered milk, which now absorbed some 10% of the budget. There was also a pressing need to discuss vegetable oils and fats before Spanish accession. There must be a policy on this.

22. Lord Carrington agreed that the EC's accounting procedures could be looked at. But he had to say that national aids to farmers as practiced by France appeared to be contrary to the EC's rules.

23. M. François-Poncet said that everyone helped their farmers. The Germans had always done it: they had the Grünen Plan aimed at keeping incomes from agriculture level with those of other sectors. In any case, loss of income through reduced aids could encourage farmers to produce more, not less. Lord Carrington pointed out that there were capital and other constraints. There was no doubt that the £100 million disbursed by the French government to its farmers created inequalities.

24. M. François-Poncet said that the German farmer received the market price plus 10%. It was essential to abolish that state of affairs first. MCAs were originally supposed to be a temporary measure: now they were permanent distortion. We should engage in a basic discussion of how we wanted European agriculture to develop. The French were closer to the British than, for example, the Dutch, when it came to issues such as the use of imported foodstuffs and the production of milk by factory farming.

25. Lord Carrington wondered how all these problems were to be resolved in 1981.

New Zealand Butter and Australian Beef

26. M. François-Poncet said that the UK could not ask France to sign three-year agreements in these areas. Asked by Lord Carrington why not, he said that they were not in favour of renewing or extending any long-term agricultural agreements. Mr Hannay instanced Tunisian olive oil after enlargement as a recent case where they had not taken this view. Lord Carrington recalled that the arrangements on New Zealand lamb were to last three years. M. François-Poncet agreed that there was an undertaking in that sense and stressed that his government were not refusing indefinitely to look at the question but said it was unreasonable to ask the French government to take on a long-term commitment towards New Zealand when the Community did not know where it was going.

27. Lord Carrington said that the UK Accession Treaty had recognised the need for New Zealand to have continued access for its butter. The principles had been reaffirmed in 1975 in Dublin. The UK was committed in honour to New Zealand, which had been greatly affected by our accession to the EC. M. Achard said that in those days the UK had needed butter from New Zealand because it was in short supply at home. Now British production had expanded and New Zealand butter was a burden on the market.

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28. M. François-Poncet repeated that the French could not take on a long-term commitment on quantities in the present uncertain conditions. He had a commitment of honour to his farmers. Lord Carrington said that the outcome would be very important for the New Zealanders. He appealed to M. François-Poncet to treat them generously. M. François-Poncet said that the present arrangements could be prolonged for one year. No-one wanted to sever ties with New Zealand.

29. Lord Carrington asked why the French were being so rigorous currently. They were also making difficulties over 10,000 tons of Australian beef. M. François-Poncet said that, for his part, he was surprised that the British were making unreasonable demands. The French would not neglect New Zealand, but an undecided agricultural policy created real difficulties for them.

30. Lord Carrington reminded M. François-Poncet that the French would be asking us to take difficult decisions in the spring on agricultural prices which also had long-term implications.

31. The discussion ended at 7.15 pm.

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RECORD OF CONVERSATION BETWEEN THE FOREIGN AND COMMONWEALTH
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FRIDAY 19 DECEMBER 1980 AT 5 pm

Present

The Rt Hon Lord Carrington
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Poland

1. M. François-Poncet said that the Quadripartite discussions had not yet gone far enough. There must be a consensus on what had to be done if the situation in Poland led to a confrontation. This was not going to happen yet, but it might well happen one day, no doubt on a Friday evening. The best place for further discussions would be Washington, between the US Secretary of State and the Three Ambassadors. This would make it easier to keep in touch with the incoming Administration.
2. M. François-Poncet said that the most sensitive subject was economic sanctions. This issue might be easy for some but was not simple for France. He was proposing to have further internal discussions in Paris in the first days of January. As to the trigger for sanctions, he thought we should instruct our Representatives not to waste time imagining every feasible form of Soviet intervention in Poland. We should restrict ourselves to the classical models of Czechoslovakia and Hungary.
3. M. François-Poncet said he had meant to say in Brussels the week before that in the French view it would be important for the 15 Foreign Ministers to meet very quickly following an intervention, but that the Four should meet as soon as possible and certainly the day following an intervention. They should not meet in Washington, nor in Bonn, but London or Paris would do equally well.

4. Lord Carrington said that NATO could do little unless the Four agreed. The Four had been discussing contingency planning since August. It would be criminally inept and culpable if the Allies were still caught on the wrong foot by a crisis. He pointed out that there would have to be meetings of the Three and the Ten to be fitted in with those of the Four and Fifteen. There was, of course, no commitment at the moment for the Ten to meet, unlike the Fifteen.

5. Mr Bullard recalled that an earlier suggestion for quadripartite meetings in Washington had been turned down on the grounds that they would be bound to leak. M. François-Poncet accepted that meetings in Washington would leak but thought that such meetings might prove more 'operational'. Ambassadors in Washington, of course with clear instructions, could meet more frequently than Political and/or Economic Directors from capitals. He recalled that the series of Political Directors' talks on the Gulf had lasted three months.

6. Lord Carrington wondered whether US attitudes would change much with the arrival of the new Administration in Washington. They were unlikely to go back on commitments entered into by their predecessors. It was more important that the Germans should declare their hand. He wondered whether the French might suggest the formation of a 'Washington Group' to the Americans?

7. On substance, Lord Carrington suggested that it would be best to start by agreeing on the easy measures. M. François-Poncet said that there were few of these and they were all political rather than economic. Counter-measures must be acceptable to all the Allies, not just the Germans. For example a proposal to ban governmental credits to the USSR might cause no problems to the Germans, who did not extend such credits; but the French government did and would find such a proposal very hard to accept.

8. Lord Carrington said that food looked like the most promising area. The Soviet Union needed to import some 40 million tons of grain in a bad year. If the Western nations refused to supply he doubted if Argentina could make up the shortfall.

9. M. Francois-Poncet agreed, but stressed the need in that case for an EC export drive in the rest of the world. France had had a good harvest this year and would want to dispose of the surplus somewhere. It was galling to see the Canadians offering grain to the USSR. One needed to be clear about the nature of a ban. Could one stop all exports, or cancel all existing agreements? The Germans had a legitimate worry about the implications of such a measure for Berlin. For that reason alone there would be no quick or easy agreement between the Allies. The Russians were currently seeking to conclude a fresh grain Agreement with France: the French government were stalling.
10. Lord Carrington said that he was worried about the current US attitude to aid to Poland. Washington was apparently proposing to postpone consideration of aid to Poland until the new Administration had arrived. He thought things might by then have gone too far. It was important to try and prevent a crisis occurring, not just to deal with its results. Mr Bullard said that the Americans appeared to hope that the Poles could live on Soviet credits for the time being. He wondered whether a joint message should not be sent to the Americans. This was agreed.
11. Lord Carrington said that Soviet communications traffic around Poland had died down. As a consequence, warning time might have lengthened. M. Francois-Poncet thought that recent Soviet military moves had been largely psychological in intention. They had to be read in conjunction with the outcome of the Moscow Summit. They were two parts of a political strategy which had moreover produced results. He doubted whether the Russians had at any time in fact been on the point of intervening militarily and wondered why the Americans had given such wide publicity to this prospect. Were they simply wrong, as they had been over the earlier alleged Soviet threat to Iran?
12. Lord Carrington said that the Americans had asked whether we would support their action in playing up the Soviet movements: we too had thought that nothing was going to happen. He supposed that the outgoing Administration had felt a political need to be seen to be active. M. Francois-Poncet

wondered whether the Americans had not also been happy to help the Soviet Union calm the Poles down. The Poles, after all, tended to believe only what they heard on the radio from the West. Lord Carrington doubted whether the Americans were capable of such French subtlety. Mr Bullard said that the Americans had been upset by euphoric Western reactions to the Moscow Summit and were trying to bring public opinion down to earth. M. François-Poncet said that Mr Brzezinski had provided a professor's catalogue of explanations after the event but none had been wholly convincing.

Arms Control

13. Lord Carrington said that there would be a problem if the new Administration in Washington were too dismissive of the importance of arms limitation. The FRG defence effort was tied to it, and other members of NATO also felt strongly. It would be a good idea to try and influence the Americans. M. François-Poncet said that the subject was also important in relation to the USSR: indeed, for the latter it was the subject. He thought that the best hope of influencing developments in Poland lay in persuading the Soviet Union that implementation of TNF modernisation would be unavoidable if they went into Poland: whereas meaningful discussions on arms limitations were always possible if not. It was vital that Mr Reagan should not throw this card away.

Afghanistan

14. Mr Bullard expressed concern about the possibility of a Waldheim mission to Afghanistan replacing the appointment of a special representative. M. François-Poncet said that the French had made a démarche to Mr Waldheim and could keep up the pressure. Before discussing this problem with the new US Administration it was important that the Europeans should know what they wanted on Afghanistan, and especially Soviet withdrawal. It would be illogical to give up now, having made such a fuss during the first half of the year. Afghanistan might be only a pawn, but in a very big game of chess. As he had often said before, he thought that the Afghan resistance was the key to the situation. He would like an early discussion with General Haig. Lord Carrington found it worrying that Dr Kissinger evidently regarded aid to the Afghan rebels (and

recognition of Karmal) as pawns to be traded for Soviet concessions in Europe.

Quadripartite Consultations

15. Lord Carrington said it was important that the right man should be appointed to succeed Mr Vest if he was replaced. It would be desirable also to have an early Quadripartite Ministerial meeting with General Haig. M. François-Poncet agreed, but wondered how one could stage such a meeting without it becoming public. There might be some international occasions: we should look out for one.

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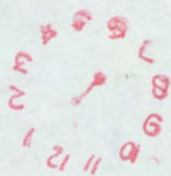
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