

Prime Minister / 1

Ref. A07668

PRIME MINISTER

*M. L. V. ...*

*If you agree, we shall arrange a meeting with the Chancellor & Lord Carrington, as suggested in paragraph 7 below.*

The Mandate

*Wh 1/3*

As you know from my minute of 25th February, in the margins of the meeting of Personal Representatives in Paris last weekend. I was to speak to Monsieur Attali, President Mitterrand's Personal Representative, about the Mandate negotiations.

2. In the event the meeting of Personal Representatives took up more of the time available than had been allowed for, and I was able to have only a short talk with Monsieur Attali about the Mandate.

3. I emphasised (as instructed) your commitment to the improvement and strengthening of Anglo-French relations, your desire to see a successful conclusion of the Mandate negotiations, and your consciousness of the crisis that could arise in the Community if there was not a successful outcome. I also emphasised the importance for you of an acceptable outcome to the problem of the British budget contribution.

4. Monsieur Attali said that the President understood your political difficulties; but he had his own. He was on record as having criticised President Giscard for the 1980 settlement; and he had problems with his farmers. But he was extremely anxious to resolve the Community problems without a major and prolonged crisis. It had never been more important to avoid needless damage to European cohesion, in relation both to President Reagan's economic policies but also, and more especially, in relation to East-West relations. He was deeply concerned about the prospects for East-West relations, particularly if (as he feared) the United States Government did not take the arms control negotiations in Geneva seriously enough; that could lead to their breakdown, and to Russia adopting a more hostile posture. The dangers were great, and the European Community could not afford disunity.

5. I asked Monsieur Attali whether we should resume our discussion on an occasion when we had more time; I should be glad to do so if he thought that it would be useful. Monsieur Attali said that the President would like to sort out

the whole range of problems in "secret and direct talks" between his people and yours; it would not be helpful to leave it "to the technicians". The President understood that you wanted to put the budget problem away until after the next Election; that would present him with no difficulty. Monsieur Attali twice said that the President would be prepared to "pay anything" that was needed to do that, though the second time he said that I think he thought he had gone a bit far, because he qualified it by saying that it would have to be less than in 1981. The President would want the talks to be about figures. I said that I knew that the French negotiators had stressed the importance of degressivity, but that presented great difficulties for us, and any idea that an arrangement made now would be final would be quite unacceptable. Monsieur Attali recognised this, and said that there was of course no question of "degressivity to nil". My impression was that we should have no difficulty in getting a four-year arrangement; and the figures available for a four-year arrangement were likely to be more favourable than those for a longer arrangement.

6. I said that I should have to get your instructions on the President's suggestion of "secret and direct talks", but I thought that you would be likely to accept it. If they were to go ahead, who would conduct them on the French side? He said that it would be either himself and his immediate assistant, Monsieur Morel, or Monsieur Pierre Bérégovoy and himself. I said that on our side it was likely to be me and Mr. Hancock. Monsieur Attali said that his people were making some new computations, and he would ring me when the results of those were available, to see if we could arrange a date for talks.

7. You will no doubt wish to discuss with the Foreign and Commonwealth Secretary and the Chancellor of the Exchequer whether to take up the President's proposal for "secret and direct talks" of the kind envisaged. If the decision is, as Mr. Hancock and I believe it should be, to do so, we shall need clear instructions as to our negotiating authority.

8. I am sending a copy of this minute to the Foreign and Commonwealth Secretary, but not to the Chancellor of the Exchequer who did not receive a copy of my minute of 25th February about the line to be taken in the talk with Monsieur Attali.



ROBERT ARMSTRONG

1st March, 1982

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