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3Mr ColesBILATERAL TALKS WITH THE ELYSEE

The further meeting this morning with the Elysee was not very productive. M. Attali sent a message to say that he was unable to come as he was doing some task for the President. I therefore saw his colleague M. Morel on my own.

M. Morel spent some time discussing the tables of the costs of Community membership to the United Kingdom and the net balances of the various Member States which we had given to M. Attali yesterday. The gist of his comment was that the United Kingdom was considering the costs of the Community and not looking at it in a full context. "You are only looking at one side of the moon". I replied appropriately and the discussion went on for quite some time.

He then gave what I took to be the main message he had to pass on the President's behalf. This was that although the French President accepts that there is a UK problem for which a solution must be found, he could not agree to any solution that would transform a transitory system into a kind of permanent system. The way in which the United Kingdom presented its case implied that we were asking for a permanent structural change in the Community arrangements. What was required was finding a way to enable the United Kingdom to join the system.

The search for a solution would be very much more difficult in 1982 than it had been in 1980. In 1980 the other Member States had a reserve of resources which could be made available to help a Member State in difficulties, namely the United Kingdom. This year all the other nine Member States faced important financial constraints and would have great problems in selling the agreement to public opinion. This applied to France as well as the others. When I remarked that my impression had been that the French had had difficulties before the 30th May Agreement in 1980, he replied that the debate in France this time would be "much less ideological and much more a matter of substance".

When I asked M. Morel what we did next, I did not get much of a reply. He said little more than that the President yesterday had intended to repeat the announced decision of the French Council of Ministers last Wednesday. He was not saying anything new. M. Cheysson would certainly come to Luxembourg on Saturday and would not exclude any kind of discussion. But the Presidency "non-paper" could not provide the basis for agreement because it did not specify what the cost to France would be.

M. Morel and I agreed to have another word before leaving Brussels today just in case there was anything useful we might say to each other.

D.H.

30 March 1982

(D J S Hancock)