

SUBJECT

cc M. M. M.

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RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE
PRESIDENT OF FRANCE AT 1005 HOURS ON FRIDAY, 21 OCTOBER 1983
AT 10 DOWNING STREET

Present:

Prime Minister
Foreign and Commonwealth
Secretary
Mr. Coles

President Mitterrand
Monsieur Cheysson
M. Vedrine

The Prime Minister said that in the tête-à-tête conversation which had preceded the present one she and the President had been struggling with European Community problems. To summarise, it seemed that if there was not considerable progress at the European Council in Athens, the Community would enter a financial crisis in early 1984. That would be a bad background for the European elections in June. On the other hand, the closer the elections approached, the harder it would be for Governments to make compromises. This argued for making faster progress on both the budget and on the CAP before Athens.

The Foreign and Commonwealth Secretary said that he had devoted his talks with M. Cheysson yesterday to EC problems. They were agreed on the need for success at Athens if that was at all possible. The Prime Minister asked whether it was possible. The Foreign and Commonwealth Secretary said that success would be very difficult but was not impossible. France and Britain agreed on the objective with regard to the CAP but did not agree on the nature of financial control. With regard to future financing, the two sides agreed that there was a problem to be solved but there was substantial divergence between their two positions. Then, with respect to new EC policies, they had agreed to attempt to identify common ground. This was the easiest area in which to reach agreement.

/ If Athens

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If Athens was to be a success, it would be necessary to reach agreement on all the related issues. The area of most significant divergence was that of future financing. The two sides had not adequately explored the areas of disagreement. He therefore believed that a small group of advisers should meet to see whether progress could be made.

M. Cheysson said that the Prime Minister had asked whether it was possible to reach agreement at Athens. His reply was yes. President Mitterrand commented that M. Cheysson was more optimistic than he was. M. Cheysson said that agreement depended on a number of factors. All would have to appreciate what failure to agree would mean. There would need to be agreement on the identification of a few major problems on which decisions should be taken at the level of the European Council. For the first time in his 10 years experience of the Community an effort was being made to prepare the ground in this way. Work around the Council table was nearly finished. The remaining work would have to be bilateral or trilateral and would need to define the outlines of agreement in terms which might be acceptable to the Council. He saw value in the Foreign and Commonwealth Secretary's proposal for discussion in a small group of advisers.

As regards new policies, the two sides should try to summarise specific proposals for the Athens Council. The Community had begun with industrial collaboration and this could be an important element in re-launching it.

These matters apart, there were certain difficulties. With the United Kingdom, the problems were related to the limitation of CAP expenditure and a system providing automatic budgetary relief. With the Germans, the most important problem concerned the MCAs. There was also the very difficult matter of milk. France had 450,000 milk producers. But it knew very well that we could not go on producing milk at the present rate for there was no real world market for it.

All these matters were capable of resolution. President Mitterrand asked how.

/ The Prime Minister

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The Prime Minister said that she would make a distinction between the major political problems and the technical methods of solving them. The major problems were three: the budget where it was necessary to limit contributions in order to avoid refunds; the control of CAP expenditure; and the German problem with regard to MCAs. At the moment progress was blocked by the absence of decisions on these matters.

The Foreign and Commonwealth Secretary commented that M. Cheysson had rightly identified the main problems for Athens. It would be helpful to get our officials together in time to make progress. The Prime Minister said that we should also keep Germany, and possibly even Italy, abreast of our discussions. But there should be no publicity for Anglo/French contacts. They must be regarded as part of our normal cooperation. President Mitterrand said that the right course was for each side to appoint one senior official who had the confidence of his Government. Ministers did not have time for these things and were always followed around by the press. The Prime Minister said that the matter was urgent. We only had six weeks left. President Mitterrand said that M. Cheysson's list of problems was very complete but he had reached no conclusions. It was clear that we could not get involved in discussion among all 10 Member States. The United Kingdom, France and Germany must sort out the problems. There would then have to be an occasional visit to Rome to soothe Italian pride. The Prime Minister said that she did not believe that the Italians should be made privy to the discussions which the President envisaged.

The Foreign and Commonwealth Secretary said that his impression in Athens last week had been that the discussion was making certain progress. The Prime Minister commented that that was due to the fact that the Community was running out of money and was having to delay payments until next year. President Mitterrand said that he thought it important that we should not give public opinion the impression that we had given up hope of solutions. The Prime Minister agreed. The press wanted to write stories about crises and disagreements. They should not be given the chance.

/ President Mitterrand

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President Mitterrand said that during their tête-à-tête, the Prime Minister had raised the question of the UNGA Resolution on the Falklands. He had said that the French attitude would depend on the text of the Resolution and on who was supporting it. He did not want France to be isolated if the United States and Italy favoured the text. But nor did he want to vote for something which Britain would not like. So the problem should be studied. M. Cheysson commented that if the text was like that of last year, France should abstain as last year. But if the parts of last year's Resolution which were unacceptable were changed, then there would be a different situation.

President Mitterrand asked whether it was the case that we could not accept any Resolution. The Prime Minister said that having sent a Task Force to the Falklands and lost lives we could not now say we would negotiate away what we had fought to retain. Nor could the people of the Falkland Islands agree. We would like to have better relations with the whole of Latin America. We had taken a number of steps to remove restrictions with regard to finance and trade, but there had been no response from Argentina.

The Foreign and Commonwealth Secretary said that our statement that our friends should not promote changes to the text might sound unhelpful. But the truth was that if the Resolution remained as it was last year it would be easy for our friends to maintain their former positions. President Mitterrand commented that he understood our worries. It was the American and Italian position which caused him concern. But there was a limit - and the limit was that France did not wish to be hostile to the United Kingdom. If the text were not changed, it would be easier for everyone.

The discussion ended at 1040.

A.J.C.

21 October 1983

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