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FM PARIS 272000Z FEB 84
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ADVANCE COPY

TELEGRAM NUMBER 265 OF 27TH FEBRUARY
INFO PRIORITY BRUSSELS, BONN, ROUTINE ATHENS, COPENHAGEN, DUBLIN,
THE HAGUE, LUXEMBOURG, ROME, UKREP BRUSSELS,
INFO SAVING MADRID, LISBON.

MY TELNO 249: POST-STUTT GART NEGOTIATIONS: KOHL/MITTERRAND
MEETING, PARIS, 24 FEBRUARY.

SUMMARY.

1. ACCORDING TO THE ELYSEE THERE WAS SOME MOVEMENT ON THE GERMAN
SIDE ON MCAS, WHICH SEEMS WELCOME TO THE FRENCH. SOME SYMPATHY
ON BOTH SIDES FOR THE IRISH REQUEST FOR SPECIAL TREATMENT ON MILK.

DETAIL.

2. NALLET (CONSEILLER TECHNIQUE FOR AGRICULTURE AT THE ELYSEE)

DETAIL.

2. NALLET (CONSEILLER TECHNIQUE FOR AGRICULTURE AT THE ELYSEE) TOLD US THAT THE MEETING HAD BEEN FIRMLY PLACED BY MITTERRAND WITHIN THE CONTEXT OF HIS CONTINUING CONSULTATIONS AS PRESIDENT OF THE EUROPEAN COUNCIL: HE HAD EMPHASISED TO THE PRESS THAT THERE WAS NO QUESTION OF A BILATERAL NEGOTIATION. MITTERRAND AND KOHL HAD REVIEWED THE POSITION OF OTHER MEMBER STATES. THEY NOTED IN PARTICULAR THAT THE ITALIANS WERE LIKELY TO PROVE DIFFICULT, SINCE THEIR APPROACH DID NOT MEASURE UP TO THE SPIRIT OF RIGOUR REQUIRED IN PRESENT CIRCUMSTANCES.

3. ON THE CONTROL OF EC EXPENDITURE, NALLET SAID THAT MITTERRAND'S POSITION REMAINED AS HE HAD EXPLAINED TO US IN JANUARY - VIZ THAT HE WAS OPEN TO A REVIEW OF THE DETAIL OF THE EC'S BUDGETARY SYSTEM WITH A VIEW TO CONTROLLING EXPENDITURE, AND EXAMINING THE BUDGETARY SITUATIONS OF INDIVIDUAL COUNTRIES. ACCORDING TO NALLET, KOHL HAD SAID NOTHING NEW BUT HAD RESTATED THE GERMAN CONCERN THAT THERE SHOULD BE A BUDGETARY SYSTEM WHICH ALLOWED THE GERMANS TO KNOW WHERE THEY STOOD IN TERMS OF THE BUDGET.

4. ON MCAS, NALLET SAID THAT THE GERMANS HAD ADVANCED A PROPOSAL WHICH WOULD INVOLVE REDUCING THEIR MCAS BY 4 OR 5 POINTS WITH EFFECT FROM 1 JANUARY 1985. THIS WOULD INVOLVE A DROP IN PRICES PAID TO GERMAN FARMERS WHICH WOULD BE COMPENSATED AT LEAST PARTIALLY BY ADJUSTMENTS IN VAT LEVELS, AT SOME COST TO THE GERMAN BUDGET. A FURTHER 3 PERCENT WOULD BE DEALT WITH BY CONVERTING POSITIVE MCAS INTO NEGATIVE MCAS - THIS COULD BE DONE AT ANY TIME. THE REMAINDER WOULD BE DISMANTLED IN ACCORDANCE WITH THE TERMS OF THE GENTLEMEN'S AGREEMENT OF 1969, IN THE COURSE OF 1986-87. MITTERRAND HAD SAID THAT HE WOULD WANT TO STUDY THE PROPOSAL IN MORE DETAIL. NALLET COMMENTED THAT THIS WAS A POSITIVE MOVE ON THE GERMAN PART, NOTING THAT UNDER THESE PROPOSALS THE GERMANS WOULD THEMSELVES BEAR THE COST OF DISMANTLING HALF THEIR CURRENT MCA STOCK.

5. NALLET SAID THAT THE QUESTION OF MILK HAD BEEN RAISED BRIEFLY, MAINLY WITH REFERENCE TO ITALIAN AND IRISH REQUESTS FOR SPECIAL TREATMENT. HE SAID THAT THERE WAS NOT MUCH SYMPATHY FOR THE ITALIAN CLAIMS, BUT MITTERRAND, AND HE THOUGHT KOHL, WERE SYMPATHETIC TO IRISH PROBLEMS.

6. BRICHAMBAUT (DUMAS CABINET) HAS TOLD US SEPARATELY THAT WHILE HE WAS NOT FULLY BRIEFED ON THE CONTENT OF THE TALKS, HE DID NOT BELIEVE THAT THERE HAD BEEN ANY EXTENSIVE DISCUSSION OF THE

6. BRICHAMBAUT (DUMAS CABINET) HAS TOLD US SEPARATELY THAT HE WAS NOT FULLY BRIEFED ON THE CONTENT OF THE TALKS, HE DID NOT BELIEVE THAT THERE HAD BEEN ANY EXTENSIVE DISCUSSION OF THE BROAD POLITICAL QUESTIONS OF FRANCO-GERMAN PARTNERSHIP AND A TWO-SPEED EUROPE OF WHICH THE PRESS MADE MUCH PLAY IN THEIR CURTAIN-RAISERS (MY TELNO 248). LEGRAS (QUAI) (ALSO WITHOUT FULL BRIEFING) HAS TOLD US THAT HE HAD THE IMPRESSION OF SOME POSITIVE MOVEMENT, NOT ONLY ON MCAS.

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FRETWELL

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