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INFO SAVING WASHINGTON, UKDEL NATO, BONN.

FROM PS/LADY YOUNG

LADY YOUNG'S VISIT TO PARIS: MEETING WITH M. GUTMANN.

1. LADY YOUNG HAD 45 MINUTES THIS AFTERNOON WITH GUTMANN (SECRETARY GENERAL AT THE QUAI). THE MAIN POINTS WERE AS FOLLOWS:

LATIN AMERICAN DEBT

2. GUTMANN SAID THAT MITTERRAND INTENDED TO REPLY TO THE LETTER HE HAD RECEIVED BEFORE THE ECONOMIC SUMMIT FROM SEVEN LATIN AMERICAN HEADS OF GOVERNMENT AFTER THE MEETING OF THEIR FOREIGN AND FINANCE MINISTERS IN CARTHAGENA. IT WAS CLEAR THAT THE LATIN AMERICANS HAD BEEN SOMEWHAT DISAPPOINTED BY THE PASSAGE ON DEBT IN THE SUMMIT COMMUNIQUE BUT THEY HAD DONE THE SUMMIT PARTICIPANTS A FAVOUR BY MAKING THEM FOCUS ON THE PROBLEMS CAUSED BY HIGH INTEREST RATES. THE DEBT PROBLEM WAS A SERIOUS ONE AND HE HOPED THAT IT WOULD BE TACKLED AS SUCH. GENERALISED REMEDIES WERE NOT THE ANSWER AND HE WAS NOT CONVINCED THAT UNILATERAL MEASURES SUCH AS THE RECENT ARGENTINE LETTER OF INTENT WERE THE BEST WAY OF PROCEEDING. LADY YOUNG AGREED BUT EMPHASISED THAT SOME ELEMENTS IN THE LONDON COMMUNIQUE SHOULD BE HELPFUL TO DEBTOR COUNTRIES.

ARGENTINA

3. LADY YOUNG DREW ATTENTION TO OUR CONCERN AT THE RECENT DELIVERY OF EXOCETS. GUTMANN SAID THAT THE FRENCH AUTHORITIES WERE WELL AWARE OF THIS QUESTION AND OF ITS POLITICAL AND PSCHYCOLOGICAL IMPORTANCE TO THE UK. THEY HAD TRIED TO DELAY THE EXECUTION OF EXISTING CONTRACTS AND TO PUT THE BRAKES ON NEW ONES. THEY WOULD LOOK AT THE QUESTION OF FUTURE ARMS SALES IN THE LIGHT OF THE PM'S REMARKS TO PRESIDENT MITTERRAND AT THE ECONOMIC SUMMIT. BUT GIVEN ARGENTINAS ECONOMIC PROBLEMS IT WAS UNLIKELY THAT THEY WOULD DEVOTE MUCH PRIORITY TO BUYING ARMS. NO FRENCH CREDIT WAS AVAILABLE FOR THIS PURPOSE.

WEU

4. GUTMANN SAID THAT THE FRENCH HAD NO INTENTION OF MAKING WEU INTO ANY KIND OF EUROPEAN DEFENCE COMMUNITY. THE ORGANISATION COULD BE USEFUL IN ENABLING ITS MEMBERS TO DISCUSS DEFENCE QUESTIONS AND ARMS COOPERATION. THIS WOULD NOT PREVENT OTHER AGENCIES FROM CONTINUING THEIR WORK. THE FRENCH GOVERNMENT HAD NOT, HOWEVER, UNDERTAKEN A GRAND INITIATIVE AND THE IMPORTANCE OF THEIR IDEAS SHOULD NOT BE OVER OR UNDER-RATED. THEY INTENDED TO PROCEED PRAGMATICALLY AND TO DO NOTHING DRAMATIC.

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## NO PASSPORT EXCURSIONS

5. LADY YOUNG SAID THAT WE VERY MUCH HOPED THAT GUTMANN COULD AGREE TO AN EARLY MEETING WITH MR WHITNEY TO DISCUSS NEW PROPOSALS WHICH MIGHT ENABLE THE EXISTING ARRANGEMENTS TO CONTINUE (YOUR TELNO 460). GUTMANN READILY AGREED AND SAID THAT, SUBJECT TO THE AVAILABILITY OF THE APPROPRIATE OFFICIALS FROM THE MINISTRY OF THE INTERIOR, HE WOULD BE HAPPY TO OFFER TALKS AND A WORKING LUNCH ON 28 JUNE (GUTMANN'S OFFICE HAD EARLIER TOLD THE EMBASSY THAT 22 JUNE WAS A POSSIBILITY: THE EMBASSY ARE SEEKING CLARIFICATION). IT WOULD BE HELPFUL TO RECEIVE BEFORE THEN AN INDICATION OF WHAT OUR PROPOSALS MIGHT CONTAIN. HE WARNED HOWEVER, THAT IT WOULD BE WRONG TO HOLD OUT MUCH HOPE OF A POSTPONEMENT OF THE TERMINATION OF THE EXISTING ARRANGEMENTS AND QUESTIONED THE ADVISABILITY OF INCLUDING IN THE DELEGATION A REPRESENTATIVE OF THE GENERAL COUNCIL OF BRITISH SHIPPING. HE HOPED THAT THIS WAS A SERIOUS ATTEMPT TO REACH AGREEMENT AND NOT MERELY DESIGNED TO BUY TIME FOR THE PRESENT ARRANGEMENTS. LADY YOUNG EMPHASISED OUR DESIRE TO RESOLVE THE MATTER SATISFACTORILY AND UNDERTOOK TO REFLECT ON THE OTHER POINTS GUTMANN HAD RAISED.

F C O PLEASE PASS SAVING ADDRESSEES.

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