

PRIME MINISTER

CC Foreign and
Commonwealth Secretary

I attended a lunch with the four Versailles Summit personal representatives from France, Germany, Italy and the United Kingdom. There were some advance indications of the line that their Heads of State and Government will take this afternoon.

Fish

There was no sign of any breaking of ranks. All agreed that we must maintain a united front.

President Mitterrand's Technological Initiative

Both the Commission and France attach importance to this. Thorn is going to say this afternoon that technological co-operation within Europe is the only way to save us from a collapse of living standards and total dependence on the United States and Japan. Mitterrand will refer to his Versailles initiative and the Working Party on which the United Kingdom is represented by Dr. Nicholson. The Working Party is to report to the Heads of Government in January and will propose a number of collaborative projects among the seven Versailles countries. Some of these are thought to be suitable for exclusively European participation. The French President is likely to suggest that Versailles exercise be given a Community dimension by opening these projects to those non-Versailles Community countries who are interested. (A line to take on all this is in brief no. 27)

Pipeline and Shultz Non-Paper

The French are ready to go along with any studies about credits to the Soviet Union, exports of high technology etc in any appropriate OECD forum; but they will not agree to any follow-up among the seven Versailles countries.

/New Community

New Community Instrument

France and Italy are extremely anxious that the Summit gives a political steer to Finance Ministers so that the third tranche can be agreed early next year. The Germans are not ready to agree. Kohl is likely to come under sharp pressure over this.

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