

AtkinsMr ColesPrime Minister's Meeting with President Mitterrand: Argentina

The Prime Minister may wish to make the following points to President Mitterrand.

(i) Relations with new Argentine Government

Understand that Prime Minister Mauroy will be representing France at Dr Alfonsin's Inauguration. I welcome return of democracy in Argentina. Cannot discuss sovereignty over Falklands, but our disagreement on this issue should not prevent Britain and Argentina from re-establishing normal commercial and diplomatic relations.

If he has opportunity to do so, hope M. Mauroy will tell Alfonsin that we shall be very ready to work with his Government to that end.

(ii) Arms Sales

President Reagan will shortly announce certification. Shall not quarrel with that: US have formed the judgement that Argentine human rights performance now meets the test.

But remain most concerned about what actual sales may follow, and will continue to press Reagan to exercise the greatest caution.

Still a grave risk of sending the wrong signals to Argentine military. Americans bound to be influenced by what France does and hope that you will continue to show restraint.

(B J P Fall)

5 December 1983

cc: PS
Sir J Bullard

Copy to: Secretary of State
via Mr. Butler
Mr. Williams
Sir C. Tickell
Mr. Vaux

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND: 6 DECEMBER

Points to make

1. Very disappointed by way meeting has gone. Had hoped to follow up Stuttgart communique and set Community on new course which would have enabled European Council to concentrate on really important issues and put ~~the~~ our internal squabbles behind us. June general election settled "in or out" question for Britain once and for all. Wanted to bury the budget problem by finding an equitable solution in a wider framework; and to get Community spending under control, as we are all having to do with public expenditure at home.

2. Instead we have had the worst European Council meeting I can remember. Vested interests have blocked any sensible reform of agriculture. The budget problem has been addressed in the same confrontational way we have experienced again and again in recent years. The net beneficiaries, with only one honourable exception (Netherlands) clearly think the game can go on for ever. But it can not. No question of agreeing to any increase in own resources on basis currently under discussion.

3. All the more disappointing because I was convinced key lay in reaching basic understanding with you and Germans. Responded positively to your approach last February (Cheysson to Howe/Pym). Followed up with detailed official talks about possible budget corrective systems; encouraged by your willingness at Special Councils to discuss such systems; agreed when you and I met in October to keep in personal touch through our close collaborators. No whisper of your intention to revert to the negative line you took yesterday reached me at any stage.

4. I fear that, so long as you take a theological line about defending the sacred ark of the Community covenant against the British who are trying to destroy it, we shall get nowhere. We are not trying to destroy it. We want to make it work to our mutual interest. We know that certain aspects of the CAP mean a lot to you. But we believe that your and our interests can be reconciled if we talk as equals with an equal stake in the future of the Community.

5. No wish at all to see our failure this week lead to an open crisis. But public judgement of this meeting will be harsh. Time is not on our side if we are to find solutions before realities of shortage of funds impose their own.

Hope French Presidency will set about picking up pieces and finding way to fulfil Stuttgart Communique, not looking for ways round it.

6. /If President Mitterrand says he will not agree to regulations for UK's 1983 refunds decided at Stuttgart/
No linkage between UK 1983 refunds and Athens result. Clear commitment at Stuttgart. If you block or deliberately delay payment of refunds beyond end of first quarter in 1984 (normal time by which payments made in earlier years to fit in with UK financial year) will have no alternative but to safeguard our position.

7. /If President Mitterrand raises Airbus/ Have had first presentation by British Aerospace and Rolls Royce. Will not reach decision until January. Determined that decision should reflect economic and commercial realities. But fully aware of your view and importance you attach to this project.

8. /If President Mitterrand raises Skynet/ Grateful for further response you have made to us. Not had any account of these talks. Will consider matter carefully on my return. But, as you know, the cost gap between Space Shuttle and Ariane was pretty wide.