

PRIME MINISTER

MEETING WITH M. FABIUS

He will arrive at 12.45 accompanied only by his Private Secretary. You will probably want to give him a drink, with lunch at five past one. He wants to leave at 3 p.m.

M. Fabius has asked whether he can speak to the press on the doorstep after the meeting. I suggest that you accompany him, and try to agree in advance what will be said (if only to stop him saying anything outrageous).

We have no hard information on why he is coming, whether he has any specific message or what he wants to discuss. The best guess is that it is an attempt to build him up before the elections.

You will want to start by thanking him again for accompanying you to Avignon last autumn, despite the sad circumstances of his father's death.

You might then ask him about the prospects for the elections in France. You have recently heard M. Giscard and M. Barre on the subject; and there is a telegram in the folder giving an account of the general political background to the visit. There is a considerable divergence on tactics between him and the Socialist party secretary M. Jospin. Fabius wants to fight the election on a record of good economic management, not socialist policies. You might also mention the economic situation both here and in France. You may remember that he made some rather disobliging and ignorant comments some months ago about our economy. You might underline our current strength and point out, for instance, the considerably better financial provisions made for those out of work in the UK than in socialist France. You might also touch on the question of British membership of the ERM of the EMS.

You might move on at lunch to the future of the European Community. We have to calculate that he will be trying to get you to show your hand on a range of issues, in the hope that France will be able to claim that the United Kingdom is an obstacle to progress. You will want to turn the tables by constantly putting the questions back to him: how far is France prepared to go on the European Assembly, on political co-operation, on Treaty amendment? Are they really prepared to consider tax approximation? Can they really put up duty on wine by 229%? What Treaty amendments do they have in mind? If pressed on our views, you could say that you would take some convincing that useful amendments can be worked out: but not rule out Treaty amendment altogether. Without being pinned down, you could leave the impression that we could probably go as far as the French on most issues - at least where they are specific about their goals.

On the European Fighter Aircraft you will probably want to avoid getting into detail, since there will be a meeting going on concurrently in Turin and we shall not want to cut across it. We are ready for a genuinely European solution and can accept the German compromise. On Southern Africa you should pull his ears on France's behaviour last week and argue the case against sanctions. On the Channel Fixed Link, work by officials is going well but we shall want to see lorry quotas liberalised. On Eureka we don't believe government money is needed: the market should finance projects. But this difference of view should not be an obstacle to our co-operation.

You could explain our policy on Falklands to counter Argentinian efforts to get French support for their Falklands resolution at the UN. Alfonsin visits Paris in September. You might stress the importance of Alliance solidarity in the run-up to the US/Soviet summit. The French should not let Gorbachev play on doubts about the SDI. The greater Alliance cohesion, the greater Soviet willingness to negotiate constructively. We do not see what really needs to be done on international monetary reform. The GIO have just concluded

that the basic structure is healthy. But we are very concerned about the international debt situation and think French ideas about a high level meeting with the Latin Americans on debt and monetary issues dangerous. We want to see early progress on launching an international trade round. We wish that France would show a greater readiness for co-operation against terrorism. Finally if there is time, you might explore for any signs of new French thinking on defence, particularly willingness to give a bigger role to their forces in Germany.

I attach a card listing headings.

C.D.P.

(C.D. POWELL)

31 July 1985

P.S. Please also now see
letter in folder about
French arm sales to Argentina
C.D.P.