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10 DOWNING STREET

*From the Principal Private Secretary*

4 May 1985

Dear Len,

PRIME MINISTER'S BILATERAL MEETING WITH PRESIDENT MITTERRAND

I enclose a note of the Prime Minister's meeting with President Mitterrand at the Bonn Economic Summit.

I am copying this letter and enclosure to Rachel Lomax (H.M. Treasury), Richard Mottram (Ministry of Defence), John Mogg (Department of Trade and Industry), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Richard Allan (Department of Transport) and Richard Hatfield (Cabinet Office).

Yours ever,

Robin Butler

Len Appleyard, Esq.,  
Foreign and Commonwealth Office.

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RECORD OF A MEETING BETWEEN THE PRIME MINISTER AND PRESIDENT  
MITTERRAND AT THE PALAIS SCHAUMBURG AT 1810 ON FRIDAY 3 MAY  
1985

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PRESENT

The Prime Minister  
Mr. F. E. R. Butler  
Interpreter

President Mitterrand  
M. Attali  
Interpreter

President Mitterrand, welcoming the Prime Minister, said that it was a good tradition to have bilateral exchanges during the Summit, and preferable to exchanges through the Press. The Prime Minister agreed that the Press were a nuisance.

Strategic Defence Initiative

President Mitterrand said that so far the meeting had not been bad. There was a difficulty about GATT but that had been known in advance. It was not a drama. He asked the Prime Minister whether she was expecting a text on the Strategic Defence Initiative. The Prime Minister said that she was not. The attitude towards East/West arms negotiations had been covered in the Declaration on the 40th Anniversary of the end of the second world war. But she was interested in discussing with President Mitterrand his attitude towards participation in research on the Strategic Defence Initiative, on which she had read conflicting reports.

President Mitterrand said that, in his bilateral, President Reagan had spoken much about the SDI. The French attitude was to be interested in the technology but not at this stage in the strategy. In 20-30 years the military problems would have moved into space and at that time a strategy would be necessary. But it was not politically helpful to talk so much about it now because it distracted public opinion from non-space nuclear strategy and made it more difficult to obtain funds for it. France would not, therefore, join in the development of space strategy, although they were interested in developing space technology, for example on Aryanne, Hermes and manned space stations. They were in favour of Eureka, which was not military in the direct sense although the technology was often the same. To quote two examples, France was  
/highly

highly advanced on large mirrors for lasers and nozzles to evacuate gases from rockets. There were other aspects of technology in which the British and Americans were well advanced and the Germans, without access to nuclear weapons themselves, might well wish to participate in aspects of technological research. He would prefer to concentrate on French and European research projects rather than accept what President Reagan himself had described as sub-contracts from the Americans on SDI. If the British accepted such work, he hoped that they would tell their European partners what they were doing and the French would then consider whether they wished to take part.

The Prime Minister said that the United States' plans were exciting. She had been sceptical at first but she was impressed with how far they had got on long distance lasers and very fast computers. There was a danger that their work would take them so far ahead on computers that all other countries would simply have to adopt United States' technology. She was not interested in simply accepting sub-contracts but she wanted to give British scientists the opportunity to work in these very advanced areas to which they might not otherwise have access. She recognised that any defence system was likely to create the development of weapons capable of penetrating it but she still thought that, with the risk of nuclear proliferation in the future, a defence system was worth developing. America's allies had made good progress in persuading the Americans, in advancing the SDI, not to condemn offensive weapons as immoral: they were no more immoral than chemical or conventional weapons. President Mitterrand agreed.

The Prime Minister asked President Mitterrand how French research was divided between military and civilian. President Mitterrand said that it was about half and half. The distinction was not clear because military research often led to civil applications. The Prime Minister said that she wished that the UK could spend more on research and also that Britain was better at exploiting its inventions. President Mitterrand said that the same was true of France. The Prime Minister concluded this part of the discussion by saying that she saw considerable difficulties in negotiating the development of space defence systems under the Anti Ballistic Missile Treaty when that point was reached.

Channel Fixed Link

The Prime Minister said that she hoped that the momentum on the Channel fixed link could be maintained, so that it should become a major achievement of the current generation.

M. Attali interjected that there were three approaches to the project which needed to be reconciled and the detailed financial arrangements had to be agreed. The Prime Minister added that procedures for assessing the proposals had to be worked out and contingency work undertaken on the Treaty. President Mitterrand said that the French Government's enthusiasm to make progress with this project matched that of the British Government and he would be willing to accelerate the work as necessary.

European Fighter Aircraft

The Prime Minister said that this venture faced difficulty because there were so many aspects to be negotiated on a multi-lateral basis and all the countries involved would want a fair share of the project. President Mitterrand said that he favoured the venture. He did not know the details of the military difficulties but France would be eager to resolve them. He pointed out that collaboration had been successfully achieved over Concorde. The Prime Minister commented that Concorde had been undertaken on only a bilateral basis but she agreed that a magnificent 'plane had been produced. It was a pity that no more would be produced after the current generation had completed their life. President Mitterrand agreed. He said that France would be ready to consider re-opening production. The Prime Minister said that it would make a great difference if the United States Government were prepared to agree to overflight of the United States. President Mitterrand said that he would be prepared to envisage United States' participation in re-opening production facilities.

/European Community

European Community

The Prime Minister said that she was unenthusiastic about the proposal for an inter-governmental conference to carry forward the work on political co-operation. The European Council was itself an inter-governmental conference and met three times a year. President Mitterrand said that he was also not very keen on an inter-governmental conference. He was eager to make progress on the political formation of Europe. But he agreed that an inter-governmental conference risked duplicating what could be done already and disappointing public opinion if its results failed to match expectations. The Prime Minister said that she recognised that there was substantial progress to be made and problems to overcome particularly in adapting the Community following the accession of Spain and Portugal. But she repeated that she did not see an inter-governmental conference as the best way to achieve this. President Mitterrand said that he would consider further the Prime Minister's argument, with which he had a good deal of sympathy.

The GATT Round

The Prime Minister said that her impression was that one of the French difficulties about the next GATT round was over agriculture. She wanted to make it clear that agriculture was not the first or even the second subject which the British wanted to discuss. We attached higher priority to other subjects - services, tariff and non-tariff barriers on manufactured goods and safety standards. President Mitterrand commented that the Secretary General of GATT had said that agriculture was the only subject which would be ready for discussion in the next 18 months and the United States Government wanted to give priority to agriculture.

The Prime Minister said that her conversations with the Americans had indicated that they did not put agriculture top of the agenda. They too wanted to discuss services. The Europeans tended to discuss the GATT round as if it was a problem for the United States. But unless the rest of the world responded positively to the recent vote of Congress, she feared that Congress would revert to protectionist measures on which they might  
/achieve

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achieve the necessary majority to insist even if the President imposed a veto. Seen in this light, the need for an early GATT round was not so much a problem for the United States as for Europe and the developing world. She hoped therefore that it would be possible to agree a positive formula about a date for the next GATT round at the present Summit. President Mitterrand said that it was rather late for this. He understood that six of the seven participating countries agreed: in that case they ought perhaps to go ahead. It was not possible to be unanimous on everything. The Prime Minister commented that, if this approach were undertaken, the news would be that the Summit had been split: this was the wrong message to convey to the United States Congress.

President Mitterrand said that if there was a guarantee about the maintenance of the EC agriculture structure, he would be prepared to go ahead. The Prime Minister said that no such guarantee could be given. There were problems over the CAP. She believed that the grain price should go down: if it went up Italy would press for increases in Mediterranean products and the bill would fall on Germany, France and the UK.

President Mitterrand said that he agreed on this point, but he pointed out that France had more, and more troublesome, farmers than other countries, and the United States had plenty of protectionist measures. He did not think that the United States had been very clever. They had undertaken a number of bipartite declarations and communiques, and he did not like being encircled in this way. Nevertheless, their task was now to get the approval of the other GATT members and particularly the Third World. He did not think that this work could be achieved in 1986. But if, contrary to his expectations it could, France would be prepared to join in. The Prime Minister suggested that, on this basis, they should conclude the bilateral talks.

The meeting ended at 1855.

F.R.B.

4 May 1985