



Foreign and Commonwealth Office

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26 October 1990

Dear Charles,

Lunch with President Mitterrand: Rome, 27 October

The lunch will be at 1.15pm at Sir Stephen Egerton's residence in Rome. The President will be accompanied by his interpreter, M Thierry, and one other as yet unnamed. There are several important issues for discussion: co-operation on the Gulf; the two IGCs; and Europe's future security.

The Prime Minister and the President last met bilaterally at Waddesdon on 4 May. They will meet again at the CSCE Summit (19-21 November), and possibly in December/January to mark the breakthrough or completion of the Channel fixed link service tunnel. We have not yet put to the French our preferred dates for next year's bilateral Summit in France, pending a reaction from Bonn on the Anglo-German Summit.

France Internal

President Mitterrand is riding high (67% personal support: up 12% since the Gulf crisis broke). The Socialist Party supports him on the Gulf (despite early unhappiness from Chevènement), and the moderate right has been generally supportive. But the RPR are beginning to wobble, fearing that the US might initiate hostilities without consulting Allies and that French troops might come under US Command. The Front National have been consistently critical, arguing that French interests are not directly engaged.

The Gulf has overshadowed domestic issues, but the Government may now face a rough ride in parliament over the draft 1991 budget and over agricultural policy. The opposition threaten a censure motion unless the Government makes concessions on agricultural funding. French farmers have stopped attacking British meat and livestock exports. Increased police deployments and the opening of criminal proceedings, following our strong representations, seem to have deterred further violence. The farmers have now turned their attention to the President himself, twice disrupting his internal travel to publicise their grievances.

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Gulf Crisis: French position

The Foreign Secretary hopes that the Prime Minister may be able to concentrate on this. President Mitterrand's personal direction of French policy has broad public support. France set out with considerable historical baggage. The Iraqis hope to wedge-drive: notably the apparent offer to French detainees (318 in all) of a choice whether to leave or stay in Iraq. The French claim to have reacted stoutly. But the signals are ambiguous and, more seriously, Mitterrand's speech to the UN General Assembly was a characteristic piece of kite flying which was damaging. If the French started seriously to toy with a compromise, it would be very damaging. There is no hard evidence that they are but it is far from clear that they ruled out the Primakov approach last week. Attali told you that the President was robust but Saturday's lunch will obviously be the moment to try to stop any weakening in the French position.

Publicly the French are ambivalent on the use of military force. They may hesitate to join in unless there is a prior UN resolution authorising the use of military force. The Prime Minister may want to put strong emphasis on the need for French participation alongside the US and UK. The Foreign Secretary believes that this is important for the success of the enterprise and (perhaps more) its aftermath in the Middle East and in Europe. The effects on US/European relations if the French do not fight with us in the Gulf will be severe and lasting. She might also like to discuss Soviet intentions, following Mr Primakov's visits. The Five need to maintain a united front, and ensure that Iraq/Kuwait remains centre-stage in New York. The Jerusalem incident risks becoming an unwelcome distraction in the Security Council, and we should not allow the PLO to dictate the agenda there.

Burden Sharing

The French share of the costs of the Gulf crisis is slightly less than ours. Their military deployment, economic assistance (both through the EC budget and bilaterally) and refugee aid is estimated at \$1918 million in all - about 0.20% of GDP, compared to Britain's total contribution of \$1941 million (0.23% of GDP.)

The Prime Minister might welcome France's generous response to the crisis and stress the need for pressure to be put on others, notably the wealthy EFTA countries, to do considerably more. The Prime Minister might also express satisfaction that the US-inspired Financial Co-ordination

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Group (FCG) now seems to be over its initial teething problems, and refer to the position of Jordan, which was the subject of some concern at the last meeting of the Working Committee of the FCG (on 22 October). The country is vital to the effectiveness of sanctions against Iraq, and close to economic collapse. The EC Budget aid for Jordan will not be available until 1991. Is any of the French bilateral aid for Jordan earmarked for early disbursement?

WEU Aspects

The Prime Minister may wish to assure President Mitterrand of the importance we attach to co-ordination in the Gulf area with French forces, and with forces of other member states of WEU (of which the French hold the Presidency until the end of June 1991). We share an interest in persuading other Europeans to deploy ground forces. We have worked closely with France in the WEU on this, but without effect so far. The Prime Minister might wish to tell President Mitterrand that we have been urging other WEU countries in bilateral contacts to contribute to ground logistical support.

UK and French forces are stationed well apart in Saudi Arabia. The scope for co-ordination on the ground is very limited. The French have told us that they are happy with such arrangements as exist. There could be some value in co-operation on technical and medical support and there has been some co-operation on air-to-air refuelling. We are also pursuing with the French the idea of a joint WEU hospital ship. Naval co-ordination is working well, and WEU arrangements have been designed to facilitate close co-ordination with the US and other forces. The French have been worried about our focus on good practical arrangements with all naval forces, seeing in it signs of a reserved attitude to the WEU and insensitivity to France's political need to avoid subordination to the US; but we do not expect President Mitterrand to raise this. I enclose a table giving details of France's military contribution to the multinational forces in the Gulf.

Arab/Israel

The French position is, in theory, the same as our own. In practice, the French have shown themselves more willing to contemplate linkage between the solutions of the two problems. M Mitterrand spoke ambiguously about this in his speech to the UNGA in September.

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The Prime Minister will wish to:

- emphasise the importance of not conceding linkage between Arab/Israel and Iraq/Kuwait. This would hand Saddam Hussein a victory he does not deserve.
- reiterate our commitment to working for a solution of the Palestinian problem once the Gulf crisis has been solved, and seek French views on how this might be achieved.
- underline our concern about time-wasting discussion of Arab/Israel at the Security Council when there is pressing Iraq/Kuwait business to be dealt with. The Secretary General's mission should be helping to find ways of offering practical assistance to Palestinians living in the Occupied Territories; point-scoring in the Security Council helps nobody.

Lebanon

The French have called for discussion of Lebanon in the Security Council, much to the indignation of the Lebanese Government. The French action follows reports of murder, rape and looting in the Christian area previously controlled by General Aoun. The French are also angry that the Hrawi Government have so far refused permission for Aoun to leave the French Embassy in Beirut for asylum in France.

The Prime Minister may wish to tell President Mitterrand that:

- We have told the Lebanese Government that Aoun should be allowed to leave for France unmolested.
- We have expressed our deep concern to the Lebanese Prime Minister about atrocities in the Christian enclave, and stressed the need for reconciliation without recrimination, particularly after the murder of Aoun's prominent supporter, Dany Chamoun, and his family last weekend.
- The UK believes that if there is to be a Security Council statement, it should avoid criticism of the Hrawi Government or the Taif Accord, which remains the only way forward for Lebanon.

EC Issues

The French Government's views on EC institutional reform are still evolving. But they favour maintenance of the

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present institutional balance in the Community, concentrating on the development (given the nature of French Presidential power) of the role of the European Council particularly in the area of foreign policy. They favour a common foreign and security policy, with the European Council deciding areas for common activity, which might then become subject to some form of majority voting. They wish to extend discussion by the Twelve of security issues, but reject the Italian proposal to integrate the WEU into the Community (see the passage on European defence issues below). The French wish to avoid any substantial increase in the powers of the European Parliament and the Commission (particularly in the foreign policy area), but like most others could support some extension of qualified majority voting and some refinement of the EP role, for example extension of the cooperation procedure. They also place emphasis on the role of national parliaments, and have proposed a "Congress" which would more closely associate national parliaments with the work of the European Parliament.

The French and Germans are continuing to work behind the scenes on a further initiative on political union (following the Mitterrand/Kohl message in April before the first Dublin European Council). There are differences between the French and German positions, but joint proposals in the foreign policy area seem likely. We cannot stop this collaboration, but we should seek to channel French views (which contain elements close to our thinking) in a helpful direction.

The Prime Minister might:

- endorse the French view that the basic institutional balance should not be changed. The European Council should continue to give political direction to the Community. It has a particular role in projecting a positive image of the Community in the rest of the world;
- agree that the strengthening of European foreign policy coordination is desirable. But it is not clear how French proposals would reconcile the French desire to retain the right of national initiative with their ideas on areas of common action subject to majority voting;
- float our ideas for strengthening the European defence pillar on the lines suggested below;
- urge the need to avoid unnecessary strengthening of the role of the Commission or the European Parliament. The aim should be to make the Community more efficient and democratically accountable. The Community's handling of the ex-GDR integration process shows how flexibly the institutions can perform. Reforms which might diminish the position of member states (eg more QM voting, a bigger legislative role for the Parliament) should be avoided;



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- agree that French ideas for a Parliamentary "Congress" deserve further examination. But the French proposal seems to envisage a dominant role for the EP over national parliaments. Our emphasis would be the other way round. For example, the conference involving the European Parliament and national parliaments in Rome at the end of November in fact gives greater prominence to representatives of national parliaments.

The French, Italians and Commission have all been active in pressing the German Government to adopt a firm and forward position on economic and monetary union at the October European Council. Partly as a result, Chancellor Kohl came out last week in favour of 1 January 1994 as the starting date for Stage 2. President Mitterrand himself favours rapid movement to a Stage 3 on Delors Report lines. He regards a fast-track approach to EMU (as well as early progress on political union) as crucial to the strategic goal of tying Germany into a dynamically developing Community.

The Prime Minister might:

- discourage any suggestion that this weekend's meeting should fix a Stage 2 start date, since it makes no sense to establish a timetable when there is no agreement on the content of Stage 2;

- stress the importance of our market-based ideas for progress beyond Stage 1. The relevance of the UK hard ecu proposal was recognised in Italian Finance Minister Carli's report to the European Council, and by M Delors at the Foreign Affairs Council on Monday. The UK proposals entail a new institution, the European Monetary Fund;

- repeat our opposition to the imposition of a single currency. Nor is this a practical economic proposition for a number of other member states in the foreseeable future. The Community must move forward together, otherwise irreparable damage will be done to its internal development and international reputation, which neither France nor the UK would want.

If President Mitterrand raises the question of the European Parliament and Strasbourg, the Prime Minister could assure him that we understand French concerns and have no interest ourselves in changing the present arrangements. If the French and those most closely involved can agree to workable new arrangements, confirming Strasbourg as the site of EP plenaries, we would have no difficulties in principle. But we would not want to agree to any specific French proposals without knowing how they fit into the overall package and whether they are acceptable to others.

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GATT

The French have joined those blocking the Commission's GATT agriculture offer. They have signalled privately that they will move eventually, and we expect they will give way once the Germans do. However, if the decision goes to the European Council we may need to isolate the Germans in order to get the offer through. The French position could be pivotal. Even if the Agriculture offer has been agreed, we want the European Council to reaffirm, at least in the conclusions, EC commitment to the success of the whole GATT Round negotiation. The Prime Minister might take the following line:

If Agriculture offer not yet agreed

- Failure to agree Community's agriculture offer threatens to wreck entire round. Now 2 weeks past the deadline we accepted. Imperative that it be agreed as quickly as possible, without further public wrangling.

- Must not forget our political obligations - we committed ourselves at Houston to contribute to a successful outcome to the round. Nor our economic interests: agriculture only around 3.5% of French GDP.

- If Round fails, CAP would come under threat anyway. US and Cairns will bring GATT cases against it, and are likely to win. EC would then face choice between implementation or retaliation by the US.

Whatever the position on agriculture

- Hope Council will agree a clear reaffirmation of our commitment to the Round. Vital to redress damage done to our position by our internal wrangling over agriculture.

Aid to Soviet Union

The Prime Minister will wish to confirm to President Mitterrand that decisions on financial aid would be premature but that the Summit should endorse technical support for the Soviet Union. The Prime Minister might draw on the following:

- Commission right to delay its full report on the Soviet economy. Difficult to exaggerate scale of the Soviet Union's crisis. Financial aid cannot be considered before the IMF report which we asked for at Houston and until Gorbachev has taken a convincing grip on economic reform.

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- EC can help with technical assistance. Energy is the priority sector, where Western private expertise can help the Soviet Union to help itself. Energy reform can generate resources to support reform in other sectors.

- Interested by your ideas for an EC-Soviet declaration/treaty. Agree important to add substance to our relations, initially through the Trade and Cooperation Agreement. Foreign Affairs Council should look at your further ideas. (To use the term Association Agreement would cause confusion with our policy on Eastern Europe.)

It is still not certain whether President Gorbachev will visit Paris before the CSCE Summit to sign a bilateral declaration.

Enlargement

The French have been reluctant to comment on the subject of EC enlargement, preferring to stick strictly to the agreed Community consensus that there should be no decisions until at least 1993. There has been no clarification of President Mitterrand's January proposal of a European "Confederation". The intention seems to be to offer an alternative to eventual EC membership for East European countries without appearing to rebuff them. The French are also concerned to develop the existing Community to the maximum before considering enlargement. President Mitterrand may raise the Prime Minister's calls for the Community to offer the prospect of eventual EC membership to the countries of Eastern Europe, once they can fully meet the obligations of membership. The Prime Minister might emphasize that the goal of accession is an important incentive for continued political and economic reform in the new democracies.

French Defence

French defence policy remains confused. President Mitterrand has said he wants to maintain NATO and the US commitment to Europe. But France remains aloof from the NATO strategy review, and M Mitterrand's apparent decision to pull all French forces out of Germany over the next few years may undermine support in Germany for stationed forces. The Germans were surprised and their adverse reaction may have prompted him (in a subsequent television interview) to refer to the possibility of leaving French forces in Germany if judged necessary in a European defence framework. The French support the principle of a common security policy of the Twelve, but jealously guard their right of independent decision on defence policy. They have rejected the Italian proposal to integrate the WEU into the Community but seem prepared to see the WEU serve as a bridge between the Twelve and NATO.

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There are therefore points of convergence with the French on developing European defence identity. It will be worth building on these, given the importance of France as a major European military power. The Prime Minister might wish to touch briefly on the principles set out in the Foreign Secretary's minute of 24 October, particularly the importance of:

- keeping the Americans fully involved in the defence of Europe.
- encouraging the Europeans to take greater responsibility for their own defence, including the more effective response to threats to Western interests outside the NATO area.
- achieving this strengthened European pillar within a changing Alliance.
- using the WEU not the Twelve as the forum for developing the European role.

On bilateral defence co-operation, President Mitterrand may raise the question of the UK TASM. On 18 October, the MOD's Procurement Committee considered the competing US and French candidates, but decided to make no recommendation at this stage. The French, despite discouragement from us, have continued to regard the prospect of Anglo/French co-operation on TASM as the touchstone of future defence co-operation. Their probing is likely to increase as our procurement process reaches a conclusion. Both M Rocard and M Chevènement have spoken publicly in recent days in favour of Anglo/French co-operation on TASM.

There is also an active debate in France about future nuclear options prompted by increasing budgetary pressures. A decision by the President, possibly phasing out the ground-based strategic and pre-strategic missile force, had been expected at the end of last week: it has now been deferred to the end of the year. The President may make the point to the Prime Minister that a UK decision to collaborate on an air-delivered capability could bear directly on a decision to phase out French ground-based missiles and concentrate on the air and sea-based elements of the nuclear triad.

If President Mitterrand raises TASM it would be worth exploring how he sees Anglo-French co-operation on TASM in the context of closer European defence relations. The Prime Minister might say:

- UK still not ready to take a decision. The choice remains genuinely open.



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- Understand you considering future composition of French nuclear arsenal generally? Place of air-launched missiles?
- Aware of broader European security background. TASM will be key part of deterrent forces of the transformed Alliance. How do you think British and French deterrents could fit into a stronger European defence pillar? Would closer Anglo-French co-operation help keep the Germans sound on nuclear deterrence and defence generally?
- Important for UK and France to work closely together on all defence issues.

The French Defence Minister, M Chevènement, visited London this week for discussions with the Defence Secretary. The MOD will be reporting to you direct on these.

I am copying this letter to Brian Hawtin (MOD) and Sonia Phippard (Cabinet Office).

Yours ever,

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