

TO IMMEDIATE FCO

FROM BONN

TELEGRAM NUMBER 454 OF 16 MAY

INFO IMMEDIATE UKREP BRUSSELS LUXEMBOURG PARIS

INFO PRIORITY WASHINGTON UKMIS NEW YORK

referred to
Chequers 10/1

SCHMIDT - MITTERRAND MEETING IN HAMBURG

1. GABLENTZ, FEDERAL CHANCELLOR'S OFFICE, HAS GIVEN US THE FOLLOWING ACCOUNT BASING HIMSELF ON HERR SCHMIDT'S HURRIED ACCOUNT OF HIS ONE HOUR TETE A TETE WITH PRESIDENT MITTERRAND AND ON HIS OWN IMPRESSIONS OF THE JOINT PRESS CONFERENCE.

AGRICULTURE AND THE MANDATE

2. HERR SCHMIDT AUTHORISED PRESIDENT MITTERRAND TO TELL THE PRIME MINISTER OF THEIR COMMON WISH THAT THE AGRICULTURAL PRICE SETTLEMENT SHOULD BE PUT INTO EFFECT FORTHWITH. THE BRITISH WERE WRONG TO LINK THE PRICE FIXING AND MANDATE QUESTIONS. FOR HIS PART MITTERRAND UNDERTOOK NOT TO CALL THE LUXEMBOURG COMPROMISE INTO QUESTION. THERE WAS AGREEMENT THAT FRANCE AND GERMANY SHOULD NOT MOVE BEYOND 800 MECUS, WITH THE FEDERAL CHANCELLOR ONCE AGAIN REITERATING THE IMPORTANCE OF THE 1 (ONE) PER CENT LIMIT AND OF LIMITING THE GERMAN CONTRIBUTION TO ANY COMPENSATION. AN IMPRECISE MESSAGE FROM THORN, REPORTING AN ALLEGED BRITISH PROPOSAL OF A 1000 (ONE THOUSAND) MECU COMPENSATION LEVEL, WAS RELAYED TO SCHMIDT AND MITTERRAND DURING THEIR TALKS. THEY AGREED TO REJECT THIS FIGURE.

FALKLANDS

3. THERE WAS CLEAR AGREEMENT ON THE NEED FOR SOLIDARITY WITH BRITAIN ON THE BASIS OF SCR 502. SANCTIONS INVOLVED SACRIFICES FOR BOTH FRANCE AND GERMANY, BUT IT WAS CLEAR THAT THEY WOULD BE RENEWED, THE FINAL DECISION BEING LEFT IN ACCORDANCE WITH THE LAST GERMAN CABINET DECISION, AS LATE AS POSSIBLE, PERHAPS UNTIL AFTER THE PRIME MINISTER'S MEETING WITH M MITTERRAND. THERE WAS SOME DISCUSSION OF A FRENCH ANALYSIS WHICH SUGGESTED THAT PROGRESS ON THE FALKLANDS CRISIS WOULD BE EASIER WHEN THE BRITISH HAD ESTABLISHED SOME PRESENCE IN THE ISLANDS. THE GERMANS SAW SOME THEORETICAL FORCE IN THIS IDEA, BUT DID NOT SHARE IT. THERE WAS AGREEMENT THAT, THOUGH THE FALKLANDS CRISIS MADE THIS A BAD TIME FOR ANY DISPLAY OF COMMUNITY DISUNITY, THERE WAS NO CONNEXION BETWEEN THE FALKLANDS AND THE AGRICULTURAL AND MANDATE QUESTIONS.

4. ADVANCE COPIES TO PS NO 10, PS, PS/PUS, BRIDGES, HANNAY, URE, FALKLANDS UNIT.

TAYLOR