



10 DOWNING STREET

From the Private Secretary

Prime Minister

Para. 1 is rather overtaken
by events. After:

(a) you had secured a
personal commitment from President
Mitterand to support a British
candidate for Secretary-General of
the Commission; and

(b) the Germans told us
directly that they would not field
a candidate but would support Delors,

Geoffrey Howe told Dr. Fitzgerald
that we too would support Delors. This

opens the way for an
announcement by the Irish
President at 9 a.m. tomorrow
that De launay will be the ~~new~~ new
President.

C.D.P.

18/7

cc PC.



Foreign and Commonwealth Office

London SW1A 2AH

(4)

17 July, 1984

Prime Minister
You will want
to read paras. 1-7
CDD
17/7.

Dear Charles,

The French Presidency of the EC

I enclose a copy of Michael Butler's letter of 11 July on this subject. Sir G Howe has suggested that the Prime Minister might like to see it.

Yours ever,

Colin Budd

(C R Budd)
Private Secretary

C D Powell Esq
10 Downing Street



FILE

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cc:pe

10 DOWNING STREET

From the Private Secretary

23 July, 1984

THE FRENCH PRESIDENCY OF THE EC

The Prime Minister has noted with interest Sir Michael Butler's letter of 11 July on this subject.

(C.D. Powell)

C.R. Budd, Esq.,
Foreign and Commonwealth Office.

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OFFICE OF THE UNITED KINGDOM
PERMANENT REPRESENTATIVE
TO THE EUROPEAN COMMUNITIES
ROND-POINT ROBERT SCHUMAN 6
1040 BRUSSELS

TELEPHONE 230 62 05

11 July 1984

Sir Crispin Tickell KCVO
FCO

Dear Crispin,

FRENCH PRESIDENCY: JANUARY TO JUNE 1984

1. For the Community as a whole, and even more for the United Kingdom, the completion of the post-Stuttgart negotiations at Fontainebleau was by far the most important event of the French Presidency. But much else got done, thanks to performances by several French Ministers ranging from good to excellent. Looking back on the Presidency it seems almost miraculous that so many decisions were taken, given the inability of French officials in Paris or Brussels to plan ahead because they could not forecast the intentions of their Ministers and the complete uncertainty about the outcome in which the Presidency allowed both the Brussels and Fontainebleau European Councils to begin. If Mitterrand knew what he was doing at every stage - and I am not sure that he did - he left a lot to chance and to his ability to sway things one way or the other at the last moment.

POST-STUTTART NEGOTIATIONS

2. In the New Year the Presidency embarked on a long series of bilateral meetings at Presidential, Ministerial and official levels, without any visible effects in advance of the European Council in March, for which multilateral preparation was virtually non-existent. On budget discipline (where French and British views had come into uneasy balance before Athens) and the increase in own resources these tactics worked well in Brussels and texts which would have been very controversial with the smaller Member States if they had been tabled beforehand were provisionally adopted by the European Council with relatively little discussion. Even on budget imbalances surprising progress was made. The Presidency text which we negotiated with the French on the second morning contained a budget correcting mechanism with nearly all the attributes we were seeking. If Mitterrand thought that he could bounce that through as well he was over-optimistic. Despite an hour's apparent effort on his part the Italians, supported by the Greeks and Danes, dug in their toes. And Kohl's proposal for a 5-year ad hoc arrangement, to which Mitterrand rallied straight away, destroyed all hope of a settlement at that meeting. (Had they cooked it up together at breakfast? I suspect so.)

3. With the benefit of hindsight, I think that it is quite likely that Mitterrand never intended to go all the way at Brussels, lest the French opposition should be able to complain of a Thatcher victory in the European election campaign. Early in the Presidency there were rumours that the June European Council was the French target date for a settlement and this caused adverse reactions elsewhere. It may be that the French move in February/March towards apparently trying to get the deal done in Brussels was mainly designed to cut the ground from under criticism of French inaction. Perhaps Mitterrand would have been prepared to settle in March if the UK had been willing to make a rather poor settlement from our point of view. But I do not think that the

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French really expected that we would.

4. During April, May and the first week in June the French again did nothing in Brussels, while leading a campaign elsewhere to suggest that the March offer was no longer on the table and that the Community would move on without the UK if we did not settle in June. In my view this was partly designed for home consumption in the European elections - no question of Mitterrand conceding as much as Giscard had done in 1980 - and partly to bring psychological pressure to bear on the UK. Even 10 days before Fontainebleau, though it was clear that the French had thought through the financial and budgetary consequences of a failure to settle, there was no real sign of compromise on the French side and their campaign with the other Eight had yielded quite a high degree of apparent resolution not to give in to the British. I believe all this was largely for show. Mitterrand probably always intended to settle in June provided that he could do so in a way which could be presented publicly as a genuine compromise - no victors, no vanquished.

5. However that may be, Fontainebleau too was ill-prepared in the Community. In the few days before the meeting the French ran the so-called Morel solution with some of the other Member Governments and then Dumas wrote to the Secretary of State putting it forward on the Sunday night. But it was pretty clear that Dumas' own money was on the idea of a simple two thirds refund of our VAT share/expenditure share gap, a proposal that he had put to me as early as 27 March and which he had discussed with the Secretary of State in the week before Fontainebleau. At Fontainebleau itself, and throughout the months leading up to it, it continued to be very difficult to find out what the French position was. Attali, obviously wielding great influence on Mitterrand, was constantly trying to throw spanners in the works and seemed to be still at it at Fontainebleau. Nevertheless Mitterrand (in the European Council) and Dumas (outside) quite clearly signalled on the first day that they were working for a settlement and in the early morning of the second day Legras, speaking with instructions, readily conceded that the main elements of the March correcting mechanism (less the threshold) would have to be incorporated in the Conclusions of Fontainebleau. But it was clear that the French, and even more the Germans, were extremely determined not to go above a two thirds refund and they continued to try to grind us down at the margin with texts designed to make us pay more for enlargement or the German refund. So the negotiation was difficult right up to the end.

6. We conceded enough - in March the VAT share/expenditure share gap and in June the loss of the threshold and 66% rather than 70% or a bit more - for it to be possible for Mitterrand to take the line in his press conference that there had been concessions on all sides. But there is little doubt in the minds of those on the inside in France that the long argument beginning with the Heath/Pompidou discussions of 1971 and the "unacceptable situation" declaration, continuing in the so-called re-negotiation in 1974/75, beginning in earnest with the return of the present Government in 1979 which lead to the 30 May 1980 Agreement and on to Stuttgart, Athens, Brussels and Fontainebleau was a major victory for the UK. It is worth recalling that when we tabled in Coreper in February 1980 a proposal for a percentage refund of our net contribution, the French led the way in declaring that it was absolutely out of the question. Indeed throughout the long drawn out battle it was the French who battled most strongly to preserve the acquis of the CAP and the own



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resources decision. So the outcome, which will cost France a lot of money (plus or minus 500 mecus a year from now on), was not really attractive to France and, as seen from here, it is a measure of Mitterrand's great political skills that the reaction in France was not more negative.

7. The French performance in the last stages of this great negotiation was very French. They insisted on being the ones to call the tune, even though we made them produce music they did not like. They employed all their well-known negotiating gambits, to which the Germans always fall victim - psychological warfare, preparation of (admittedly improbable) alternatives to agreement, hardening the position just before the crux of the negotiations and giving great prominence to a few negotiating points which they did not expect to win in order to strengthen their psychological hand on the main question (the money). They manoeuvred the Germans into accepting an appallingly bad settlement from the German viewpoint. They also infuriated many of the smaller countries by their complete disregard for their views, though the latter always seem ready to take it from the French in the end. They treated the Thorn Commission with the contempt it deserved. Cheysson made no attempt to be an impartial chairman. Plus ça change
.....

EUROPEAN UNION

8. President Mitterrand's speech to the European Parliament in May was an important event of the Presidency, but one which it is still difficult to interpret. I assume that he regards a strongly "European" position as being good politics in France and that it was aimed largely at the French electorate. But an important subsidiary purpose may well have been to continue the process of convincing Kohl that they share the same woolly European idealism (and that this involves constant German concessions to French interests). But what about the substance? Mitterrand gave the Parliament the impression that he was going a long way towards backing the Spinelli draft treaty on European union. But will the French Government really come out in favour of giving the Parliament the power of co-decision on Community legislation or phasing out the Luxembourg Compromise over the next few years? There is much cynicism in Brussels on this subject. We shall see whether it is justified when the so-called Spaak Committee invented by the French at Fontainebleau gets into its stride. Like the Ad Hoc Committee on a People's Europe, which clearly has a strong element of gimmickry about it, the Spaak Committee may only have been intended to give the impression that France is once again in the lead in promoting the construction of Europe.

AGRICULTURE

9. Rocard's achievement in the Agriculture Council in securing agreement within the 31 March deadline on a price-fixing package combining (relative) austerity and a reform of the system when he seemed to have no coordinated backing in Paris and a sure prospect of severe agricultural discontent was remarkable. In addition, decisions were taken on a new five year import regime for New Zealand butter, the first leg of a new structural policy and on a large number of other matters which, though of a lesser magnitude, might nevertheless have defeated the Council under a lesser Presidency.

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(There were failures, too, somewhat surprisingly in view of the French interests at stake, in the field of the internal market, namely in respect of veterinary and harmonisation questions, where abysmal preparation at official level was largely responsible.)

10. Without doubt, the credit must go to Rocard. Although he was a relative newcomer, the other Council members were soon aware of his keen intelligence and political acumen. He soon found out how they ticked and proceeded to make them do so with ruthlessness, intelligence, energy and a strong sense of strategy and tactics. His judgment in deciding whether to bully or cajole his colleagues seemed seldom at fault, and he scored a major tactical success during the price-fixing by his habit of locking Ministers into the Council chamber through nights and over weekends. (In March, the Council met for 11 days out of 27, four of them on weekends and with regular late or all-night sessions.) This incarceration kept the maximum psychological pressure on Ministers. It enabled Rocard continuously to impose his own personality on them. It prevented them from obtaining the psychological and physical relief of retreat to their delegation rooms. It kept their contact with their experts and with the press to a minimum. Last, but not least, it meant that the endless bilateral "confessionals", normally held discreetly in the margins, took place in full view of all other Ministers which kept the scope for histrionics to a minimum and maximised their awareness of the collective nature of their work.

11. Rocard's other successful tactic (followed to some extent by other French Ministers including Cheysson in the Foreign Affairs Council) was to resort increasingly to voting, or a strong threat of voting, which did speed things up. In previous Presidencies, with the notable exception of the 1982 price-fixing, voting was virtually unheard of in the Agriculture Council. On the whole, this went down quite well. Indeed I suspect that some of the Ministers were relieved to be voted down where they were isolated.

12. Rocard even managed to give a communautaire appearance to his defence of important French national interests. And of course he was much tougher and more effective than any recent French Agriculture Minister in being prepared to tell his farmers at home to face up to realities. He also took considerable, and visible, pleasure during the price-fixing period in achieving success after his old rival Mitterrand had failed at the March European Council: he several times drew the contrast to his colleagues' attention.

SPECIALIST COUNCILS

13. As no French Ministers could decently afford to be seen to fail to add to "la gloire de la patrie", the excitement did not stop there. In many areas the French Presidency managed to give fresh impetus to Community activity. Their efforts were generally based on a sound assessment of what was politically feasible as well as what they wanted to achieve, combined with a flexible and pragmatic approach at working level (in stark contrast to the tread-mill excesses of the Germans and Greeks).

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14. In social policy and transport the emphasis was on a fresh political approach. Attention was focussed on political rather than legal texts, and on this basis the Presidency succeeded in getting agreement on the adoption of a social policy programme for the medium term as well as conclusions on the social implications of new technology. The adoption of resolutions on women's unemployment and local employment initiatives contributed to their aim of creating an "espace social" but they failed to get agreement on the recommendation on working time, because we blocked it, right up to the European Council. On transport, too, they concluded that their only prospect of making progress was to secure agreement on political texts, and conclusions were adopted on lorry weights, road haulage quotas and drivers' hours (although the Germans have since re-interpreted the political deal struck at the Council on 10 May in a way that still leaves it at risk).

15. On other areas their approach was more conventional. They simply did it better than their immediate predecessors and so deservedly chalked up successes on important issues. On environment the result was an impressive crop of agreed texts including directives on transfrontier shipments of hazardous wastes; air pollution from industrial plants, air quality standards on nitrogen dioxide and water pollution by lindane. They also pulled off a considerable coup in getting agreement on the new regulation on the ERDF (again by a vote). They even had successful councils on Consumer Protection resulting in agreement on the long-standing proposal on misleading advertising. Many of the Ministers involved showed great skill in handling difficult meetings with a clever mix of firmness and diplomacy. Madame Bouchardeau (Environment) and Madame Lalumière (Consumers) almost succeeded in outshining the politically able Fiterman (Transport) and Beregovoy (Social Affairs). Legnane (Fisheries) took the Council through to quick agreement on 1984 TACs and quotas and other issues.

16. The record is not of course one of pure achievement. Mitterrand will be disappointed that a Recommendation on Working Time eluded his grasp, even though he took the issue all the way to Fontainebleau. In the industrial, research and energy fields, the French were noticeably less active than either of their two predecessors. This was due partly to circumstances and to a realistic calculation of the possible, but in part also to deliberate policy. The French were keen to advance major initiatives involving high technology. Esprit was approved in February to general acclaim. But they proved much less forward in promoting activity in areas where even moderate concessions from the French position would be required. Fabius was a remarkable chairman of the Research and Steel Councils (and the informal Industry Ministers meeting), often making a formidable partnership with Davignon. But there were limits to what he or they could do. The French displayed very little interest in energy, and on nuclear questions slowed down the pace of work from the outset, probably in order to shield exposed French positions. They also lacked enthusiasm for the Internal Market Council which met only once at only a week's notice in March under the chairmanship of Madame Lalumière, in the wake of the French lorry-divers' strike. They did, however, work hard on individual dossiers, including the unit trusts directive, the single administrative document, tourist assistance and the 15 blocked directives on technical barriers to trade. They also devoted considerable effort to insurance services, but the outcome (and probable purpose) of their high level group was to leave positions divided and to sidetrack a promising compromise sponsored by the Germans.

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EXTERNAL AFFAIRS

17. If the Community's standing abroad is supposed to be a function of its ability to solve its internal problems, it should be looking relatively good, though of course the external effects of Athens and Brussels were not as grave as they were often painted. Externally, the Community has certainly been active, as you would expect under the peripatetic Cheysson. The Greenland withdrawal negotiations were successfully concluded, a new Common Commercial Policy Regulation was agreed (though adoption remains delayed by the Danes' inability to clear the politically linked package of Article 100 Directives). The French managed to use the Presidency to ensure that the European Community's response to Japanese and US pressure for a new multilateral trade round was cautious. But they were unable to get a Commission mandate to do more than open negotiations in the GATT on restraining imports of cereal substitutes as part of the 31 March agriculture price-fixing package - a good outcome for the Community as a whole. And they did not make much progress with another of their priorities - the definition of a Mediterranean policy in an enlarged Community.

18. The two main areas of external activity were of course the enlargement and Lomé negotiations. On enlargement, having blocked the agriculture chapter until October 1983, the French pressed ahead with it particularly vigorously, to the point of substantial agreement by June with Portugal and the beginnings of an outline agreement on the more difficult Spanish case. They maintained steady progress on other issues, and by the end of the Presidency detailed Community positions were on the table for nearly all major issues. Those chapters that lag behind do so through no fault of the Presidency's. However, here too one had a feeling that success was not the result of carefully laid plans. Cheysson and Dumas acted largely independently both of each other and of developments in Brussels, where the Presidency's representatives were good and impartial. Presidency considerations had little effect on the (generally very hard) positions of the French delegation, at least below Council level. If the overall outcome with Spain has been relatively positive, it is mainly thanks to a long negotiating session with Spain conducted by the Presidency and Commission alone on the night of 19 June (a procedural innovation), during which the Spaniards gave much more ground than the Presidency. With the Portuguese the way has been prepared for a major negotiation on agriculture and fish.

19. The French pushed forward effectively on the Lomé re-negotiations, where Cheysson's experience with Lomé issues proved invaluable during two ACP/EC Ministerial meetings. Although the substantive negotiations were not over by the end of June as the French had hoped, they certainly broke the back of them.

THE WORKING LEVEL

20. At the Coreper level in Brussels, the French were pleasant but their performance was exasperating. Splitting responsibility between Cheysson and Dumas added to the confusion inherent in the present French government system and no one here could ever tell us what they planned to do. Leprette spoke of the Presidency with detachment, as something distant, unpredictable and uninfluenceable, never going further than: "Je ferai rapport à la Présidence". Yet, amazingly enough, they did get things done, more perhaps than any Presidency in my time in Brussels. Although confusion tended to take over when a Minister in Paris suddenly took political control of a

/dossier



dossier, the performance of French officials, often very young, chairing groups here in Brussels has been generally of very high quality indeed. Ersbøll shares this view; and he feels that the French avoided much of the trouble they might have had because of poor communication between Brussels officials and Ministers by the fact that Ministers took advice from the Secretariat, to a greater extent than any Presidency in Ersbøll's experience.

21. In Coreper (Deputies) it was a competent and undramatic Presidency. Vidal was knowledgeable, equable, courteous and patient; his summings up were clear if painstaking and for the most part fair. He made little apparent attempt to fix matters in advance or to pressurise recalcitrant delegations outside the meeting, and produced few sparks inside it. The Presidency's handling of veterinary questions, like that of its predecessors, was a shambles, and several other subjects went to Councils with inadequate preparation. But any dossier that looked ripe for adoption before the end of June received better treatment. Vidal's chairmanship was characterised above all by flexibility in pursuit of timely agreement.

22. To sum up, though it was inevitably very French, nearly always unpredictable and therefore often difficult for others to find palatable, it was on the whole a good and effective Presidency. Things got done, including the budget settlement. Grâce à Mitterrand!

Yours ever
Michael

Michael Butler

cc Mr D F Williamson CB, Cabinet Office.

HM Ambassadors at: ATHENS
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