



Foreign and Commonwealth Office

London SW1A 2AH

21 October 1982

Dear John,

Yes - but no

Prime Minister
Content will these instructions
to Sir John Fretwell?

Anglo-French Summit

A-2-C 24/10

At the meeting which the Prime Minister held on 18 October with Mr Pym, Sir Antony Acland and Sir John Fretwell, the Prime Minister agreed to consider draft instructions for a call by Sir John Fretwell on President Mitterrand to deliver an oral message from the Prime Minister on what she hoped to achieve from the Summit. I now attach, for the Prime Minister's consideration, some draft instructions in the form of a draft telegram to Sir John Fretwell in Paris.

There was discussion at the Prime Minister's meeting on whether or not it would be tactically right to give President Mitterrand advance warning of the subjects the Prime Minister wishes to discuss at the Summit. On balance Mr Pym thinks that it would be right to prepare for the Summit in this way. He thinks that the arguments on the EC budget are effectively put in the draft telegram, and that it would be worth mentioning the other subjects to President Mitterrand too.

I am copying this letter to Richard Hatfield (Cabinet Office).

Yours ever,
Gian

N.B we shall be in

difficulty with the (B J P Fall)
Private Secretary

Channel Tunnel. They want

the restricted rail link and

AJ Coles Esq
10 Downing Street

that would not be suitable
for us not

OUT TELEGRAM

		Classification and Caveats	Precedence/Deskby
		CONFIDENTIAL	PRIORITY
ZCZC	1	ZCZC	
GRS	2	GRS	
CLASS	3	CONFIDENTIAL	
CAVEATS	4		
DESKBY	5		
FM FCO	6	FM FCO	OCTOBER 1982
PRE/ADD	7	TO PRIORITY PARIS	
TEL NO	8	TELEGRAM NUMBER	
	9	ANGLO-FRENCH SUMMIT: CALL ON PRESIDENT MITTERRAND	
	10	1. Please seek an early call on President Mitterrand and say	
	11	to him that the Prime Minister has asked you to call on him to	
	12	discuss the Anglo-French Summit on 4 and 5 November. You should	
	13	say that the Prime Minister is much looking forward to the meeting,	
	14	and is determined that it should be a success, and that it ^{will} should	
	15	strengthen still further the very close relationship which she	
	16	and President Mitterrand already have. The Prime Minister	
	17	believes it will be an important meeting, at which there will	
	18	be much to be discussed. While President Mitterrand is, of	
	19	course, the host, the Prime Minister has thought very carefully	
	20	about the subjects that might be covered and believes that	
	21	discussion might include the following points:	
///	22	(a)	Britain and France share a common approach to East/
//	23		West problems. The Prime Minister will want to talk
/	24		about their future, especially Poland, CSCE and
	25		Western European security issues, in particular INF.
NNNN ends telegram		BLANK	Catchword (b)
File number		Dept Private Office	Distribution Standard: WED ECD(I) ECD(E) MAED
Drafted by (Block capitals) BRIAN FALL			
Telephone number			
Authorised for despatch			
Comcen reference	Time of despatch		

OUT TELEGRAM (CONT)

	Classification and Caveats		Page
	CONFIDENTIAL	PRIORITY	2

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 (b) The need to coordinate our approach to the US. The economic relationship with Eastern Europe is a key factor, with the pipeline the immediate issue. There is a common interest in Europeans working together.
 (c) The serious problems of international indebtedness, and other international economic issues.
 (d) Community problems will need full discussion. Again, we have a common interest in ensuring a sound basis for the community to develop and British Ministers have put forward a number of ideas in recent speeches. But we have a major problem in the Budget. The Prime Minister will want to explain the great importance she attaches to the Community's finding a lasting and equitable solution. She is very concerned that the true nature of the problems has not been fully understood by our partners: it is not a question of others paying Britain but our paying for expenditure in other member states.
 2. If Mitterrand seems disposed to enter into a discussion of substance on the budget you should ^{amplify} ~~amplify~~ the Prime Minister's thinking on the following lines:
 (i) the problem arises largely because of Budget expenditure on CAP and the relatively small size ? of British agriculture, neither of which is going to change much in the medium term.
 (ii) British citizens receive less benefit per head from Community spending than those of any other Member State, but are not among the more prosperous ^{while and} ~~and pay~~ ^{contributing more than} their full share to Community revenues.
 (iii) Britain's net contribution is now running at over 1500 mecu a year, nearly the size of our aid programme. That is a real transfer of resources from British taxpayers to the beneficiaries from

NNNN ends telegram	BLANK	Catchword Community
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OUT TELEGRAM (CONT)

Classification and Caveats

CONFIDENTIAL

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Community expenditure in other Member States, including France. This cannot be defended to Parliament and the British people as equitable. It requires early and lasting correction and was foreseen in our accession negotiations. The Community has several times recognised the existence of an 'unacceptable situation'

(iv) This is not a transitional problem, nor a result of UK failure to adapt to the Community. We have adapted - 43% of our trade ^{is} with the Community now, compared with 30% before accession. Britain is not asking for a juste retour, nor is it seeking to undermine the own resources system or the CAP. What we are seeking is a budget arrangement which ensures that no Member State is asked to bear an intolerable and unfair burden.

(v) The Council agreed in May that such a solution should be found by the end of November and we are concerned by the lack of progress, both on settling the details of 1982 refunds, and on the wider problems.

3. You should conclude by asking whether the President would be content to see our discussions on 4/5 November concentrate on these topics. You might add that the Prime Minister attaches as much importance as ever to the bilateral collaboration projects. She discussed with the President at the last Summit and would like to check with him that he is content with progress on them. But she believes that the detail should be left for discussion between the Ministers directly concerned.

PYM

NNNN

NNNN ends telegram

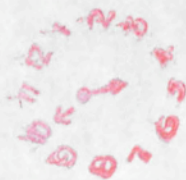
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Catchword

France, Anglo/French Summit

R-3

21 OCT 1982



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CONFIDENTIAL



FILE

RW
France

10 DOWNING STREET

From the Private Secretary

25 October, 1982

ANGLO/FRENCH SUMMIT

Thank you for your letter of 21 October. As I told John Holmes on the telephone this morning, the Prime Minister agrees that the proposed instructions to Sir John Fretwell should be despatched, subject to the amendment of line 14 of page 1 to provide that the words "and is determined that it should be a success" are deleted and that the sentence continues "and believes that it will strengthen still further the very close relationship which she and President Mitterrand already have".

The Prime Minister, in approving these instructions, commented that we shall be in difficulty with regard to the Channel Tunnel, since the French Government favour a restricted rail link which would not be suitable for us.

I am copying this letter to Richard Hatfield (Cabinet Office).

A. J. COLES

B.J.P. Fall, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL



10 DOWNING STREET

Prime Minister

UK agriculture $\frac{1}{2}$ is 2.1% of GDP

French " " 4.2% " "

A-F.C. $\frac{23}{10}$.