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MR COLES

cc: Sir Robert Armstrong

CLOSER COLLABORATION BETWEEN THE FRENCH AND BRITISH GOVERNMENTS

We spoke about Mr Bone's minute to you of 2 November. You told me that you thought that the Prime Minister would prefer a draft with a sharper focus on a specific proposal. I attach:-

- (i) A revised version of the speaking note.
- (ii) A line for the press if the President and Prime Minister agree to the suggestion for talks at official level on two specific problems.

2. The structure of the attached draft is explained as follows.

Paragraph 1

3. This is intended to strike a chord in President Mitterrand's mind. We have received some indications that, even though he is determined to defend French interests as he sees them as stoutly as any of his predecessors, he does not welcome public confrontation with other members of the Alliance such as the United States and the United Kingdom.

Paragraph 2

4. As for paragraph 1.

Paragraph 3

5. This contains a reference to the working relationships that exist between France and Germany but explicitly denies that the United Kingdom is trying to dilute this relationship. Contacts between the French and German governments are far more frequent and intimate than those between France and the United Kingdom. The habit of informal consultation enables

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the two governments to settle their differences without putting the whole pattern of their relationship at risk by public confrontation. For example, we are informed through privileged sources that there was a violent row between Monsieur Jobert and Graf Lambsdorff at the last Franco-German Summit on the question of commercial policy. No hint of this episode has so far appeared in the press.

Paragraph 4 (i)

6. President Mitterrand has had to introduce restrictive policies in France to deal with their balance of payments crisis. He will be looking to the Copenhagen Summit for some Community support for what he is doing at home. He might very well welcome the offer of cooperation with the United Kingdom in working out an agreement on macro-economic policy which the Summit could reach. On action to help the young unemployed, French and British policies are close and discussions on this subject could also be harmonious.

Paragraph 4 (ii)

7. This is the real point of the initiative. The French line on the Community budget problem is at present totally incompatible with the policy of the British government. Yet we know that a number of officials in France have reached the conclusion that the present series of confrontations is damaging to French interests and have been reflecting on ways of securing a lasting solution. We believe that Monsieur Delors has put some suggestions to the President but we do not know what reception they received. Bilateral talks would enable us to learn more about French thinking so as to establish the basis on which a lasting solution might be negotiated. Our hope would be to organise similar bilateral discussions with the Germans thus paving the way to a scheme which would have the support of the three leading countries of the Community and could then be sold to the rest.

/Paragraph 5

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Paragraph 5

8. If the Prime Minister can secure the President's agreement in principle, Sir Robert Armstrong would be able to work out with Monsieur Attali how the discussions might best take place. We have far fewer problems of internal coordination than the French government. We should therefore fall in with their wishes. The most sensible arrangement might be:-

- (i) Macro-economic policy. Direct talks between the Treasury and the Tresor.
- (ii) Young unemployed. Direct talks between the Department of Employment and the Ministry of Labour in France.
- (iii) The Community budget problem. There are several possibilities, eg
 - (a) Talks confined to the Cabinet Office and the Elysee.
 - (b) A team drawn on each side from the Foreign Ministry, the Ministry of Finance and the Elysee/Cabinet Office.

After exploratory discussions at official level, the matter might be followed up in bilateral discussions at Ministerial level between the Foreign Secretary and Monsieur Cheysson and between the Chancellor and Monsieur Delors. There would be no need for the Prime Minister to become personally involved unless and until a proposition had been defined which could provide the basis for a solution.

D.H.

D J S HANCOCK

3 November 1982

DRAFT

CLOSER COLLABORATION BETWEEN THE FRENCH AND BRITISH
GOVERNMENTS

Speaking Note for the Prime Minister

1. Since we met in May, we have seen some successful cooperation between our two countries in Community affairs. We have settled the 1982 refund issue; we have worked together to secure a Common Fisheries Policy; and we have cooperated over commercial relations with the United States.

2. I believe that it would be beneficial to both our countries if we could build on this cooperation and establish even closer and better relationships. There will, of course, always be differences between us as between any two countries. But we need to resolve differences in a business-like way.

3. I do not wish to try to emulate or dilute the special relationship that exists between France and Germany. I am not suggesting anything dramatic like a treaty but rather an experiment in closer working relations. The experiment, if successful, could then be extended to other problems.

4. As a first step I suggest that we ask our officials to get together to consider two topical questions:-

- (i) What we should like to achieve at the Copenhagen Summit in December on the economic and social situation in the Community. We need clear results,

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not just another communique; but we must get the balance right. We share an interest in action to help the young unemployed.

- (ii) Possible ways of achieving a lasting solution to the Community budget problem so as to avoid confrontations like those that have damaged relations between us in the past.

5. If you agree to this suggestion, we might ask Sir Robert Armstrong and Monsieur Attali to agree a procedure for the discussions.

Line for Press after Summit if President agrees to the above proposal

The President and the Prime Minister have agreed to take steps to create closer working relationships between their two governments. The approach will be experimental and undramatic. The subjects to be treated will change from time to time according to need.

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Foreign and Commonwealth Office

London SW1A 2AH

2 November 1982

John [unclear]

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h.c.*

Anglo-French Summit: Closer Cooperation
with the French

It was agreed at the Prime Minister's briefing meeting on 1 November that we should draft a possible line for the Prime Minister to take with President Mitterrand to encourage him to issue appropriate instructions to his officials that they should talk frankly and constructively with their British counterparts. I enclose a draft.

I am copying this letter to Sir Robert Armstrong.

[Handwritten signature]

(R B Bone)
Private Secretary

A J Coles Esq
10 Downing Street

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ANGLO-FRENCH SUMMIT: CLOSER COOPERATION WITH THE FRENCH

POINTS TO MAKE

1. Bilateral Anglo-French consultation already well developed in many areas. But discussion at Summit level of particularly important or sensitive issues could benefit from more systematic preparation and follow-up. Encourage habit of consultation across the Channel and across the board.

2. For example, officials might now be asked to look at economic problems including inflation, unemployment and international commercial and financial relations including debt. Could also envisage official-level consultations on Community issues, including possible new ways of settling the Budget problem. Other subjects might emerge later. What do you think? Shall we each instruct our officials to work constructively with the other's?

BACKGROUND

3. We have had some indications from Elysée staff that President Mitterrand might respond favourably to proposals to strengthen bilateral consultation. There is an obvious interest on our part in reducing public confrontation where we can and in encouraging the French to develop their bilateral relationship with us so that it comes closer in spirit if not in structure to the relationship they have with the Germans.