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TO IMMEDIATE FCO

TELEGRAM NUMBER 1066 OF 08 NOVEMBER 1982

INFO PRIORITY BONN AND WASHINGTON

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Sir J Bullard

Mr Goodison

Mr Thomas

SUMMARY

● AN UNSPECTACULAR BUT BROADLY SATISFACTORY MEETING. THE MEDIA WERE DISAPPOINTED THAT THERE WERE NO MAJOR ROWS. THE PRIME MINISTER'S TALKS WITH MITTERRAND WERE WIDE-RANGING AND BUSINESSLIKE. THE RESULTS OF THE SEPARATE BILATERAL MEETINGS OF MINISTERS WERE UNEVEN, REFLECTING THE VARYING CAPACITY OF THE FRENCH MINISTERS TO DO SERIOUS BUSINESS. THE AGREEMENT TO HOLD MONTHLY MEETINGS AT SENIOR OFFICIAL LEVEL SHOULD PROVIDE A USEFUL ADDITIONAL FORUM TO DISCUSS CONTROVERSIAL SUBJECTS. SLIGHT SIGNS OF MOVEMENT ON THE COMMUNITY BUDGET.

DETAIL

2. THE PRIME MINISTER CAME TO PARIS FOR THE 7TH ANGLO/FRENCH SUMMIT FROM 4-5 NOVEMBER. SHE WAS ACCOMPANIED BY YOU, THE CHANCELLOR OF THE EXCHEQUER, THE MINISTER OF AGRICULTURE AND THE SECRETARIES OF STATE FOR INDUSTRY AND TRADE. THE PRIME MINISTER HAD TWO TETE-A-TETE SESSIONS OF TALKS WITH PRESIDENT MITTERRAND. YOU AND THE OTHER MINISTERS HELD SEPARATE TALKS WITH YOUR FRENCH OPPOSITE NUMBERS ON 5 NOVEMBER AND IN ADDITION SIR G HOWE, MR JENKIN AND LORD COCKFIELD HAD A SESSION WITH MAUROY, CHEVENEMENT, JOBERT AND DELORS ON 4 NOVEMBER. THERE WAS A FINAL PLENARY SESSION IN WHICH THE PRIME MINISTER AND THE PRESIDENT TOOK PART WITH THE ACCOMPANYING BRITISH MINISTERS AND THEIR FRENCH OPPOSITE NUMBERS. RECORDS OF YOUR TALKS WITH CHEYSSON ARE IN MY TEL NOS 1053-4 AND 1060-1064 (NOT TO ALL). OTHER RECORDS WILL BE CIRCULATED FROM LONDON. IN THE MEANTIME, HOWEVER, YOU MAY LIKE TO HAVE SOME GENERAL IMPRESSIONS.

3. BOTH BEFORE AND AFTER THE SUMMIT THE MEDIA DID THEIR BEST TO POINT UP DISAGREEMENTS BETWEEN FRANCE AND BRITAIN. LE MONDE IN PARTICULAR CARRIED SOME DISAGREEABLE ARTICLES WHICH PARTLY REFLECTED FRENCH OFFICIAL BRIEFING AND PARTLY THE PERSONAL VIEWS OF ITS DIPLOMATIC CORRESPONDENT AND WHICH LED THE WAY FOR THE REST OF THE FRENCH PRESS. MITTERRAND GAVE A POSITIVE SUMMING UP AT THE ~~P XZL1082.890~~ *Press conference*

BUT ALSO POINTED UP CERTAIN DIFFERENCES. THIS IS TYPICAL OF THE WAY IN WHICH FRENCH GOVERNMENTS, EVEN WHEN ALL GOES WELL IN PRIVATE, LIKE TO APPEAR TOUGH TOWARDS THE UK IN PUBLIC ON INDIVIDUAL ISSUES BECAUSE THEY BELIEVE IT STRENGTHENS THEIR NEGOTIATING HAND AND IS POPULAR WITH THEIR PUBLIC OPINION. THE MEDIA WERE CONTENT TO FOLLOW.

4. IN FACT, AS THE PRIME MINISTER SAID AT THE PRESS CONFERENCE, HER EXCHANGES WITH MITTERRAND WERE FRIENDLY AND USEFUL. THE ECHOES WE HAVE HAD FROM ELYSEE OFFICIALS CONFIRM THAT THIS WAS THE FRENCH VIEW TOO. MRS THATCHER'S PROPOSAL THAT THERE SHOULD BE INCREASED BILATERAL MEETINGS BETWEEN SENIOR REPRESENTATIVES OF THE TWO GOVERNMENTS WAS WARMLY WELCOMED BY MITTERRAND AND SEEN BY SOME IN THE FRENCH PRESS AS PARALLEL TO THE CLOSE FRANCO-GERMAN EXCHANGES. THE FRENCH MADE A SIMILAR PROPOSAL FOR INTENSIFYING EXCHANGES AT SENIOR OFFICIAL LEVEL BETWEEN THE QUAI AND THE FCO AND IT MAY BE THAT THEY WILL SEEK TO FIT THE FIRST OF THESE MEETINGS, DUE AT THE END OF THE MONTH, INTO THE NEW PATTERN. DISCUSSIONS OF EAST/WEST AND TRANSATLANTIC RELATIONS AND WORLD ECONOMIC AFFAIRS SHOWED A WIDE MEASURE OF AGREEMENT. IN PARTICULAR, THE PRIME MINISTER GAVE MITTERRAND PAUSE FOR THOUGHT ABOUT HIS ATTITUDE OVER THE PIPELINE (SEE BELOW).

5. THE FRENCH MEDIA HAD BEEN HEAVILY BRIEFED BEFOREHAND TO SUGGEST THAT THE SUMMIT WOULD BE DOMINATED BY TWO DISPUTES BETWEEN FRANCE AND THE UK, OVER THE LIKELY VOTE FOR THE LATIN AMERICAN RESOLUTION ON THE FALKLANDS AND OVER THE COMMUNITY BUDGET. IN FACT, THE DECISION BY PRESIDENT MITTERRAND TO ABSTAIN ON THE FALKLANDS VOTE, TAKEN JUST BEFORE THE PRIME MINISTER'S ARRIVAL, REMOVED THE FIRST CAUSE OF FRICTION. FRENCH SPOKESMEN CLAIMED THE DECISION WAS TAKEN BECAUSE OF THE PREJUDICIAL WORDING OF THE RESOLUTION AND A REFERENCE THE ARGENTINE FOREIGN MINISTER APPARENTLY MADE IN NEW YORK TO THE MAYOTTE PROBLEM. THE MAIN REASON, HOWEVER, WAS ALMOST CERTAINLY MITTERRAND'S WISH TO AVOID A SUMMIT FAILURE. THIS HE ACHIEVED, EVEN IF AT THE PRESS CONFERENCE HE MADE RATHER A MEAL OF STESSING THE FRENCH BELIEF IN THE NEED FOR NEGOTIATIONS.

EC BUDGET

YM ON THE BUDGET, THE SUMMIT DOES SEEM TO HAVE PRODUCED A LITTLE MOVEMENT TOWARDS A SETTLEMENT THAT WOULD CARRY US OVER THE NEXT TWO TO THREE YEARS. IN HIS BILATERAL WITH THE CHANCELLOR, DELORS (WHOSE VIEWS SHOULD BE PROTECTED) REAFFIRMED EARLIER INDICATIONS THAT HE AND HIS MINISTRY WOULD LIKE AN AGREEMENT THAT WOULD AVOID DAMAGING ANNUAL ARGUMENTS AND OUTLINED HOW THIS MIGHT BE ACHIEVED. HE WARNED THAT THESE WERE NOT YET THE IDEAS OF HIS GOVERNMENT AS A WHOLE. AT THE PLENARY HE WAS LESS EXPLICIT AND LESS HELPFUL IN TONE, BUT MITTERRAND'S LINE BOTH AT THE PLENARY AND AT THE PRESS CONFERENCE WAS TO ACCEPT THE REALITY OF THE PROBLEM AND TO DISPEL ANY IDEA THAT FRANCE WAS FLATLY REFUSING TO MAKE ANY FURTHER CONTRIBUTION TO ITS RESOLUTION. HE WENT ON TO SAY "IT IS JUST THAT WE DO NOT WANT TO ESTABLISH IT AS A PERMANENT FEATURE OF INTRA-COMMUNITY RELATIONS". LESS HELPFULLY, HE REAFFIRMED FRANCE'S ATTACHMENT TO THE PRINCIPLE OF DEGRESSIVITY AND EARLY ~~PROCEEDING~~ REFUNDING BY THE UK OF THE ALLEGED ~~OVER~~ OVERPAYMENTS.

7. MITTERRAND'S GENERAL REVIEW OF THE SUBJECT AT THE PRESS CONFERENCE GAVE THE PRIME MINISTER THE OPENING TO SAY THAT COMMUNITY EXPENDITURE WOULD SOON COME UP TO THE 1 PER CENT VAT CEILING AND THIS WOULD REQUIRE AN EARLY OVERALL LOOK AT THE BUDGET.

DEFENCE

8. THE FRENCH INDICATED AN INTENTION TO KEEP US IN THE PICTURE ABOUT THEIR THINKING ON DEFENCE STRATEGY INCLUDING THOSE ASPECTS UNDER DISCUSSION WITH THE GERMANS.

PIPELINE

9. MITTERRAND'S ACCOUNT AT THE PLENARY SESSION OF HIS ATTITUDE TO THE UNITED STATES SHOWED HIM PARTICULARLY BITTER ABOUT THE IMPOSITION OF SANCTIONS AND THE SUGGESTION THAT THE EUROPEANS SHOULD OFFER SOMETHING IN EXCHANGE FOR A UNITED STATES DECISION TO LIFT THEM. MITTERRAND LIKENED THE US POSITION TO A THIEF'S OFFER TO RETURN HIS VICTIM'S WALLET IN EXCHANGE FOR HIS WATCH. BUT HE TOLD THE PRIME MINISTER THAT HE WOULD NOW START TO READ THE MAIL WHICH PRESIDENT REAGEN HAD SENT HIM ON THE PIPELINE. (AT DINNER ON 4 NOVEMBER HE CLAIMED HE HAD DELIBERATELY NOT READ THE NON-PAPER).

TRADE POLICY

10. MITTERRAND'S LINE SEEMED TO BE THAT FRANCE WAS NO MORE PROTECTIONIST THAN ANYONE ELSE. HE SAW THE FRENCH GOVERNMENT'S RECENT MEASURES SIMPLY AS AN ATTEMPT TO REDRESS THE BALANCE WITH PARTNERS WHO WERE WORSE THAN FRANCE. IN HIS BILATERAL WITH LORD COCKFIELD, JOBERT CLAIMED THAT THE FRENCH WOULD ADHERE STRICTLY TO THEIR INTERNATIONAL OBLIGATIONS AND WOULD, PARTICULARLY WITH REGARD TO JAPAN, CONTINUE TO PRESS FOR COMMUNITY SOLUTIONS TO TRADE PROBLEMS. BUT HIS PRICKLY AND VITUPERATIVE MANNER WILL MAKE IT DIFFICULT TO DO BUSINESS WITH HIM IN ANY PRACTICAL WAY.

AGRICULTURE

11. MME CRESSON'S PREOCCUPATION WITH MINOR MATTERS, ESPECIALLY, THE QUESTION OF POULTRY LABELLING, LEFT LITTLE SCOPE FOR DISCUSSION OF MORE FUNDAMENTAL QUESTIONS BETWEEN MINISTERS OF AGRICULTURE.

BILATERAL INDUSTRIAL COLLABORATION

12. INDUSTRIAL COLLABORATION WAS DISCUSSED IN A FRANK AND BUSINESSLIKE MANNER BETWEEN MR JENKIN AND CHEVENEMENT. THERE WAS A WILLINGNESS TO RECOGNISE DIFFERENCES IN APPROACH AS IN THE CASE OF AIRBUS. PROGRESS WAS MADE IN STRICT CONFIDENCE ON THE PROBLEM OF LUCAS/DUCELLIER. SOME SUBJECTS WHICH IT WOULD HAVE BEEN USEFUL TO DISCUSS WERE NOT TACKLED BECAUSE OF THE THE RELATIVELY SHORT TIME ALLOCATED FOR THESE BILATERAL TALKS (A REFLECTION OF THE LAST MINUTE FRENCH IMPROVISATION OF THE ARRANGEMENTS). JOBERT'S INTERVENTIONS ABOUT GUANGDONG DEMONSTRATED THE IMPORTANCE OF KEEPING IN TOUCH WITH THE FRENCH ABOUT FINANCIAL TERMS BUT ALSO REVEALED A CLEAR DIVISION ON THE FRENCH SIDE, WITH JOBERT CONCERNED TO DO BATTLE AGAINST THE UK WHILE CHEVENEMENT WAS EMPHASISING THE POTENTIAL FOR COLLABORATION.

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'*SUMMING UP AT THE PRESS CONFERENCE

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7. ETC

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FINE TKS