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Prime Minister.

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FRAME ECONOMIC

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TO PRIORITY FCO

TELEGRAM NUMBER 1140 OF 8TH DECEMBER

INFO ROUTINE DUBLIN, LUXEMBOURG, BONN, THE HAGUE, BRUSSELS,  
COPENHAGEN, UKREP BRUSSELS, ROME, ATHENS.*An interesting comment**from Sir J. Fretwell**French attitude.**A.S.C. 12/12.*EUROPEAN COMMUNITY: FIRST REACTIONS IN FRENCH GOVERNMENT AFTER  
ATHENS.

## SUMMARY.

1. THERE HAS NOT YET BEEN TIME FOR THE FRENCH ADMINISTRATION TO FORM A VIEW ON HOW TO PICK UP THE THREADS OF NEGOTIATION AFTER ATHENS. MINISTERS ARE, FOR THE MOST PART, PUTTING ON A BRAVE FACE IN PUBLIC THOUGH THERE ARE AGAIN SIGNS OF DISAGREEMENT AMONGST THEM.

## DETAIL

2. AT THE NATIONAL ASSEMBLY YESTERDAY CHEYSSON CLAIMED THAT FRANCE AND GERMANY HAD REACHED AN AGREEMENT WHICH WOULD PERMIT EXISTING MCAS TO DISAPPEAR. BUT ROCARD, MINISTER OF AGRICULTURE IS NOW BEING QUOTED AS SAYING THAT THERE WERE NO NEGOTIATIONS IN THE MARGINS AT ATHENS AND THAT AGREEMENT COULD ONLY BE REACHED BY TEN NOT BY TWO. CHEYSSON ALSO CLAIMED THAT NO-ONE NOW INSISTED THAT MILK PRODUCTION IN FRANCE SHOULD BE REDUCED FROM ITS 1983 LEVEL. MOREL AT THE ELYSEE ADOPTED ATTACK AS THE BEST MEANS OF DEFENCE WHEN SPEAKING TO THE TIMES AND THE FINANCIAL TIMES YESTERDAY. BUT IN THEIR FIRST CONTACTS WITH US, OFFICIALS HAVE SPOKEN IN A DIFFERENT TONE.

3. PREVEL, SECRETARY GENERAL OF THE SGCI, SPEAKING PERSONALLY, ADMITTED THAT HE AND OTHER MEMBERS OF THE FRENCH DELEGATION HAD BEEN SURPRISED BY MITTERRAND'S PERFORMANCE AT ATHENS, PARTICULARLY ON THE BUDGET ISSUE. IT HAD SEEMED TO THEM AS THOUGH HE HAD NOT APPLIED HIS MIND TO THE SUBJECT SINCE STUTTGART, AND HAD THEREFORE REVERTED TO FIRST PRINCIPLES. RUSQUEC (DIVISION CHIEF FOR EUROPEAN AFFAIRS AT THE TRESOR) SAID THAT OFFICIALS THERE WERE PERPLEXED. THE SGCI AND THE MINISTRY OF FINANCE ARE SOMEWHAT APPREHENSIVE OF THE DIFFICULTY FOR THE FRENCH PRESIDENCY OF PREPARING THE NEXT SUMMIT DISCUSSION OF THE MAJOR ISSUES.

4. OFFICIALS TAKE THE VIEW THAT THE PROGRESS MADE IN BRUSSELS TOWARDS AGREEMENT ON FINANCIAL ISSUES REMAINED A REALITY DESPITE THE LACK OF AGREEMENT IN ATHENS. EVEN MOREL TOLD MISS GEDDES AND HOUSEGO THAT THE FRENCH ACCEPTED THE PRESIDENCY PROPOSAL ON THE BUDGET AS LEADING TOWARDS A SOLUTION. NEITHER THE SGCI NOR THE TRESOR HAS CONSIDERED TO THE WASTE BASKET THE SECOND FRENCH PAPER ON BUDGET DISCIPLINE, CIRCULATED IN BRUSSELS ON 29 NOVEMBER. NO OFFICIAL REGARDS ATHENS AS HAVING MADE IMPOSSIBLE

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FURTHER WORK ON A 'DURABLE SOLUTION' TO THE PROBLEM OF BUDGET IMBALANCES. THE SGCI DO THINK THAT AMENDMENT OF THE TREATY OF ROME, AS IMPLIED BY THE DELORS PAPER OF 28 NOVEMBER, SHOULD BE FORGOTTEN FOR THE TIME BEING, (PARTLY, AT LEAST, THEY SAY BECAUSE THE GERMANS ARE SET AGAINST CURTAILING THE EUROPEAN PARLIAMENT'S POWER), BUT THE TRESOR ARE LESS READY TO GIVE UP THE IDEA.

5. NO CLEAR IDEAS ON ORGANISATIONAL ASPECTS OF THE NEGOTIATION ARE LIKELY TO EMERGE UNTIL THE MIDDLE OF NEXT WEEK. THE SINGLE PREPARATORY GROUP IS REGARDED AS HAVING MADE LITTLE PROGRESS, LARGELY BECAUSE ONLY A MINORITY OF COUNTRIES APPOINTED MINISTERS TO IT. CHEYSSON IS THOUGHT TO LEAN TO THE VIEW THAT HEADS OF STATE AND GOVERNMENT SHOULD TAKE A CLOSER INTEREST IN THE PREPARATION OF THE NEXT SUMMIT DISCUSSION. OFFICIALS ARE DETERMINED THAT BOTH THE NUMBER OF ISSUES AND THEIR TECHNICAL COMPLEXITY MUST BE REDUCED FOR SUMMIT CONSIDERATION. RUSQUEC CLEARLY RELISHED THE OPPORTUNITIES THAT THE OCCUPATION OF THE PRESIDENCY WOULD OFFER FRENCH MINISTERS FOR DRAWING TOGETHER THE THREADS OF NEGOTIATION THROUGH A SERIES OF BILATERAL CONTACTS IN THE MONTHS TO COME. THE CHOICE OF A SUCCESSOR TO CHANDERNAGOR (ASSUMING THAT THERE IS ONE, AS OFFICIALS SUPPOSE) WILL BE IMPORTANT. IT IS NOT YET KNOWN WHETHER HE WILL HAVE THE RANK OF MINISTER DELEGUE, AS DID CHANDERNAGOR, OR THE MORE JUNIOR TITLE OF STATE SECRETARY. FOR THE MOMENT THE SGCI IS DIRECTLY RESPONSIBLE TO THE PRIME MINISTER.

COMMENT

6. ON THE BASIS OF THE INCOMPLETE ACCOUNT OF DISCUSSIONS AT ATHENS WHICH WE HAVE SO FAR RECEIVED, I SUSPECT THAT MITTERRAND DECIDED, PERHAPS JUST BEFORE SETTING OUT, THAT HE DID NOT WANT TO MAKE THE COMPROMISES NECESSARY TO REACH AGREEMENT AT THIS STAGE. THE FIRST DAY'S DISCUSSION ON AGRICULTURE MAY HAVE REINFORCED HIS ANXIETY ABOUT TAKING A RAFT OF CONTROVERSIAL DECISIONS. HE MAY BELIEVE THAT HE CAN USE THE NEXT SIX MONTHS TO HIS OWN POLITICAL ADVANTAGE IN THE RUN UP TO THE EUROPEAN ELECTIONS AND THAT ANY DECISIONS WHICH CANNOT BE DELAYED CAN EITHER BE SWUNG A LITTLE IN THE FRENCH DIRECTION OR AT LEAST BE PUT IN A FORM MORE PALATABLE TO DOMESTIC OPINION. IN THE MEANTIME, HE AND HIS MINISTERS WISH TO AVOID FRANCO-BRITISH RECRIMINATION AND HAVE ABSTAINED FROM FEEDING THE NATURAL INSTINCTS OF THE PRESS TO ENGAGE IN IT.

MOREL SAID YESTERDAY THAT THE PRESIDENT WAS CONCERNED THAT THE FUNDAMENTALS OF OUR CLOSE BILATERAL RELATIONSHIP SHOULD NOT BE IMPAIRED.

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7. I DOUBT WHETHER MITTERRAND EVER REALLY GOT TO GRIPS WITH THE ISSUES OR THAT HE HAS THOUGHT THROUGH THE PROBLEM OF DEALING WITH THEM IN THE FRENCH PRESIDENCY. WITH NO EARLY PROSPECT OF ADDITIONAL OWN RESOURCES THE DIFFICULTIES OF THE AGRICULTURAL PRICE FIXING WILL OBVIOUSLY BE FORMIDABLE. AWARENESS OF THIS MAY EXPLAIN WHY ROCARD IS CLEARLY PUTTING DOWN A PUBLIC RESERVATION ABOUT THE OUTCOME OF ATHENS.

FRETWELL

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THIS TELEGRAM  
WAS NOT  
ADVANCED

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9 DEC 1983

