

SUBJECT
cc Master.

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PLENARY SESSION, ANGLO-FRENCH SUMMIT, 30 NOVEMBER, 1984

Present:

Prime Minister	President Mitterrand
Foreign Secretary	M. Cheysson
Chancellor of the Exchequer	M. Dumas
Secretary of State for Defence	M. Bérégovoy
Secretary of State for Transport	M. Hernu
Secretary of State for Energy	M. Quiles
Chancellor of the Duchy of Lancaster	M. Malvy
Minister of State for Industry and Information Technology	M. Lang
	Mme Cresson

and officials

After initial courtesies President Mitterrand invited Ministers to report on their respective discussions.

M. Cheysson said that he and the Secretary of State had begun by examining the Co-ordinators' report, which they had approved including the appended list of projects for publication. The Secretary of State had asked for one item on the list to be amended. The two of them had examined the proposal for the creation of a Franco-British Research Council and agreed to commission a report. On security co-operation he and Sir Geoffrey Howe had noted the frequency and quality of existing working level contacts. They had agreed that consideration could usefully be given to the possible improvement of procedures and were going to ask their officials to make recommendations.

M. Cheysson said that Sir Geoffrey Howe had reminded him of the British wish to examine the impact of the amended no-passport excursion scheme: they had agreed that the statistics would need to be looked at in a few months' time and that in the meantime the scheme should continue as at

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present. M. Cheysson had explained why the French did not wish to attend a follow up at Ministerial level to discussion of the environment at the last Economic Summit: the French were set again institutionalisation of the machinery of the Seven. He had expressed deep concern at the prospect of Britain's leaving UNESCO: in France's view giving notice to leave was not the best way of exercising pressure for reform. The French agreed, however, that reform was necessary. France and Britain had the same problems vis-à-vis the US on East/West relations.

Reporting on discussion of EC questions, M. Dumas said that both sides had welcomed the overnight developments in Brussels on the 1985 budget. He had been glad to see that France and Britain, which had identical views on this matter, had been able to bring along the others. Views on the general need for budgetary restraint were also identical.

On enlargement it had been agreed that only wine should have to be discussed in Dublin. Once that was settled the other issues ought to slot more easily into place. On Spanish industry agreement ought to be reached at Ministerial level. Views on tariffs were convergent. It had been agreed that integrated Mediterranean Programmes should be carried forward.

Both sides had agreed on the need for discussion of the Dooge Committee report at the highest level: however, while the UK preferred discussion at the March Summit, France thought that it would be timely in Dublin to take note of certain convergences which were already apparent.

Sir Geoffrey Howe said he had little to add. He fully agreed that the impressive list of projects should be published. In defence matters he noted the close collaboration which already existed. On no-passport excursions he wished to register the need for a review early next year. On UNESCO he had explained why Britain had felt it necessary to give notice, but he wished to emphasise Britain's wish to continue to work alongside others to achieve reform.

He had been pleased to note the willingness to continue to discuss arms control together: this was important not least because France and Britain were both nuclear powers. He agreed on the importance of finalising in Dublin the Community's position on enlargement. The differences on institutions and Dooge were not so much of substance as of procedure.

M. Bérégovoy said that he and the Chancellor agreed on the budgetary discipline document. It had been laborious to draft: its balance should not now be changed. The problem with the 1985 budget would now be Parliament, which was exceeding its powers under the Treaty: he hoped France and Britain would have the same position. The Commission's proposals on Integrated Mediterranean Programmes were excessive: 400-600 million ECU might be reasonable. The Chancellor wanted a ceiling on the Agricultural Guidance Fund of 5-5½ bn ECU; France wanted an "indicative envelope". France favoured doubling the capital of the EIB: there was disagreement on the rate of annual growth: the UK wanted it to be under 15 per cent. Both welcomed the more important role the ECU was now playing. The question of Britain joining the EMS had been raised: the Chancellor had recalled the UK position: M. Bérégovoy had taken note.

M. Bérégovoy said that he and the Chancellor were apprehensive about the prospects for the US economy and the danger of protectionist tendencies growing if the federal deficit was not curbed. It would be useful to have exchanges with the FRG and Japan.

M. Bérégovoy reported differences on the special fund for Africa. France believed that one billion dollars should be made available through the fund over three years and was ready itself to provide 150 million dollars over the next three years. On the handling of LDC debt France wanted pressure put on the World Bank. Mr. Lawson had not disagreed, but had pointed out the need to overcome FRG and US reservations.

M. Bérégovoy had recalled France's position on mixed credits and in particular its rejection of the Commission's mandate. France was ready to accept transparency provided examination was not limited to French "crédit mixte". The French did not rule out the possibility of a European position but the right forum for discussion was the OECD.

Finally M. Bérégovoy said that he and the Chancellor had agreed that the respective Ministries of Finance should co-ordinate carefully on financial conditions for Guangdong in order not to fall for Chinese wedge-driving tactics.

The Chancellor wished only to add two points of detail: first the budget discipline text would need to be endorsed in Dublin, and second on mixed credits, OECD was indeed the right forum but it was of the first importance to agree on a Community position and the deadline of 11/12 December was now close. Mr. Lawson added that he could not recall an occasion on which the two sides had been in fuller agreement.

Picking up with some irritation M. Bérégovoy's reference to budget discipline President Mitterrand noted that the Finance Council had complained about the General Affairs Council. This was a bad way of working. The specialised Councils should not try to usurp the General Affairs Council. Differences should be settled within governments. There had to be a hierarchy of problems and of institutions.

The Prime Minister asked where the Agriculture Council stood in the hierarchy. President Mitterrand said that its position was variable. Today it was first; at other times it was in another position. The Prime Minister thought it essential to bring the Agriculture Council under control. She was not sure that Foreign Ministers were the right people to do it. However the President had put his finger on a delicate problem which it would be dangerous to go into now. President Mitterrand said that the issue would have to be discussed in Dublin. He was not attacking M. Bérégovoy but the inherent tendencies of Finance Ministers had to be curbed:

Finance Ministers did not run Europe.

The Chancellor recalled that at Fontainebleau ministers of Finance had been specifically charged with carrying out a mandate. Britain would be very happy to see the text which had now been elaborated adopted in its entirety in Dublin. Sir Geoffrey Howe said that the General Affairs Council could enthusiastically endorse the text agreed in ECOFIN.

Reporting on his discussions with Mr. Heseltine, M. Hernu said that both had noted with satisfaction the good relations between their departments and affirmed their intention to enhance exchanges across the board. This was especially true of arms co-operation. They had reviewed the conclusions of the recent IEPG meeting in The Hague and considered specific measures that could be taken to give them full effect. The intention was to improve the commonality and quality of European arms products and at the same time to contribute to a more balanced defence trade with the US. They had therefore agreed to instruct their officials as a matter of routine fully to examine co-operative possibilities as regards timescales and characteristics before individual weapon projects were approved. He and Mr. Heseltine had also decided to start discussions with senior representatives of defence industries in order to stimulate opportunities for co-operation. All these measures would be pursued in full consultation with their European counterparts.

Finally, M. Hernu said that he and Mr. Heseltine had decided to invite their staff to pursue exchanges on politico-strategic issues.

Mr. Heseltine fully endorsed M. Hernu's report. The discussion had provided a timely opportunity to follow up the talks in The Hague. France and Britain were the two largest arms producers in Europe and had to be able to look at the detail of their own bilateral arms collaboration. The details of follow-up on which he and M. Hernu had agreed represented an important potential advance. So far there had just been

statements of good intentions: now we had a blueprint for action.

Reporting on her discussions with Mr. Walker and Mr. Pattie, Mme Cresson said there was general agreement on the danger of US protectionism as exemplified by US behaviour on steel tubes. Now that the US elections were over the Europeans would need to be very firm. The US-Japanese proposals on new technology in GATT were potentially worrying. It would be important to maintain a united front. The same applied to COCOM, which the US tended to use as a commercial instrument for its own advantage.

Mme Cresson seconded M. Bérégovoy's statement of French reservations on the US Proposal on mixed credits.

Running rapidly over areas in which French and British views converged she mentioned the Italian proposal on exports of scrap (similar views on quotas), enlargement (the French agreed on the need for sizeable cuts in Spanish industrial tariffs on accession but disagreed with UK views on car quotas), and imports of Japanese video recorders.

Turning to collaborative projects Mme Cresson registered French disappointment over the failure to reach agreement on a common direct broadcasting standard; both sides nevertheless agreed that some cooperation would be possible. Agreement had been reached to support industrial collaboration in electronics and to set up a committee of senior officials to consider robotics. Both sides agreed that a common European position on space would be desirable. It had been agreed to give further study to the proposal for a Franco-British Research and Development Association.

The Community's stake in world trade was sufficient reason for France and Britain to encourage work in the GATT to roll back protection and to be ready to extend the dialogue with their trading partners into all areas of trade. However, both agreed that it was not easy to sustain a positive

attitude towards liberal practices in the face of unilateral protectionism such as the US action on steel imports. Both also agreed to work towards an agreed Community position on export credits, and to consult closely on credit terms for Guangdong. The suggestion that officials should pay a joint visit to Peking was welcome.

Mme Cresson said that she and her interlocutors had noted with pleasure the constructive collaboration between British and French enterprises exemplified by that between Rolls Royce and Turbomeca, within Airbus Industrie, and between GEC and Framatome on Guangdong.

France and Britain agreed on the need to use the EC framework to strengthen the competitiveness of French and British industries of the future. The developing cooperation in telecommunications and information technology was therefore particularly welcome. It had been agreed that a high level working group on Advanced Manufacturing Technology should be set up in Brussels. This was a field where establishing Community standards was particularly important. Both France and Britain intended to continue consultation to ensure that funding of EC R&D programmes was directed to cost-effective activities.

M. Quilès said that he and Mr. Ridley had concentrated on the Channel Fixed Link. He recalled that it had been agreed on 14 November that certain political guarantees would be necessary. Today it could be announced that the summit was giving the project a new push, that the project was important for Europe, and that it appeared to be technically and financially feasible. It could also be announced that a Working Group was being set up to define the "cahier de charges" and to determine the nature of the government commitments that might be necessary and the forms they might take, such as a treaty to define the rules of operation and the fare structure. The group should meet within a fortnight and submit a report within three months.

Mr. Ridley was pleased to confirm M. Quilès' account. Establishing a working group was clearly the correct next step. The Summit had succeeded in giving a new note of urgency. He and M. Quilès were agreed that the commercial promoters should not be given any financial guarantees of government aids: the project would be funded by the private sector alone. He detected a new optimism among the competing groups.

The Prime Minister commented that the project was the most obviously exciting thing that France and Britain were doing together. It was important to have something visible to show the public. It should be clear soon whether the private sector really could finance the project. The finance could only come from that source.

President Mitterrand said he agreed completely.

M. Malvy reported that he and Mr. Walker had welcomed the progress made in implementing the cross-Channel electricity link. It should enter service in Autumn 1985. He and Mr. Walker had agreed to ask their respective gas corporations to assess the feasibility of a cross-Channel gas link. There had been a broad exchange of views on nuclear power. The delegations agreed on the importance of their joint action at the international level to promote the image of the nuclear industry. Both were keen to complete by 15 January 1985 the Guangdong negotiations. Finally it had been agreed to strengthen links between the French Agence pour la Maîtrise de l'Energie and the Energy Efficiency Office. It might be possible to organise at the end of 1985 a Franco-British conference on energy efficiency.

Mr. Walker, agreeing with M. Malvy's report, commented that in the gas and electricity fields there was clearly much that France and Britain could do together.

Reporting on his talks with Lord Gowrie, M. Lang paid tribute to the UK's contribution to "cultural Europe".

Cultural contacts between the two countries were in good repair. He instanced cooperation between the national libraries and between Cambridge University Press on the one hand and the Musée de l'Homme on the other. France would figure prominently in the Edinburgh Festival next summer. There were also promising television and cinema coproductions in the pipeline including the filming of a Dostoyesky play.

There were just two particular concerns on the French side: the need to improve the balance as regards translations, and to give more support to television and cinema coproductions.

Lord Gowrie said that he and Mr. Lang had agreed that the best way to move forward was to cooperate in practical ways wherever possible. The Edinburgh Festival was particularly important. He was happy to mention that the Arts Council would be supporting the European Music Year in 1985. He would try to encourage more translations of French literature. Britain had been honoured by President Mitterrand's visit to Henry Moore.

Summing up briefly, President Mitterrand said he took note of all the reports. There seemed to have been an unparalleled number of agreements.

The Prime Minister thought that the summit's discussions had been the most constructive and cooperative ever. She had been struck by the happy atmosphere and warm hospitality. The progress achieved at the summit would stand Franco/British relations in good stead for the future.

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C.P.K.

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 215 7877

From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Charles Powell
10 Downing Street
LONDON
SW1

C.P.K.
- 12/11

11 December 1984

Dear Charles

ANGLO-FRENCH SUMMIT

We spoke yesterday about the record of the Plenary Session attached to your letter of 5 December.

I have also spoken to our Embassy in Paris, and have confirmed with them that the paragraph at the bottom of p.6 and top of p.7 of your note starting:

"The Community's stake in world trade

and ending

"The suggestion that officials should pay a joint visit to Peking was welcome"

was erroneously attributed to Mme. Cresson rather than Mr Pattie. To avoid any confusion in the future I would be grateful if you and copy recipients would amend the note accordingly.

I am copying this to Private Secretaries to Ministers who attended the Summit, to Ivor Llewellyn (MAFF) and Richard Hatfield (Cabinet Office).

Yours

N.M.

N M McMILLAN
PRIVATE SECRETARY

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MS(DTI)

From the Private Secretary

5 December, 1984

ANGLO-FRENCH SUMMIT

I enclose a record of the plenary session of the Anglo-French Summit held in Paris on 29/30 November.

I am copying this letter and enclosure to the Private Secretaries to Ministers who attended the Summit, to Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food) and to Richard Hatfield (Cabinet Office).

(C.D. Powell)

C. Budd, Esq.,
Foreign and Commonwealth Office

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BRITISH EMBASSY
PARIS

3 December 1984

C D Powell Esq
Private Office
10 Downing Street

CM

Dear Powell

ANGLO/FRENCH SUMMIT 29 - 30 NOVEMBER

... 1. I enclose a draft record of the plenary session.

Yours ever

A handwritten signature in blue ink, appearing to read 'P W Ford'.

for P W Ford

... Enc

cc: RSG Clarke Esq, WED, FCO

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