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10 DOWNING STREET

From the Private Secretary

20 November 1985

Dear Colin,

ANGLO-FRENCH SUMMIT

I enclose a record of the Plenary Session of the Anglo-French Summit held at 10 Downing Street on ~~18~~ 18 November. I am grateful to David Williamson and David Dain for having jointly taken the record.

I am copying this letter and enclosure to Rachel Lomax (H.M. Treasury), John Mogg (Department of Trade and Industry), Richard Mottram (Ministry of Defence), Stephen Boys Smith (Home Office), Richard Allan (Department of Transport), Tim Abraham (Mr. Pattie's office, Department of Trade and Industry) and Michael Stark (Cabinet Office).

Yours sincerely,

(Charles Powell)

Colin Budd, Esq.,
Foreign and Commonwealth Office.

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RECORD OF THE PLENARY SESSION OF THE ANGLO-FRENCH SUMMIT, HELD
AT NO 10 DOWNING STREET AT 1100 ON MONDAY 18 NOVEMBER 1985

Present:

The Prime Minister		President Mitterrand
The Rt Hon Sir Geoffrey Howe MP, Secretary of State for Foreign and Commonwealth Affairs		M. Roland Dumas, Minister for External Relations
The Rt Hon Michael Heseltine MP, Secretary of State for Defence		M. Paul Quiles, Minister for Defence
The Rt Hon Douglas Hurd MP, Secretary of State for the Home Department		M. Pierre Joxe, Minister for Interior and Decentralisation.
The Rt Hon Leon Brittan MP, Secretary of State for Trade and Industry		Mme Edith Cresson, Minister of Industrial Redeployment and External Trade
The Rt Hon Nicholas Ridley MP, Secretary of State for Transport		M. Jean Auroux, Minister for Transport
Mr Geoffrey Pattie MP, Minister of State for Industry and Information Technology		M. Hubert Curien, Minister for Research and Technology
Officials		Mme Catherine Lalumiere, State Secretary (Junior Minister) for European Affairs
		Officials

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1. The Prime Minister, after words of welcome, said that in her discussion with the President they had agreed a joint statement about the Channel Fixed Link. She proposed to travel to France for the formal announcement of the project. She and President Mitterrand would later meet again to sign a Treaty. They had also discussed East West relations, though decided to make no prophesies about the Geneva Summit; and the approach to the Luxembourg European Council.

2. President Mitterrand said that it was important to keep to schedule on the Channel Fixed Link. As regards the Geneva Summit, France expected adherence to the 1972 ABM Treaty. At the Luxembourg Council it was important to avoid a repetition of the Milan deadlock. France did not require a maximalist solution. While they might like more, they could accept less. Negotiations seemed to be moving in the right direction. But it might be necessary to take things only as far as they could be taken at this time. A logical solution was needed for the powers of the European Parliament. The internal market was a matter for negotiation; separate partners should not pick and choose.

FOREIGN AFFAIRS

3. Sir Geoffrey Howe said he had thanked M. Dumas for the French statement on the Anglo-Irish Agreement. As regards East-West relations both Governments had received communications from the US and Soviet Governments about nuclear fusion. He understood that Gorbachev had also mentioned this in Paris. The two governments favoured co-operation in principle, but they agreed on the need to keep in close touch and to take full account of other projects such as JET. As regards the nuclear deterrent their responses to the Soviet approach had been substantially the same: "no" to negotiations, "yes" to a general exchange of views on armaments. It was useful to underline publicly how much our positions had in common.

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4. On the Middle East, both sides agreed that King Hussein's initiative should be encouraged. They noted his moves towards rapprochement with Syria and recent signals from Mr Peres. They agreed on the need for co-operation to obtain the release of hostages in the Lebanon. Sir Geoffrey had informed M. Dumas about Mr Waite's mission.

5. On terrorism Sir Geoffrey had spoken in favour of co-operation bilaterally and in the context of the Community and the Council of Europe. M. Dumas had explained France's reluctance to deal with terrorism in the Summit Seven.

6. They had touched only briefly on EC affairs, which had been discussed more fully by Mr Rifkind and Mme Lalumiere.

7. On the European Fighter Aircraft the UK was willing to take part in a long term review, but without delay to the EFA project. M. Dumas had recognised the need not to hold it up.

8. Both agreed on the importance of Eureka. In the British view, while some form of secretariat was needed, its location required further discussion amongst the partners.

9. M. Dumas had urged continued British membership of UNESCO. Sir Geoffrey Howe had said that no decision had been taken and that the subject would be discussed in Parliament on 22 November.

10. On the Falklands, the Prime Minister intervened to say that it was very important that France did not change her vote in the United Nations General Assembly.

11. On bilateral relations the Ministers had agreed that the UK and France should continue to work together on the Guangdong project and not be thrown off course by Chinese tactics. They had agreed the report on bilateral relations, and decided that exchanges on defence matters had been useful and should continue. Britain looked for help from France in

taking Vietnamese refugees and it had been agreed to keep in close touch over this.

12. M. Dumas said he wished to add only on East-West relations that France had observed some movement by the Russians over human rights and diplomatic relations with Israel.

DEFENCE

13. On the European Fighter Aircraft, M. Quiles recalled President Mitterrand's letter to other European leaders. He had agreed with Mr Heseltine the need for a political overview of future analysis of requirements at a technical level: the French approach was pragmatic.

14. On SDI he said that Mr Heseltine had corrected false German press reports about the UK's agreement on co-operation with the United States (Mr Heseltine later added that the Government still had to make a decision, which had been delayed by his absence in the Far East.)

15. M. Quiles noted that in the efforts to find a financial partner for Westlands Helicopters, Sikorsky of the United States and Aerospatiale/MBB had an interest. This could be a case for European preference. A decision was needed quickly because of the seriousness of the financial position of Westlands.

16. Mr Heseltine said that their frank discussion had been desirable following the disappointment over EFA. The UK would take a practical view on finding common components with Rafale. We awaited the specific proposals promised by the French side. There was a need for study of possibilities for wider co-operation in the aeronautics field, as agreed at the Hague meeting of the IEPG. We had every wish to fulfil our European obligations.

17. On Westlands Mr Heseltine agreed that a conclusion was needed soon.

TRADE AND INDUSTRY

18. On Tin, Mr Brittan said he had told Mme Cresson that his legal advice was that each country was liable for the actions of the buffer stock manager. He hoped the French Government could accept our proposal for liabilities to be met and an orderly run-down of tin stocks. Mme Cresson had said she would take legal advice.

19. In discussion of multilateral trade negotiations Mme Cresson had expressed reservations about pressure on Brazil and India. She did not think there should be a start of GATT talks until pressure for protectionism in the United States had receded. Mr Brittan, who had recently returned from the US, did not assess the American position in the same way. We would not gain by delaying the GATT talks. As regards a new Multifibre Arrangement, the two Ministers agreed on a measure of liberalisation towards the poorest countries and countries not imposing barriers to the Community's exports.

20. On EC/US Steel it was vital for the UK to secure assurances from the United States on semi-finished products. Otherwise we would not be able to approve the agreement which had been negotiated.

21. It was agreed that revisions to the Generalised Scheme of Preferences should take account of the fact that some newly industrialised countries no longer needed preferential arrangements.

22. Mme Cresson had stressed the need for an EC/Mediterranean agreement on citrus, in the light of the European Community's wish to assist the Maghreb. The United Kingdom wanted the issue settled and a running sore removed.

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23. The Ministers had agreed that Japan should be pressed to accept and comply with import targets, as an indicator of their readiness to open their market.

24. As regards the European Community the Ministers had also agreed on the desirability of completing the internal market. Mr Brittan had explained British concerns over vehicle emissions, which would be discussed at the meeting of the Environment Council on 28 November.

25. There was agreement that enough concessions had been made to the Chinese in the Guangdong negotiations.

26. There was satisfaction with work so far on Eureka and agreement that the momentum should be kept up.

27. In the field of electronics, Mme Cresson proposed that there should be regular Anglo-French meetings at industrial level, as the French already had with the Germans. Co-operation between British Telecom and CIT/Alcatel looked like producing interesting results. The two sides should try to strengthen co-operation in electronics, for example through the Plessey/Alcatel/Italtel/Siemens project. This could result in support for the wide band project in Eureka.

28. Mme Cresson said that Community countries should give priority to buying Airbus. New projects (TAG/11) were coming forward. She noted that British Airways had last year bought Boeings and intended to buy more.

RESEARCH AND TECHNOLOGY

29. Mr Pattie reported that his discussions with M. Curien had been under four headings.

30. The Hanover meeting on Eureka had been positive and the "chair" was now with the UK. They had agreed on the need for a task force as a clearing house for projects. The British side had noted the French and German views on where it should

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be sited and considered that this needed further discussion with the other partners.

31. The two sides looked forward to the signing of a Memorandum of Understanding on Spallation Neutron Source/European Synchrotron Radiation Facility. They had agreed to come back to this in the margins of the Research Council meeting on 10 December. The Italians were also expected to sign.

32. On Space the Ministers had agreed to keep in close touch over the main projects (Ariane V, Hermes, HOTOL).

33. The percentage increase recommended by the Commission for the EC Research and Development Programme was too ambitious. Less relevant projects should be dispensed with. A decision on environment and raw materials was not likely at the 10 December meeting. On the Joint Research Centre the Commission had mismanaged the finances. The Ministers had agreed that there should be a special meeting of the governing body to consider whether it should be put on the agenda for 10 December.

34. M. Curien confirmed that France and Germany saw advantages in Strasbourg as the base for a "light" Eureka secretariat. On space he wished to see Franco-British co-operation strengthened and the UK take a significant share in Hermes. He thought there was now also better understanding of the HOTOL programme.

TRANSPORT

35. Mr Ridley reported on the timetable for decision on the Channel Fixed Link. By 17 December there should be a report from officials on the advantages and disadvantages of the four schemes which had passed the qualifying conditions. There would follow a submission to Heads of Government; meanwhile public speculation on the respective merits of the schemes should be avoided. The aim was to announce a decision in

January. An intergovernmental agreement should be ready by February. A joint statement had been prepared for issue at the present meeting. He had also agreed a confidential note with M. Auroux ensuring that lorry traffic through the Channel Fixed Link would not be hampered by quantitative restrictions in France and dealing also with the prospects of an improved lorry network on the UK side.

36. Agreement had been reached on drivers' hours at the previous Thursday's Council of Ministers meeting. But there had been no agreement on coastal shipping trades. This had to be concluded by the end of the year if there were not to be serious delays as a result of Spanish and Portuguese accession. If necessary the Ministers would meet again before Christmas. Anglo-French agreement was important in this context.

37. M. Auroux emphasised the importance to France of keeping to the timetable for a CFL agreement. For French internal political reasons the Treaty needed to be signed by February. He thought it valuable that the railways were being encouraged to co-operate over the prospects of a rail link. France looked for a more liberal policy from the UK on lorry weights, to bring the present 38 ton limit up to 40 tons.

38. The Prime Minister emphasised the importance of keeping confidential the second of the two documents agreed by Transport Ministers. Anything which might be seen as having implications for lorry weights was very sensitive in the United Kingdom.

TERRORISM

39. Mr Hurd welcomed the full discussion he had had with M. Joxe and reported on the good record of bilateral co-operation between the two governments and French and British agencies. He had warned M. Joxe about the possibility of intensification of Irish terrorism in the short term following the Anglo-Irish agreement. He was grateful for the

co-operation from France for instance over the arms seizure at Le Havre. The UK continued to be concerned about illicit arms traffic in Europe. Reduction of barriers to movement across frontiers made security more difficult. Multilateral co-operation was needed. Secure communications systems between police forces needed updating. M. Joxe had said that he would consider a UK technical paper on this subject. He had explained to Mr Hurd the reasons why France found consultation about terrorism difficult in the Summit Seven.

EUROPEAN COMMUNITY

40. Mme Lalumiere said she was presenting both sides' views in Mr Rifkind's absence. On the intergovernmental conference they had discussed two main themes. On the internal market Mr Rifkind had seen the "cohesion" proposals by the Commission as interfering with progress and causing delay by mixing the issues. France saw the matter in different terms: it was important to avoid creating more difficulties at Luxembourg, but France also believed that it would be impossible to create a full internal market without making some provision for cohesion. There was also the question what was meant by the internal market. The British favoured a restrictive definition limited to free movement for goods and services, omitting persons (capital had not been mentioned). France gave priority to goods and services but was more flexible on persons. Differences over this could emerge at the Luxembourg Council, but there was sufficient area of agreement to make it possible for these problems to be resolved.

41. On the European Parliament views were largely the same. The two sides accepted the outline proposed by the Presidency. A way should be found for the Parliament to "exert influence" on the Council, thus achieving co-operation, but the last word would remain with the Council. In the French view some new machinery was needed, though without fundamental change. Mme Lalumiere thought that with minor adjustments the Presidency's proposals could be acceptable. Time was short before the Council and much work needed. Close contacts between London

and Paris should be maintained. She had noted Mr Rifkind's express wish that there should be no last minute surprises. The positions should have "transparency".

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