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Foreign and Commonwealth Office

London SW1A 2AH

15 October 1986

Dear Charles,

President Mitterrand's Visit

His meeting with the Prime Minister will last not much longer than two hours which, with full interpretation needed, suggests room for only a very short agenda. The main focus should be on post-Reykjavik and European Community issues in the run-up to the European Council. This letter covers both those subjects and a range of other issues, which there may be time to discuss more briefly.

Introduction

I attach a telegram from Sir John Fretwell in Paris describing Mitterrand's current preoccupations. Since the legislative elections in March forced Mitterrand to invite Chirac to form a right-wing Government, his grip on much of government policy, including most domestic and economic issues, has weakened. He does, however, retain under the Constitution an important, though not overriding, say in foreign and defence policy. While keeping a firm grip on that role he is increasingly presenting himself as a "Grand Statesman", intervening only in what he sees as the major issues of French foreign policy. The day-to-day handling of government business he leaves (as constitutionally he must) to Chirac. Opinion polls since March, which have given both Chirac and Mitterrand high personal ratings, have shown that cohabitation on this basis is widely popular.

/Mitterrand's



1988

Mitterrand's recent hint that he will not be a candidate in the Presidential election due by May 1988 is not necessarily to be taken at face value. It is undoubtedly part of his objective in seeking this meeting with the Prime Minister to demonstrate, especially to the French public, his still predominant role in foreign policy. He will want to address, and be seen to address, the main topics of the moment.

East/West

As you know, we have been keeping in close touch with the French on the role of Third country nuclear forces in arms control negotiations. The Prime Minister could welcome this and our increasingly close cooperation on all defence matters, including equipment procurement. Since his election as President in 1981 Mitterrand has given the highest priority to maintaining the French deterrent and the US nuclear guarantee for Europe. Chirac's views on those subjects are identical - though he did not share Mitterrand's initial hostility to the Strategic Defence Initiative (SDI), which was based on fear of its potential implications for the French deterrent and the American nuclear guarantee.

The Prime Minister might argue that, far from being a failure, the Reykjavik meeting made important progress on the key issues. The task now is to build on its achievements. Continued Alliance solidarity remains a prerequisite for success. She might stress our view that Gorbachev made excessive demands over SDI, and note that she made this point to Karpov. She could compare notes with Mitterrand on Russian debriefing: while Karpov was in London Mitterrand was receiving Bessmertnykh, Soviet Vice-Minister of Foreign Affairs. She might tell him that Karpov stressed Soviet willingness to accept SDI research and testing in the laboratory, but not development or testing, let alone deployment, outside narrow limits.

Talk is much less expert

/European Community Issues



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European Community Issues

The Elysee have said that preparation for the European Council was among Mitterrand's principal purposes in seeking this meeting. I enclose a detailed brief. We can expect the French to be content with most of our intentions. Under the new Government Mitterrand has a smaller role in deciding French policy on European Community issues, especially where the implications of these are primarily domestic. This may lead him to seek to concentrate discussion with the Prime Minister more on general objectives and presentation than on specific issues. He will however also want to show at the European Council that his is still the first voice of France. We shall need to guard against handling of the Council being made more difficult by competition between him and Chirac.

We recommend that in addition to specific points concerning the Council the Prime Minister should welcome the extremely close cooperation between us on European Community issues and express the intention that this should continue and be intensified.

Terrorism

The Prime Minister may wish to express her personal regret and abhorrence at the recent wave of terrorist attacks in Paris. Mitterrand and Chirac were united in proclaiming their determination not to make concessions; but Mitterrand left management of the crisis to Chirac (who acknowledged with appreciation the Prime Minister's message). Mitterrand may not be well-placed to discuss operational issues. It will, however, be valuable to impress on him our conviction that concessions to terrorists simply make the problem worse.

It is unlikely that Chirac would conclude such a deal without Mitterrand's acquiescence. The Prime Minister might also reiterate the value we attach to close international cooperation on terrorism, over which the French have for long shown reluctance.

/ Regional Issues



Regional Issues

The French attach high importance to maintaining their influence in the Middle East. But they currently face difficulties. In September four members of their contingent with UNIFIL were killed. Eight French nationals continue to be held as hostages in Lebanon, probably by pro-Iranian factions. Chirac is in the lead over hostages, and Mitterrand's profile on the issue is low (nor is he personally associated with Chirac's attempt to normalise relations with Iran). However, Mitterrand's constitutional responsibilities for the armed forces give him a special interest in the security of the UNIFIL contingent. Like Chirac, he has to seek a balance between putting French soldiers' lives at risk and seeming to withdraw under terrorist pressure from Lebanon, an area of traditional French influence.

The Prime Minister might deplore the kidnapping of French nationals (a problem which we share) and the deaths of the UNIFIL servicemen; and express sympathy for French problems in the region. She might also ask how the French envisage trying to improve the position of UNIFIL, and if there is any way Mitterrand considers that the Presidency could help (we have offered to undertake demarches in support of UNIFIL with eg the Israelis, Syrians and Americans. But the French have politely discouraged us).

More generally, it would be useful to probe Mitterrand's thinking on future attempts to find a Middle East settlement. After his meeting with the Jordanian Prime Minister, Rifai, on 23 September Mitterrand reiterated support for a preparatory meeting for an international conference (an idea which the Russians favour) on the Arab/Israel dispute. But the Jordanians, particularly King Hussein, are apparently lukewarm about the idea. The Americans and Israelis are also opposed (Peres visited Paris last week), and the problem of Palestinian representation remains to be resolved.

/Mitterrand



Mitterrand may raise the South Pacific. The French feel defensive both about the South Pacific countries' aim to create a regional nuclear-free zone, which would interfere with French nuclear testing, and about their opposition to French plans for the territory of New Caledonia (Chirac's government has altered plans for a referendum offering internal autonomy in continuing conjunction with France; it will now offer a choice between full independence, which only a large minority are likely to seek, and the status quo). The countries of the South Pacific Forum intend to raise New Caledonia at the UN General Assembly, and France wants our support. We share French keenness to see the region stable, secure and pro-Western. But we have given no undertakings on how we will vote. We do not advise the Prime Minister to raise the subject. If Mitterrand does, we recommend that the Prime Minister say that we understand French concerns and are considering our position.

If there is discussion of the Falkland Islands, the Prime Minister may wish to mention a new development that concerns us. Since the Argentines' success in obtaining support for their resolution in the United Nations last year they have taken a more forward diplomatic position, seeking to challenge our sovereignty by concluding agreements over fish with the Soviet Union and Bulgaria which would intrude into the economic exclusion zone to which we are entitled. We are accordingly anxious that no further encouragement should be given to them through support for the resolution which they will put before this year's General Assembly. Mitterrand will be aware of the disappointment caused us by the change in the French vote last year.

/Bilateral Issues

Bilateral Issues

There is only one current problem. As you know, there have been at least three incidents this week in which British exports of lamb to France have been intercepted by French farmers. Mr Jopling has taken this up with the French Agriculture Minister and our Embassy in Paris are seeking adequate protection for our lorry drivers and their cargoes and prompt compensation. We recommend that the Prime Minister should raise the matter with Mitterrand. I enclose a speaking note for her to draw on and a line for subsequent use with the press.

We suggest that the Prime Minister should also express appreciation of the valuable contribution made to the bilateral relationship by the outgoing French Ambassador, Jacques Viot, who left on 10 October. We look forward to building on that work with his successor, Luc de Nanteuil.

I am copying this letter to Ivor Llewellyn in MAFF and to Trevor Woolley in the Cabinet Office.

*Yours ever,
C Robin Budd*


(C R Budd)
Private Secretary

C D Powell Esq
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The Prime Minister may also wish to know that in speaking to the press on 13 October, Chirac described the Labour Party's position on defence as totally irresponsible, and stressed how important it was for a country that in its internal democratic debate its defence policy should not be called into question, since that deprived the country of its external credibility.



SPEAKING NOTE FOR THE PRIME MINISTER TO USE WITH
PRESIDENT MITTERRAND: INCIDENTS AFFECTING EXPORTS OF
LAMB TO FRANCE

- Since 3 October there have been incidents involving attempts by French farmers to destroy consignments of English lamb in France.

- Grateful for assurances from M. Guillaume about compensation. Important that this should be done promptly (there are some outstanding cases) and that police should prevent further attacks.

- Police have taken action in several cases. But exporters claim that in Lyons and Poitiers police have been slow to intervene.

[as necessary]

- The premium paid for lambs in Britain has to be re-paid before they are exported.

- Total value of lamb exports to France last year £ 64 million. Value of French agricultural exports to Britain £ 1 billion.



INCIDENTS AFFECTING EXPORTS OF BRITISH LAMB TO FRANCE:

PRESS LINE


- Since 3 October there have been a number of incidents in which French farmers have threatened to destroy consignments of British lamb in France.

- The French Government accept that it is the responsibility of the French authorities to protect consignments of British goods in France (just as it is our responsibility to ensure the security of French goods in Britain).

- We have expressed our concern that prompt action should be taken to deal with these incidents.

- The French Minister of Agriculture has expressed the regret of the French Government that such incidents have taken place.

- The French Government has agreed to pay compensation in cases where damage has been suffered.




BACKGROUND

1. French production of sheepmeat cannot meet French demand and about a third of their 240,000 tonnes consumption is imported. Britain supplies around half of these imports. Our exports to France have increased by about 20% this year (the French are claiming a 40% increase), and we are now able to send live animals to France for slaughter.

2. The French sheepmeat market is going through a weak period (low prices compounded by a summer drought in the main sheep-rearing areas) and, on 3 October, the French sheep producers federation, supported by the main French farming union, announced that lorries carrying imported lamb would be intercepted. This is mainly to put pressure on the French government to give them help. There has also been pressure on the main French importers to cut imports. The French claim that the current level of the pound and our use of variable premiums has led to a sharp increase in our lamb exports. But Belgian and Dutch exports have suffered even worse interference by French farmers.

3. Following action against British, Dutch and Belgian lorries our Embassy in Paris has been in



constant touch with the French authorities urging them to ensure that protective action is taken by the French police and to obtain assurances that compensation would be paid if British lorries carrying lamb were damaged by demonstrators. Mr Jopling raised the matter with M Guillaume at the Agriculture Council on 13 October. The French reponse has been that they will do everything possible to avoid damage and that in compensation will be payable. M Guillaume expressed formally in the Agriculture Council his regrets that there had been these incidents.

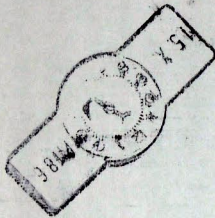
4. The French police headed off a potential demonstration at Calais on 9 October (outnumbering demonstrators four to one). In Lyons on 13 October the police did not move so swiftly and were unable to prevent a lorry load of 500 British lamb carcasses from being intercepted, the lamb unloaded and most of the carcasses rendered unfit for consumption. The French police deny claims of the British lorry driver that they stood and did nothing for seven hours while this happened: they contend that they successfully contained the demonstration and prevented any serious damage to life and limb. The Embassy in Paris is obtaining the police report. The French importer and British trucker



will be submitting claims for damages.

5. There was an incident near Poitiers on 15 October in which £20,000 of lamb from Northern Ireland was ruined. The firm concerned also claim that the French police were present but did not intervene.

Lamb



VISIT BY PRESIDENT MITTERAND TO LONDON: 16 OCTOBER

EC TOPICS

POINTS TO MAKE

- Welcome the extremely close cooperation established between us on EC issues. Must continue and intensify this.

European Council: London 5/6 December

- Aim to show EC tackling problems that are top of public agenda.
- Intend first session to be focussed on theme of business and jobs:
 - need to carry forward work on ideas on employment now being discussed by Employment Ministers (better training for new technology, re-training for long-term unemployed, and helping young to become self-employed).
 - focus on problems of small businesses and how to create favourable conditions for them (eg by

PFLAMY

improving their access to venture capital and new technology). Crucial to job creation.

- need to review progress on internal market and give a push to Council decisions which need to be taken in December (areas where we want to see progress include liberalisation of capital movements, steps towards liberalisation in air transport - on both of which there is a measure of agreement between us and the French).

- Another main theme will be discussion over dinner of terrorism, drugs and immigration. Interior Ministers carrying forward work on this. Chancellor Kohl wants discussion of immigration and asylum seekers. European Council should call for:

- top priority to be given to joint fight against terrorism: solidarity, no concessions to terrorists, more cooperation between police and tightening up Community's external frontiers
- stepped up cooperation on immigration (cooperation on false passports, visa policy, abuse of asylum, ensuring expulsees do not return

via other EC countries etc).

- a joint anti-drugs campaign, following up work of Interior Ministers (eg measures to reduce demand among young, mutual enforcement of confiscation of drug traffickers' assets)

President of Commission.

- We will be sounding Jacques Delors to confirm that he is willing to serve a further two years. Aim to announce this at European Council.

Japan

- Essential that Foreign Affairs Council this month confirms decision to take GATT action on Japanese discrimination against imported alcoholic drinks.
- vigorous anti-dumping campaign also needed;
- UK and France should continue to work closely together to maintain pressure on Japan (the main obstacle has been the Germans, who are now themselves increasingly concerned).

EC Budget/1.4% VAT ceiling (if raised)

- We stand by Fontainebleau: "the maximum rate may be increased to 1.6% on 1 January 1988 by unanimous decision of the Council and after agreement has been given in accordance with national procedures."
- No increase could be considered before 1988.
- Effective action will have to be taken to put a stop to the waste of resources on agricultural production beyond what Community can consume and what we can export.
- Have to go on supporting our farmers, but in a rational way.
- It is the marginal over-production which imposes extremely high budgetary costs. This has to be corrected in the key sectors - beef, milk and, for the future, cereals and olive oil.
- Hence ideas we put forward on alternative land use for cereals. Have also to reduce intervention price of beef and tighten up milk quotas.
- Just as important to hold down non-agricultural expenditure. Must resist pressures from Mediterranean. Must continue to concert privately together to find solutions.