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SUBJECT
cc MASTER

bc: PC

10 DOWNING STREET
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From the Private Secretary

16 October 1986

Dear Mr. M.

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND: EUROPEAN
COMMUNITY AND BILATERAL ISSUES

During their lunch today, the Prime Minister and President Mitterrand discussed briefly a number of European Community and bilateral issues.

London European Council

The Prime Minister said that we planned to make the main themes of the European Council in December jobs and the problems of terrorism, drugs and immigration. The emphasis should be on how the Community could help to stimulate enterprise and create new jobs. There might also be some discussion of how to control the growing burden of social security expenditure, even though there was traditionally a reluctance to embark on this delicate issue. Heads of Government might also need to give further impetus to completion of the internal market.

The Prime Minister continued that the United Kingdom Presidency had responded rapidly to the French Government's request for a meeting of interior Ministers on terrorism. Heads of Government should satisfy themselves that co-operation between security services throughout the Community was as close and effective as possible. The European Council would also need to confirm M. Delors as President of the Commission for a further two years.

President Mitterrand indicated agreement with these themes.

Japan

The Prime Minister referred to the importance of firm Community action to deal with trade problems with Japan. President Mitterrand agreed. There had been no improvement in the situation in the six years he had been concerned with the problem. Other Western countries let Japan off the hook too easily at Economic Summits.

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Lamb

The Prime Minister noted that there had been further incidents involving cargoes of English lamb imported into France. President Mitterrand regretted the incidents which had taken place. He had instructed his Government to act sternly and to provide proper protection. Compensation would be paid and those responsible for the incidents would be punished. The Prime Minister said that she was grateful for these assurances.

Syria

President Mitterrand expressed interest in evidence of Syrian involvement in terrorism. The Prime Minister gave an account of the main evidence emerging from the Hindawi trial.

French Ambassador

The Prime Minister spoke warmly of the recently retired French Ambassador, M. Viot. He had done a great deal in a quiet way to promote good relations between Britain and France. We were very sorry to lose him.

I am copying this letter to Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Tim Walker (Department of Trade and Industry), John Turner (Department of Employment) and David Williamson (Cabinet Office).

Yours sincerely,
Charles Powell

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Colin Budd, Esq.,
Foreign and Commonwealth Office.