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LONDON SW1A 2AA

From the Private Secretary

22 November 1986

*Dear Chirac,*

**ANGLO-FRENCH SUMMIT: PRIME MINISTER'S MEETING WITH M. CHIRAC:  
REGIONAL ISSUES**

This letter records the Prime Minister's discussion with M. Chirac on a number of regional issues. I have written separately on defence and arms control and on European Community issues.

Southern Africa

The Prime Minister said that she was concerned about the situation in Mozambique following President Machel's death. At the same time Malawi was coming under increasing pressure from the Front Line States because of its alleged support for Renamo. The situation in Angola remained tense with a high level of Soviet involvement and the risk of South African raids. Zimbabwe and Zambia seemed likely to step up action against South Africa, probably by stopping air links. This would lead to South African retaliation. There was no prospect of resumption of reforms within South Africa itself. All this gave cause for concern about the stability in the area.

M. Chirac said that France had not traditionally had close links with the countries of Southern Africa, although this was now changing. He regarded the choice of Chissano as Machel's successor in Mozambique as significant. It confirmed the trend towards more moderate policies and was a set-back for the Soviet Union. The West should encourage Mozambique's efforts to reduce Soviet influence. France was also trying to offset Soviet influence in Angola by maintaining links with Savimbi. The position in regard to South Africa itself was becoming more difficult. Hitherto, France had succeeded in preventing Francophone African countries from causing trouble over South Africa. He had himself been instrumental in trying to arrange a meeting between President Botha and President Houphuet-Boigny, although unfortunately this had come to nothing. But the Francophone States were now feeling out-flanked by Western measures against South Africa and were likely to campaign more actively for sanctions. The Prime Minister said it was difficult to know how to persuade President Botha to make a move. The time might come when a

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number of Western governments would have to form up to him, although it was not worth trying this until after elections had been held. M. Chirac said that, at the least, the South African government ought to release Mandela. This would deprive those who wanted sanctions against South Africa of some of their arguments.

#### Middle East

M. Chirac said that there might be some misunderstandings about his views on terrorism and the Middle East because of what had been reported in the Washington Times. He had made a bad mistake over this. It was entirely his fault. He had allowed himself to be provoked and say things which he should not have said. He wanted to give the Prime Minister a full account of his position on terrorism and on the Middle East. France was at one with the United Kingdom on everything which concerned the fight against terrorism, and was very satisfied with the degree of cooperation between Interior Ministers and Security Services.

M. Chirac continued that both France and Britain knew the Middle East well and shared concern about the situation there. Public opinion in Arab countries was badly affected by the fall in living standards as a result of lower oil prices, and also by growing fundamentalism. There were strong pressures at work in favour of the Shiite revolution. One also had to take account of the spontaneous feelings of solidarity which were characteristic of Arab peoples. Public opinion always mobilised against any aggressor. This had been clear by the way in which Arab countries had rallied in favour of Qaddafi after the American attack on Libya. It was evident that anti-American and anti-Western feeling was building up throughout the area. It would not take much to overthrow moderate regimes in Egypt, Tunisia, Jordan, Saudi Arabia and the Gulf. Such a development would benefit only the Soviet Union.

Turning to Syria, M. Chirac said that he had refused to visit Syria for some 12 years despite many pressing invitations from President Assad. He would only go if Syria would allow Syrian Jews to leave the country. More generally, France's relations with Syria had not been good. There had been the murder of the French Ambassador in Lebanon. France had been attacked because of its role as the out-post of the West in Lebanon, but even so would maintain its contingent in UNIFIL. At the same time, it had to be recognised there would be no solution in Lebanon without Syria's involvement. That was why he believed it was essential to keep up contacts with Syria and why he had not been able to agree to Britain's request to break relations with Syria. The Prime Minister interjected that no one had ever asked France to break relations with Syria. This seemed genuinely to surprise M. Chirac.

M. Chirac said that he wanted to make clear that he was not negotiating for the release of French hostages. Negotiations would only encourage the taking of more hostages.

He would certainly never contemplate selling arms to Iran. Indeed, he had cancelled various contracts for sales to both Syria, Libya, and Iran which he had found under negotiation when he came to office. Rather, he had adopted a sort of reverse blackmail against the Iranians, making clear that he would not release Iranian funds frozen in France, and would give additional aid to Iraq, unless the hostages were released. He had made it clear that France could not have normal relations with a country which kept hostages. He wanted to stress again that this was not negotiation. His approach was rather to enter into political discussions with Iran for an objective which was valuable in itself, with liberation of the hostages as a by-product. He believed that the approach would work. The Prime Minister commented that there were obviously similarities between M. Chirac's tactics and those of the Americans, although the latter had overstepped the mark by the supply of arms. M. Chirac said that he had no intention of making any public criticism of the American action.

#### Falklands

M. Chirac said that France had supported the Argentine resolution at the United Nations General Assembly in 1985. President Mitterrand wished to do so again this year. That was not in itself a good enough reason. But the French Foreign Ministry had convinced him that, for France now to change its vote would be destabilising for President Alfonsin and for democracy in Argentina. Moreover, Britain's action in asserting its rights over territorial waters had been seen by Argentina as a sort of aggression. France's decision would not be for egotistical reasons. If the United Kingdom were to propose an amendment to the Argentine resolution supporting the right of self-determination, France would support that. However, if the French vote would create a real problem in Franco-British relations, he would be ready to look at the decision again.

The Prime Minister said that the Argentinian resolution had nothing whatsoever to do with territorial waters. It was concerned with negotiations over sovereignty which Britain would never accept. She found M. Chirac's arguments incomprehensible. It was like throwing Christians to a lion. First they were not his Christians. And second it did not matter much to the Christians whether the lion was democratic. Argentina had tried to take the Falklands by invasion. Now it was trying to achieve by negotiation what it had failed to obtain by force. A fundamental principle was at stake. Other islands might be vulnerable in the same way. M. Chirac said rather hurriedly that he would look at the question again.

#### Spain

M. Chirac said that France's relations with Spain had traditionally been passionate and difficult. He had decided that the time had come to turn a corner. It was vital not to force Spain into membership of the "poor, Mediterranean group" in the European Community. He had therefore decided to change

France's policy of providing asylum for ETA members and indeed the whole nature of Franco-Spanish relations. His recent visit to Madrid had as a result been triumphal, much to President Mitterrand's annoyance.

### Japan

M. Chirac said that he was not so critical as some in Europe of Japan's economic success. European industrialists put about 5 per cent of the effort into winning markets in Japan that Japanese business put into the same goal in Europe. The Prime Minister said that there was much more to it than that. She agreed that Japanese design and value for money were superb. The secret of Japan's success was that they knew what we wanted to buy long before we did. Nonetheless, there were still any number of restrictions and regulations which prevented European firms from obtaining unrestricted access to the Japanese market. Promises by the Japanese government to do something about it were never fulfilled. We must keep up the pressure on Japan, indeed increase it.

### Visit to Moscow

The Prime Minister said that she understood that M. Chirac would be visiting Moscow early next year. M. Chirac said that the timing of his visit depended on when he could go to Washington. It looked likely that President Reagan could see him in late January, in which case he would go to the Soviet Union in February. (This conflicts with what M. Bujon told me in answer to the same question earlier in the day. He said that M. Chirac was unlikely to go to Moscow before May.)

The Prime Minister said that the time had come to conduct a very full assessment of the Soviet Union under Gorbachev's leadership. She was coming to the conclusion that there was no essential change in Soviet policies, only in presentation. She would arrange a seminar of Soviet experts before her own visit to Moscow. M. Chirac said that he would very much like to have a further meeting with the Prime Minister, after his visit to Washington and before his visit to Moscow, so that they could compare notes.

### New Zealand

M. Chirac thanked the Prime Minister for the help which he had received from the United Kingdom over securing the release of the two French officers. He commented that France had recently received friendly overtures from Australia.

### Royal Visit

The Prime Minister informed M. Chirac of the acceptance by the Prince and Princess of Wales of the French government's invitation to visit France in 1988. M. Chirac expressed great pleasure.

I am copying this letter to John Howe (Ministry of

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Defence) and Trevor Woolley (Cabinet Office).

*yours sincerely,*  
*Charles Powell*  
(C. D. POWELL)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.

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10 DOWNING STREET  
LONDON SW1A 2AA

From the Private Secretary

22 November 1986

Dear Colin,

**ANGLO-FRENCH SUMMIT: PRIME MINISTER'S MEETING WITH  
M. CHIRAC: DEFENCE AND ARMS CONTROL ISSUES**

The Prime Minister had two meetings during the Anglo-French summit with M. Chirac. M. Bujon was also present. This letter records their discussion of defence and arms control issues. I am writing separately about their talks on other matters.

Post-Reykjavik

The Prime Minister gave M. Chirac an account of her recent visit to Washington, on the same lines as she had used earlier with President Mitterrand. She had told President Reagan that the European allies felt less secure as a result of the Reykjavik meeting. The proposal to eliminate ballistic nuclear missiles was not in Europe's interests. Cruise missiles and bombers were not an effective substitute. She had made clear that the Allies felt that they had not been properly consulted before the meeting. She had achieved a useful agreed statement at Camp David. There was some evidence that the Americans were beginning to have second thoughts about Reykjavik and pull back from the idea of reducing the second 50% of strategic ballistic missiles, although all the proposals made remained on the table in Geneva. She believed that the points covered in the agreed statement should be generally acceptable to the French Government, although she knew that France did not share Britain's support for SDI research.

M. Chirac said that he shared the Prime Minister's analysis of Reykjavik. The French position on SDI was ambivalent. President Mitterrand was opposed to SDI on philosophical grounds. He was in favour of it for technical reasons and because he believed it was inevitable. There was a consensus in France on defence, and he did not wish to disturb this by an argument over SDI. But this was not an immediate problem, nor one which should be seen as dividing France and Britain. More generally, he had seen no need to criticise the outcome of Reykjavik publicly since he believed that matters would probably work themselves out. But it was clear that President Reagan was very attached to a solution which would let him go down in history as a man who had achieved peace. Mr. Gorbachev for his part had two aims:

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to reduce the Soviet military budget while still retaining the ability to take Europe hostage. A zero-zero option for INF would give the Russians a chance to realise both their aims. He was not sure whether President Reagan fully understood this. He agreed very much with the Prime Minister's insistence on linking restraints on shorter-range systems to an INF agreement. M. Chirac continued that one of the conclusions which he drew from Reykjavik was the need to strengthen European cooperation in defence, while also maintaining close consultation with the United States. France was very satisfied with the communiqué issued at Camp David and particularly at the absence of any reference to reductions in ballistic missiles beyond 50 per cent.

#### French Defence Policy

M. Chirac gave the Prime Minister an account of planned increases in France's defence spending. Expenditure would go up by some 12 per cent in volume terms in 1987 and 6 per cent a year for the subsequent 5 years. This would pay for modernisation of the French submarine force as well as the building of new ground-to-ground missiles and the production of chemical weapons, on which a decision had just been taken.

M. Chirac said that there were too many centrifugal forces operating in Europe, for instance over agriculture and budgetary matters. We must create centripetal forces to balance them. Defence offered both the most important and most promising prospect for cooperation. He knew that Chancellor Kohl shared this view. He wanted Germany, France and the United Kingdom to work more closely together, and to strengthen consultation in WEU.

#### Cooperation in Arms Procurement

M. Chirac reverted to some of these subjects at his second meeting with the Prime Minister, stressing in particular the case for greater cooperation in arms procurement. He suggested that chemical weapons were one area where Britain and France might work together. The Prime Minister did not comment directly. He also mentioned ground-to-air missiles, anti-tank missiles and AWACS/Nimrod.

#### Anglo-French Nuclear Cooperation

M. Chirac gave details of France's plans for the modernisation of its nuclear forces. (He did not appear very familiar with the details, and his account differed from that of President Mitterrand on some points.) The M4 missile would be mirrored with up to 16 warheads. Work had already started on the M5. A new ground-to-ground missile with a range of 4000 km. would be introduced in 1996. This was not a cruise missile. It would be low-flying, extremely fast and have a straight line trajectory. Although normally deployed to a fixed site, it would also be transportable on a 9-ton truck. M. Chirac continued that he understood that M. Giraud and Mr. Younger had earlier discussed a joint Anglo-French study of a future generation of submarine-launched missiles. He was

strongly in favour of this. Research needed to start soon. The Prime Minister said that she would consider what M. Chirac had said and discuss the matter with Mr. Younger. Her preliminary view was that it was rather early to be considering a successor to Trident.

I should be grateful if you could ensure that this letter is seen only by those with a strict need-to-know. I am copying it to John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

*Yours sincerely,*

*Charles Powell*

(C. D. POWELL)

Colin Budd, Esq.,  
Foreign and Commonwealth Office.



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22 November, 1986.

*From the Private Secretary*

*Dear Colin,*

**ANGLO-FRENCH SUMMIT:  
PRIME MINISTER'S MEETING WITH MONSIEUR CHIRAC:  
EUROPEAN COMMUNITY ISSUES**

The Prime Minister and Monsieur Chirac discussed a number of European Community issues at their meeting during the Anglo-French Summit. M. Chirac rattled through them, referring occasionally to a note, but without giving the impression of being really familiar with the subjects.

EC Budget

M. Chirac volunteered that there should be no increase in funds for the European Community - before 1988 or even after - when all Member States were having to cut back their domestic budgets. France was not ready to increase the 1.4% VAT ceiling in these conditions. Nor did he wish to increase the amount of money going to agriculture. Nonetheless, it was clear that there would be major problems over Community financing. He proposed very confidential discussions between his own office and the Prime Minister's office about the future handling of EC Budget questions. The Prime Minister welcomed this. (We shall need to consider how best to organise this, given the difference in the French and British ways of doing business.)

Research Budget

M. Chirac said that President Mitterrand wanted France to support a figure of 7.7 bn. ecu for the Community Research Budget, but he himself was not prepared to go above 5 bn. ecu. The Prime Minister said that she had recently discussed this with her colleagues against the background of projected agricultural spending next year. As a result a decision had been reached that we could not go above 4.2 bn. ecu. M. Chirac asked whether this figure included the 750 m. ecu carry-forward from the earlier programme. The Prime Minister implied that it did, although without saying so definitively. M. Chirac seemed surprised, but said that

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France would take the position that it could support any figure up to 5 bn. ecu.

EC/US Negotiations

M. Chirac referred to the Article XXIV(6) negotiations with the United States over enlargement. He could agree reluctantly to negotiations with the United States but could not accept a situation in which maize was the only area in which the United States was offered compensation.

Olive Oil

M. Chirac referred to the extra costs which faced the Community for olive oil following Spanish accession to the Community. Projected expenditure on olive oil in 1991 would be 6 bn. ecu for Spain alone. Enlargement had been very badly negotiated.

EMS

M. Chirac said that he had noted the Prime Minister's recent remarks to the Financial Times in which she had ruled out British membership of the ERM before elections. The Prime Minister said that, when the United Kingdom joined the ERM, it must be for a continuous period. Conditions during an election campaign might be such that Sterling would have to leave the ERM for a time. That was why she was opposed to joining now.

Lamb

M. Chirac said that France needed help on lamb. He could accept the package agreed between Mr. Jopling and M. Guillaume in Brussels, which provided for devaluation of the green rates for both beef and lamb. But the Germans seemed set to resist it. In that event he hoped the Prime Minister could agree that the package could be split so that lamb could be dealt with separately. The Prime Minister said that an effort should be made to persuade the Germans to accept the package on the whole. She would be prepared to consider getting in touch with Chancellor Kohl if necessary.

I am sending copies of this letter to Alex Allan (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), and Trevor Woolley (Cabinet Office).

*Yours sincerely*  
*Charles Powell*

C.D. Powell —

C.R. Budd, Esq.,  
Foreign and Commonwealth Office.