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10 DOWNING STREET
LONDON SW1A 2AA

From the Private Secretary

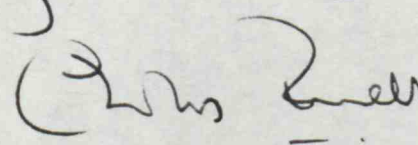
22 November 1986

Dear Chir.

ANGLO-FRENCH SUMMIT: PRIME MINISTER'S MEETINGS WITH
PRESIDENT MITTERRAND AND PRIME MINISTER CHIRAC

I enclose records of the Prime Minister's meetings with President Mitterrand and Prime Minister Chirac during the Anglo-French Summit, divided as follows:

- (i) Prime Minister's meeting with President Mitterrand: defence and arms control issues;
- (ii) Prime Minister's meeting with President Mitterrand: European Community issues;
- (iii) Prime Minister's meeting with President Mitterrand: Secretary-General of the Commission;
- (iv) discussion over lunch: agriculture
- (v) Prime Minister's meeting with M. Chirac: defence and arms control issues;
- (vi) Prime Minister's meeting with M. Chirac: European Community issues;
- (vii) Prime Minister's discussion with M. Chirac: regional issues.

Yours sincerely,


(C. D. POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office.



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10 DOWNING STREET

LONDON SW1A 2AA

22 November, 1986.

From the Private Secretary

Dear Colin,

**ANGLO-FRENCH SUMMIT:
PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
DEFENCE AND ARMS CONTROL ISSUES:**

Most of the Prime Minister's bilateral discussion with President Mitterrand was devoted to defence and arms control issues. The only other person present at the discussion was Monsieur Attali.

Post-Reykjavik

The Prime Minister said that she had represented strongly to President Reagan the concerns about the outcome of the Reykjavik meeting which she and President Mitterrand had identified in October. She had made clear that she did not share the President's dream of a world without nuclear weapons, believing this would undermine security. She had told the President that the proposed elimination of ballistic nuclear missiles would leave Europe without adequate defences. A deterrent based upon Cruise missiles and bombers would not be a sufficient substitute. Opening up these issues at Reykjavik had been destabilising for Europe and a setback for the unity of the Alliance. She had urged priority for agreements on INF, a 50% reduction in strategic nuclear weapons and a ban on chemical weapons. This would be a very substantial agenda, and there was no likelihood of achieving it, let alone going beyond it, in the foreseeable future. She had made plain that Europe was bothered at the lack of consultation before Reykjavik.

The Prime Minister continued that the conclusions agreed at her meeting with the President were a useful restatement of the main points of Alliance strategy. It had been particularly helpful to get on record that the United States would proceed with modernisation of its own strategic ballistic missiles. President Reagan had left no doubt about his determination to maintain America's strength. He agreed that security was global and could only be preserved by adequate nuclear, chemical and conventional defences. On the other hand, although nothing irrevocable had happened at

Reykjavik, one had to recognise that the United States' proposals remained on the table in Geneva. Her own view was that we were unlikely to see even a 50% reduction in strategic nuclear weapons achieved by the end of the century. Nonetheless it would be important for Europe to continue to put its view-point steadily and continuously. The conclusions from the Camp David meeting might form the basis for the communique of the NATO Ministerial meeting. We should also look for ways to tie the United States at the highest level into regular discussion of all these issues with the three main European governments. We should revert to the habit of meetings in the margins of Economic Summits.

President Mitterrand said that, generally speaking, everything which the Prime Minister had said corresponded with French thinking. France's security rested upon her nuclear strategic forces without which she would be in a position of inferiority. France could agree to a 50% reduction in Soviet and American strategic nuclear weapons, which would not of course affect French nuclear forces. He agreed with the Prime Minister that reductions beyond that were a dream which was unlikely ever to be realised.

President Mitterrand continued that personally he did not attach great importance to American intermediate nuclear forces in Europe. Indeed, although he did not dismiss entirely the risks of decoupling the United States from Europe by removing Cruise and Pershing, one could argue that Europe would be better off without them. The existence of American weapons which could hit the Soviet Union in a matter of minutes, while the Russians had no similar capability, reinforced the Soviet Union's belligerence. Moreover, as he had said to the Prime Minister in October, the key was whether the Americans would be ready to go to nuclear war if the Soviet Union invaded Europe. This was a psychological question, and did not depend upon the existence of Cruise and Pershing, or even upon the United States presence in Europe. If the Soviet Union detected any weakness in the United States' resolve, it would avoid American targets and attack European targets. He did not propose giving away INF. There must be provision for strict verification of an agreement, and a commitment to deal with shorter-range systems. But he persevered in believing that INF was not the central problem. This remained the United States willingness to go to nuclear war for Europe.

The Prime Minister said that both Britain and France had set out clearly the conditions on which they might be prepared to see their own nuclear weapons included in arms reduction negotiations. The conditions were not identical, although generally similar, and based on the belief that the French and British forces were already close to the irreducible minimum needed for effective deterrence. She was inclined to doubt whether a 50% reduction in United States and Soviet strategic nuclear weapons would be sufficient to justify bringing British and French forces into subsequent negotiations. President Mitterrand agreed.

President Mitterrand sought the Prime Minister's general impression of President Reagan. The Prime Minister said that she had found him very fit. He was clearly angry with Mr. Gorbachev for having re-established linkage between constraints on the SDI and progress in other arms control negotiations. President Mitterrand said that President Reagan should not have been surprised. He had warned him that this would be Gorbachev's position. The Prime Minister added that President Reagan was deeply upset that his integrity had been called into question over Iran. It seemed likely, however, that the affair would continue to dog him and impair his effectiveness. President Mitterrand said he had no intention of making any public criticism or comment about the United States and Iran.

Anglo-French Nuclear Cooperation

President Mitterrand volunteered an account of French nuclear forces. France had a number of ground-to-ground and air-to-ground missiles, but their effectiveness was questionable. Her strength lay in her submarine-launched missiles. Their range was 4500 kms, and they were very accurate. A new generation of submarines would start to enter service in 1994, equipped with M4 missiles with six warheads. The number of warheads would subsequently be increased to 12. The President continued that the statement issued at Camp David left no doubt that Britain would modernise its own nuclear deterrent with Trident. But looking beyond that, he wondered whether thought should be given to eventual joint Anglo-French production of a successor system. Recent events strengthened the long-term case for a purely European deterrent, based on common British and French systems and a common strategy.

The Prime Minister recalled that Trident would begin to enter service in 1995, and would remain in service for at least 20 years. Each D-5 missile would carry up to 12 warheads, and the range was greater than the French system. It was hard to predict now what might lie beyond Trident, although she agreed that it would be useful for the two Governments to keep each other informed of their respective plans.

I should be grateful if you would 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,
Chris Powell

C.D. Powell

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

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10 DOWNING STREET

LONDON SW1A 2AA

22 November, 1986.

From the Private Secretary

Dear Colin,

**ANGLO-FRENCH SUMMIT:
PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
EUROPEAN COMMUNITY ISSUES**

The Prime Minister and President Mitterrand dealt briefly during their bilateral meeting with the forthcoming European Council in London.

The Prime Minister said that she hoped to avoid the usual tedious monologues about economic conditions in each Member State. The Council should focus on practical steps for creating more jobs. This would involve creating conditions for the growth of small business and self-employment, reducing the burden of regulation on business and improved training. The Council should also discuss matters of direct concern to ordinary people such as drugs, terrorism, immigration and AIDS. Chancellor Kohl had a particular point which he wished to consider in relation to asylum seekers. In reducing the restrictions on free movement within Europe, we must be careful not to put our security at risk. This might mean some strengthening of controls at the Community's external borders. It was not enough just to talk about cooperation against terrorism. The Community must show that it had taken all practicable steps to deal with it. President Mitterrand said that he agreed with the Prime Minister's proposals.

I am sending copies of this letter to Alex Allan (HM Treasury), Ivor Llewelyn (Ministry of Agriculture, Fisheries and Food), Tim Walker (Department of Trade and Industry), Chris Capella (Office of the Paymaster General), and Trevor Woolley (Cabinet Office).

Yours sincerely,
Charles Powell
C.D. Powell

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

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10 DOWNING STREET
LONDON SW1A 2AA

22 November, 1986.

From the Private Secretary

Dear Colin,

**ANGLO-FRENCH SUMMIT:
PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
SECRETARY-GENERAL OF THE COMMISSION**

In the course of her bilateral discussion with President Mitterrand the Prime Minister recalled her exchange with the President in 1985 about the succession to Monsieur Noel as Secretary General of the Commission. The President had acknowledged that the United Kingdom would have a strong claim to the post and that Mr. Williamson would be a very well qualified candidate. President Mitterrand confirmed the Prime Minister's account of their earlier exchange, as did Mr. Attali who was also present. The French position was unchanged.

I am sending a copy of this letter to Trevor Woolley (Cabinet Office).

yours sincerely,

Charles Powell

C.D. Powell

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

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10 DOWNING STREET
LONDON SW1A 2AA

22 November, 1986.

From the Private Secretary

See Chirac.

ANGLO-FRENCH SUMMIT: LUNCH DISCUSSION: AGRICULTURE

There was some discussion over lunch at the Anglo-French Summit about the problems of the CAP.

The Prime Minister said that the Community must tackle the fundamental problem of agricultural surpluses. There was, however, difficulty over the timing of such a discussion in relation to elections in the main Community countries and the United States. For instance, the Germans would clearly be unable to contribute to any serious discussion of CAP reform at the forthcoming Council in December. There was a tradition in the Community of mutual recognition of election problems, and it was difficult to envisage the Community being able to face up to really fundamental decisions, both on agriculture and in other areas such as social security expenditure, until the latter part of 1988.

President Mitterrand wondered whether the problem of agricultural surpluses could wait that long. It might be necessary to start the debate at the European Council in December. The enormous growth in the productivity of modern agriculture caused serious problems. The Prime Minister agreed that the problem of surpluses had to be dealt with. The prospective over-run of agricultural spending for next year was very alarming. Proposals so far put forward for dealing with the problems were only palliatives. Much more fundamental reform was required. Surpluses had not been part of the original concept of the CAP.

Monsieur Chirac said that the surpluses were artificial and caused by imports. The Community should negotiate firmly with the United States for limits on United States agricultural exports. Surpluses would then disappear. The United States subsidised agriculture far more heavily than did Europe. The Prime Minister said that Europe could not just export its problems. Perhaps the answer was for the Community to offer to abolish all its subsidies to agriculture if the United States would do the same. Could M. Chirac envisage that? M. Chirac said that it was the United States, not

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Europe, which was exporting its problems. Since the CAP had been established, United States agriculture exports had increased massively. The Prime Minister said that the United States would respond to any attempt to reduce its exports by clamping down on imports of industrial goods from Europe. This was all the more likely with a Democrat Congress already inclined to greater protectionism. She noted that M. Chirac had not responded to her challenge on the removal of all subsidies.

The Prime Minister concluded that the most realistic approach was to get through the 1987 and 1988 annual price fixings exercising the maximum possible restraint, and to start a really fundamental overhaul of the CAP in 1988.

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).

*yes dick,
(Llewelyn)*

C.D. Powell

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