

Copied to
GERMANY: PM's
visits: Part 4

CONFIDENTIAL

CRP
BUP
BT



Foreign and Commonwealth Office

London SW1A 2AH

20 March 1987

Dear Charles,

EDP
2/3

Prime Minister's Meetings with Chancellor Kohl
and President Mitterrand, 23 March

- / I enclose separate briefing notes for these two meetings,
/ including speaking notes on European Community financing.

- / The enclosed scene-setting telegram from our Embassy at
Paris gives the political background to the meeting with
Mitterrand. As an example of the difficulties which cohabitation
presents to France's friends, the Prime Minister should be aware
that the Embassy have had some hints from Chirac's office that
they considered that Chirac rather than Mitterrand should be
her French interlocutor. The Embassy made clear that the
original suggestion had been Mitterrand's, and reminded
Matignon that Chirac and the Prime Minister would have a chance
to exchange views when he came to Chequers on 26 April (this
visit may not be known to Mitterrand); and Chirac's office have
not reverted to the issue. But, as their rivalry becomes more
open, Mitterrand will not waste opportunities to score discreetly
at Chirac's expense. Chirac's office, and the French press,
will accordingly look at any public statement made by the Prime
Minister on 23 March for indications of bias. The Delors
proposal for an EC Summit on defence and security issues appears
to have more to do with internal French politics than high
strategy.

- / I also enclose a scene-setting telegram from our Embassy
in Bonn, which covers the internal political scene in the
Federal Republic following the recent formation of the new
government (in which the FDP's influence has been increased),
together with a recent despatch by Sir Julian Bullard reviewing
Kohl's career and personality.

Yours ever

L Parker

(L Parker)
Private Secretary

C D Powell Esq
PS/10 Downing Street

CONFIDENTIAL



PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND, 23 MARCH 1987

French attitudes to developments in the USSR

1. Raimond's attitude, first adumbrated in an interview with Le Quotidien de Paris on 22 January, is pessimistic about Gorbachev's reforms. Raimond introduced the concept of "double vigilance", which the French have consistently repeated subsequently. The West should not miss the significance of real changes, but at the same time make no concessions on Western interests and not hesitate to take positions which at times will displease the Soviet Union. This has remained the French public line, although there is some evidence that Mitterrand himself (like Genscher) is more forthcoming about the possibilities for an improvement in Soviet internal policies, with possible implications for East/West relations.

Arms Control

[in folder] 2. The Prime Minister will wish to draw on the main arms control briefs for the Moscow visit. But for her discussion with Mitterrand there are a number of specific points to be made. Reports from Paris suggest that French Ministers, following Chirac's lead, have now moved towards Mitterrand's more forthcoming attitude to the Gorbachev INF statement. This essentially is that:-

- (i) LRINF zero/zero is consistent with the interests of France and NATO.
- (ii) French nuclear forces have nothing to do with INF deal.
- (iii) Arms reductions should be simultaneous, balanced and verifiable.
- (iv) French doubts about SRINF elimination and risks of European denuclearisation as well as concern about conventional and chemical imbalance continue but should not obscure need for positive political response.



3. We recommend that the Prime Minister should take the following line with Mitterrand:-

(i) recognise need for positive political response to Gorbachev statement;

(ii) but need to look at fine print - particularly what they are offering on SRINF; will be taking this up in Moscow;

(iii) agree need to look at overall balance which includes substantial imbalance in Soviet SRINF;

(iv) recognise value of minimum nuclear deterrent in shorter ranges so total elimination may not be in our interest.

(v) need for close study of Western requirements after LRINF zero/zero. Hope French will contribute to analysis.

(vi) recognise conventional and chemical imbalance but wrong to impose formal negotiating linkage with INF agreement.

4. Mitterrand has said little in public about ABM Treaty interpretation. Main French concern about SDI is the possible effects on their own deterrent of ballistic missile defence systems if the ABM treaty were breached and the US and Soviet Union decided to deploy strategic defences. The French are particularly concerned that decisions which might affect their security could be taken over their heads.

5. The Prime Minister will wish to deny any diminution of UK commitment to CW ban. She may wish to ask President Mitterrand whether renewed French CW production implies waning French interest in ban.

6. On the Delors proposal for an extraordinary summit on defence/ security issues the Prime Minister will wish to say she favours

/discussion



discussion of these issues among Europeans, but doubts whether there is a case for a summit: Foreign Ministers of the Twelve will devote most of their 4/5 April weekend meeting to these subjects, and there is a WEU Ministerial on 27/28 April. The proposed summit would cut across these meetings and create unnecessary problems with the Irish, Danes etc.

European Community

7. The Foreign Secretary hopes that if time allows the Prime Minister will take the opportunity to impress on Mitterrand personally that we must work together in the discussions now engaged in Brussels on Community financing. The Prime Minister will want to emphasise that decisions are not going to be taken at the June European Council and that we are not going to base our approach on the Commission's proposals; but also to indicate that we are ready to work with France to try to achieve an eventual solution based on more effective expenditure control.

8. Speaking notes on Community financing are attached for the Prime Minister to draw on.

Bilateral Questions

9. We recommend that if there is an opportunity the Prime Minister acknowledge the increased importance and value of bilateral consultation on defence matters including those in the nuclear field. She will remember that Mitterrand wrote to her following his Chatham House address in January proposing greater consultation. Mitterrand may mention the timing of the next Anglo-French Summit, in which case the Prime Minister might say that she is looking forward to seeing him in London in the autumn (Lyn Parker's letter of 13 March), leaving open the question of the roles which Mitterrand and Chirac would play. (It has been announced that Mitterrand and Kohl will themselves meet in Paris before the end of March.)



10. Mitterrand will have much in mind current French problems of hostages in the Lebanon, with the French journalist, Jean-Louis Normandin, under threat of death. If the subject comes up, the Prime Minister will wish to express sympathy and support, while acknowledging the firmness the French government has so far shown. She could note Mitterrand's remarks that France would not negotiate with terrorists or exchange hostages for convicted terrorists in France.

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
COMMUNITY FINANCING

- Important that Britain and France should work together in the discussions now engaged in Brussels on Community financing.
- We are not satisfied with the Commission's report. Their proposals are far too ambitious and loaded towards the Mediterranean.
- No question of our agreeing to doubling of the structural funds or an increase in own resources to 1.4% of GNP (equivalent to a 2.2% VAT rate).
- We all have to face difficult choices in our national budgets. In Britain we are interested in cutting taxes, not increasing them.
- Fontainebleau Agreement stipulates that the maximum rate may be increased to 1.6% on 1 January 1988 by unanimous decision of the Council and after approval by national parliaments.
- We shall not put a proposal for any further increase to the present British parliament. Decisions will not be reached at the June European Council. But we should use that meeting to get greater realism into these discussions, and to pave the way for solutions later, based on more effective expenditure control.
- Britain and France should agree that for non-obligatory (non-agricultural) expenditure, we must ensure that the maximum rate of increase (which is what the Community can afford) is not exceeded. We have worked together to achieve this in the 1987 budget and must ensure that this becomes the rule for the future.

- In the CAP, we have to carry forward the process of adjustment to market realities. We have to build into the principal market regimes stabilising mechanisms to ensure that they do not exceed the budgetary provision.

- We will not provide extra money in 1987. The 1987 budget deficit should be dealt with, as the Commission propose, by moving from FEOGA advances to reimbursement. That would help expenditure control.

- Even with the Fontainebleau correction, we remain the second largest contributor to the Community budget. We will not agree to any solution that would leave us worse off than Fontainebleau. Indeed we should like to see some improvements.

(If Mitterrand argues that CAP spending must have priority.)

Reforms causing problems with farmers in Britain. We have told them they must be carried forward: otherwise the policy will collapse. Recognise need to support farming community. But social aids should be financed nationally, under Community control (to prevent distortions of competition). Reforms cannot be achieved by price cuts alone. But other steps will not be effective unless accompanied by a price freeze and measures to ensure that intervention returns to the role of a safety net and does not act as an incentive to over-production.