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Foreign and Commonwealth Office

London SW1A 2AH

27 July 1987

Prime Minister  
This lets out the  
main issues likely

Dear Charles,

Prime Minister's Visit to Paris: 29 July

I am writing separately with briefing on the programme for the Prime Minister's visit to Paris on 29 July and the Channel Tunnel aspects. This letter concerns the Prime Minister's meetings with President Mitterrand and M Chirac.

to arise  
during your  
visit to  
Paris. There  
will be  
a  
separate  
note on  
defence  
tomorrow.

The Internal Political Situation is still dominated by the next Presidential elections which must take place by May 1988. Mitterrand is riding high in the polls, posing as the champion of national unity. On current form he would beat Chirac or Barre comfortably; but much can happen between now and polling day. Most commentators believe that Mitterrand has yet to decide whether to run again. If his current popularity lasts he will probably do so: if not he may leave another Socialist to run, probably Rocard.

Chirac's position on the other hand is less comfortable. He is seeking to project the image of a leader tackling France's economic difficulties, confident of reward at the polls in due course. However, the economic news is bad, Barre is breathing down his neck, his Government has suffered from bouts of public in-fighting and Le Pen still creams off voters on the far Right. Chirac could yet bounce back - he is a formidable campaigner - but at the moment it looks as if Mitterrand is profiting much more from cohabitation than he does (further details in enclosed telegrams from Paris).

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The main topics on 29 July with both Mitterrand and Chirac are likely to be EC matters, arms control and the Gulf. The Prime Minister will have two further opportunities for bilateral discussion with the French before the Copenhagen European Council - the summit and the visit of Chirac to Chequers, which has been agreed in principle. The Foreign Secretary hopes also to reinstate his meeting with Raimond soon after the summer break.



Both Mitterrand and Chirac are likely to be interested in the Prime Minister's visit to Washington on 17 July, on which she has sent Mitterrand a personal message (I attach a copy). She also sent him a message on 22 July about the car accident in which his son Gilbert and grandchildren were involved, and she may like to express her sympathy again when she meets him.

#### European Community Issues

Chirac has made clear he wants to get back on terms with us. The Prime Minister might say both to him and to President Mitterrand that:

- Our views on most of the key issues are very similar and we must concert closely in the coming months;
- We both want the Community to have stable finances for the medium term;
- That means controlling, as well as planning, expenditure;
- Our ideas on budget discipline were discussed and agreed with French officials;
- Our ideas on stabilisers are designed to underpin, not undermine, the CAP. At the moment, EC farm policy is being undermined by uncertainty. Stabilisers would reinforce the common nature of the policy and would enable farmers to plan ahead. They would be geared to the requirements of each commodity. Where stabilisers are already in place CAP cost rises have been checked: milk and beef costs have gone up by 7% and 11% respectively from 1984 to 1987, compared with regimes which are out of balance like cereals (180%), oilseeds (320%) or protein crops (253%);
- If there is any misunderstanding, this reinforces the need for our officials to get together and identify what the outstanding difficulties are. We can then hope to reduce them so that we can prepare the ground for agreement in Copenhagen in December.
- If Chirac raises the old charge that the UK wants the renationalisation of the CAP, the Prime Minister can say that the absurdity of that notion is clear from our whole approach, which is to stop the growth of stockpiles and



make the CAP viable, not to substitute national for Community finance. If we were now operating a deficiency payments scheme for eg cereals the costs would be enormous and we could wave goodbye to budget discipline: that would be the very opposite of what we intend.

It was clear from Chirac's recent conversation with HM Ambassador Paris that he has not given up on the oils and fats tax. If he reverts to this, the Prime Minister will wish to explain again our opposition. She may also wish to suggest that we ought now to agree to disagree on this and concentrate on building a wider measure of agreement on future financing issues.

On EC trading issues, the Prime Minister will wish to stress the importance of EC member states keeping up coordinated lobbying against protectionist legislation in Washington in advance of the House/Senate Conference in September. In individual disputes with the US the Community should stick to the well-tried two track formula: continued efforts to reach a negotiated settlement backed by robust reactions to unjustified US demands (eg imposition of a unilateral deadline for resolution of the pasta dispute).

In the GATT the EC must now prepare a constructive and credible EC proposal on agriculture in the autumn in response to the US proposal on 6 July. The US proposal contains no blueprint for steps towards the goal the President set, but the EC should build on the positive elements (inclusion of all types of support, use of an aggregate measuring tool). This is the only way the EC will be able to ensure that the negotiations tackle US and Japanese support and protection, instead of degenerating into a collective attack on the CAP and its export restrictions.

Chirac may express interest in whether the Prime Minister was able to raise Airbus in Washington on 17 July. (His Office telephoned No 10 beforehand to encourage her to do this.) Discussions in Geneva last week between the US and Airbus partner Governments moved the process forward slightly, but the risk of unilateral US action has not gone away.

The French, of course, have close ties with Morocco (and half a million resident Moroccans). They will be embarrassed by King Hassan's letter about Moroccan membership of the Community and may ask for a UK view. The Prime Minister could say that we believe that any eventual response must be negative (if only because the



EEC Treaty (Article 237) limits membership to European States). But in order to avoid a political rebuff to King Hassan, we should consider how we can demonstrate the Community's recognition of Moroccan determination to orient towards Europe, without, however, implying readiness to make concessions on specific issues under negotiation, such as fisheries.

### East/West and Security Issues

On INF, we recommend that the Prime Minister underline to both Mitterrand and Chirac that we should not let ourselves be rushed into unwise concessions following Gorbachev's acceptance of global LRINF and SRINF zero/zero. It would be wrong to drop our guard on the exclusion of FRG Pershing IAs or on important issues like verification. It is not clear how much of a 'concession' Gorbachev has made. He may feel vulnerable to pressure from Western public opinion. Or, perhaps, more likely, he feels existing Soviet air and submarine-launched nuclear missiles, together with planned improvements, can adequately meet his military requirements in Asia and that he can use his move on INF to extract some sweetener from the West. We should continue to press him to remove his opposition to strategic arms reductions and to concentrate on eliminating chemical weapons and redressing the imbalance in conventional forces. Above all - and despite German views - we must resist pressure for follow-on negotiations on nuclear missiles with a range below 500 Kms, and we must press ahead with any adjustments to the Alliance's nuclear capability necessary to maintain deterrence after an agreement on INF.

On conventional arms control, the Alliance will table a mandate for conventional stability negotiations in Vienna today (copy enclosed). That is in itself encouraging. It is also welcome that it may indicate a discreet softening of previous French reservations over any implication that the new negotiations should be "bloc-to-bloc". The Prime Minister may wish to explore with Chirac the French attitude to "collective", ie Alliance to Alliance, reductions when we get to the negotiations themselves.

Chirac (but probably not Mitterrand) may refer to the WEU. The Prime Minister will recall that, after some initial differences of emphasis on a public statement of European security principles, she and Chirac agreed that one should be prepared provided that it included a clear statement of the continuing need for nuclear deterrence



and the presence in Europe of US nuclear forces and troops. British officials will meet their French counterparts in September to work on a draft. A firmly worded document in support of basic Alliance doctrines could help stiffen European support for deterrence and strengthen Alliance cohesion against pressure for further negotiations on short-range systems. The Prime Minister might also emphasise the benefits for Europe if Britain and France were to agree the relocation of their parts of WEU to a single site near NATO Brussels, thus developing the organisation as an effective vehicle for a strong European security voice in the counsels of the Alliance. This British position is supported by all members of WEU except France (and Luxembourg). The French consider that colocation in Brussels would result in WEU being swamped by NATO. We have pointed out that this is unlikely given the different treaty basis and membership.

The French have recently stated their unwillingness to take part in a CSCE conference in Moscow which would touch on human rights. They have suggested instead that a Human Rights Conference should be held in Paris in 1989 as part of the two hundredth anniversary of the French Revolution, and that Moscow should be allowed to host a meeting on culture or education. If this is raised, the Prime Minister might say that we sympathise with the French dislike of human rights as a topic for Moscow, and recognise that some meeting in Moscow will probably be necessary to get Soviet agreement to a satisfactory outcome on humanitarian issues at Vienna. But the important thing now is for Western delegations to work out a concerted strategy so as to exert maximum pressure at Vienna. Until such a strategy exists Western countries should try to avoid taking public positions.

#### Middle East

We recommend that on the Gulf, the Prime Minister express pleasure that months of close cooperation in the Security Council have led to the unanimous adoption of UNSCR 598. She may wish to probe the French on what action they see the Council taking on enforcement measures, and what they think the Secretary-General should be doing next, while making the point that the only likely measure in the short term is an arms embargo. But we suspect that the French, who supply Iraq, are unlikely to be as keen as we are to follow this road, unless the embargo can be seen as directed exclusively against Iran in practice. The Prime Minister will also wish to stress our continued disquiet over the tension in



the Gulf itself. The most effective way of reducing this tension seems to be to encourage Iraq to restrain from attacking shipping, thus removing Iran's rationale for retaliation. This can best be achieved by those with influence in Baghdad: the French are therefore in a good position to try. In the past they have tended to defend Iraqi attacks as a necessary instrument in the conflict. We will update this section as necessary - particularly on Gulf shipping - in the course of tomorrow.

On France-Iran relations, the Prime Minister will wish to sympathise with the French in their current difficulties. We have been able to help with provision of information and have made it clear to the Iranians that their action against France is another example of totally unacceptable behaviour. The Iranians must be brought to understand that better relations with the West are dependent (at minimum) on their observance of international conventions.

Continuing terrorist activities underline the need for close cooperation between Western nations. The Prime Minister may wish to ask if the French have any indications that the latest incidents in Britain are linked to the recently uncovered terrorist network in France. She may like to suggest that EC solidarity can be a useful means of pressure, particularly on states sponsoring terrorism (eg Syrian expulsion of Abu Nidhal office from Damascus). All should stick to commitments to make no substantive concessions to terrorists: concessions by one country only increase the pressure on others.

On Arab/Israel, the Prime Minister may wish to pass on her personal impressions of her discussions in Washington and with King Hussein and Peres.

#### Other Topics

French/South African relations have recently been strained by the case of a Frenchman (Albertini) who was sentenced in the Ciskei to four years imprisonment for refusing to give evidence in the trial of five blacks charged with terrorism. Mitterrand responded by refusing to allow the new South African Ambassador to present his credentials; and South Africa recalled him on 17 July. Chirac privately regards these tactics as a mistake. Mme Mitterrand was personally involved in arranging the ANC/Afrikaner meeting in Dakar on 9-12 July. Within the Twelve the French have not been particularly active but continue to favour a declaration of principles.



The French still oppose the most important element of the Chancellor's debt initiative to help certain sub-Saharan African countries: reduction of Paris Club interest rates. The Prime Minister could raise this with Chirac and argue that the credibility of the Paris Club, which France runs so efficiently, is at stake through persistent rescheduling on commercial terms which these countries cannot afford. (The Chancellor will be seeing Balladur on 31 July.)

I am sending a copy of this letter to John Howe (MOD).

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rows over,  
L Parker

(L Parker)  
Private Secretary

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