

SUBJECT CC MASTER

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From the Private Secretary

29 July 1987

Dear Tony,

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND
AT THE ELYSEE PALACE ON WEDNESDAY 29 JULY AT 1145

Before the ceremony marking the exchange of Instruments of Ratification of the Channel Tunnel Treaty in Paris today, the Prime Minister had a talk with President Mitterrand. The President's Diplomatic Adviser was also present.

The Prime Minister began by enquiring how President Mitterrand's son and grand children were recovering from their recent accident.

President Mitterrand proposed that he and the Prime Minister should discuss Iran/Iraq and the situation in the Gulf and arms control. He did not show any enthusiasm for European Community issues.

Iran/Iraq

President Mitterrand said that, on coming to office in 1981, he had found France heavily committed to the Iraqi side in the Iran/Iraq conflict as a result of its 1976 arms sales agreement. He would have preferred a more balanced position. But by then it would have been difficult to bring about a significant shift without upsetting France's relations with the Arab world. He had therefore decided to continue the relationship with Iraq as the lesser of two evils. There was no doubt of Iraq's folly in having started the war with Iran. There was no prospect at all that Iraq would win. The problem with the French hostages in Lebanon had been super-imposed on this situation. The hostages were effectively in Iran's hands; and Iran had proposed utterly unacceptable conditions for their release. These included an end to all military sales to Iraq, the release of five terrorists held in French prisons and of seventeen terrorists in Kuwait, the expulsion of all Iranian political refugees from France, financial compensation for broken contracts, and willingness to sell arms to Iran. Subsequently, M. Chirac had attempted to bargain with Iran but this policy had failed. It was wrong to make concessions to terrorism. President Mitterrand continued with an account of the present problems involving the

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Iranian Embassy in Paris and the French Embassy in Tehran. The main point of this was to underline that it was he rather than M. Chirac who had insisted that the French Government should take a very firm line.

President Mitterrand then turned to the wider situation in the Gulf. The French Government would be announcing later in the day the despatch of a naval task force consisting of an aircraft carrier and three further ships to the Mediterranean and the Indian Ocean. The force would not, however, enter the Gulf. He stressed that there was no intention of attacking Iran. But if there were attacks on French ships in the Gulf - and he appeared to limit this to naval rather than merchant ships - France would have the capacity to intervene.

The Prime Minister gave an account of our own recent problems with Iran. Fortunately, we had been able to extract our diplomatic staff from Tehran, and thus avoid a hostage situation, without having to break diplomatic relations. She sympathised with the predicament in which the French Government found themselves. But she agreed that President Mitterrand was absolutely right to make no concessions. On the wider situation, the prospects for securing Iranian compliance with the United Nations Security Council Resolution calling for a cease-fire were not good. But the Iranians had not yet explicitly rejected it and we should encourage the United Nations Secretary General to seek compliance. If his efforts failed, we should have to move on to an arms embargo. In reply to the Prime Minister's question, President Mitterrand said that France would have no difficulty in accepting an embargo. He agreed that Perez de Cuellar should be encouraged to take an active role. The Prime Minister said that, even if Iran would not accept a general cease-fire, we should try to secure a moratorium on attacks on shipping in the Gulf. This would require pressure on Iraq in the first instance. The purpose should be to avoid an escalation of the conflict. But the situation was fraught. If the Iranians attacked American naval ships or ships being escorted by the Americans, it was hard to see how the United States could do other than retaliate. Provided such retaliation was proportionate, she thought that America's allies should express their support. It was vital to keep the sea lanes open. President Mitterrand said that he reacted in the same way as the Prime Minister. It would be wrong for the West to allow itself to be pushed around by Iran.

Arms Control

The Prime Minister said that the negotiations in Geneva for an INF agreement were now making better progress. She thought that a solution to the problem of the Pershing IAs would be found. The Russians would probably agree that they could be retained provided that they were not modernised. Alternatively, there might have to be agreement that the Germans could modernise the Pershings, while the Russians retained an equivalent number of similar missiles. But that was a matter which the Americans and the Germans would have

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to work out. The public position of the rest of the Alliance should be that the Pershing IAs must be excluded from any agreement. This was a very sensitive matter for the Federal Republic, and we had to take account of their concerns. Beyond that, it was important not to get drawn into negotiations on the elimination of shorter-range nuclear missiles.

President Mitterrand said that the Prime Minister would recall that personally he had never attached great importance to intermediate and shorter-range nuclear missiles and did not believe in the concept of a mini-nuclear war. But he entirely agreed with the Prime Minister on the tactical handling of the present situation. After an INF agreement, the West should switch the focus of attention to chemical weapons and reductions in American and Soviet strategic nuclear forces. But Britain and France would constantly need to make clear that their own nuclear weapons would not be affected by agreements reached between the United States and the Soviet Union. The Prime Minister said that she shared President Mitterrand's concerns about chemical weapons. She believed that unless the Soviet Union were prepared to negotiate seriously for the elimination of chemical weapons, NATO should acquire a chemical deterrent.

Following the talk, the President showed the Prime Minister round his private apartments in the Elysee Palace, recently refurbished in ultra-modern style by French designers and decorators.

I am copying this letter to John Howe (Ministry of Defence) and to Trevor Woolley (Cabinet Office).

Yours sincerely,
Charles Powell

CHARLES POWELL

A. C. Galsworthy, Esq., C.M.G.,
Foreign and Commonwealth Office.