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From the Private Secretary

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PRIME MINISTER'S MEETING WITH M. ROCARD

The Prime Minister had a talk with M. Rocard yesterday evening. They covered the prospects for the Presidential elections in France, European defence and agricultural problems in Europe.

M. Rocard was realistic about his election chances. Obviously it all depended on President Mitterrand's decision whether to be a candidate. Looking on the bright side, uncertainty over Mitterrand's intentions meant that he (Rocard) was not constrained by the Socialist party machine and its policies. He would be a free agent. Whatever happened he would continue to play a role in moderating socialist policies, particularly their economic policies. They were well ahead of the Labour Party in this respect.

The Prime Minister set out her views on European defence much in the terms of her recent message to President Mitterrand. The most important single task was to keep United States forces in Europe. Rocard was at pains to stress the points of convergence between Britain and France, particularly on nuclear deterrence and arms control. Franco-German cooperation was not intended to exclude Britain. He was interested in some of the proposals which the Prime Minister made for ways in which French forces could cooperate more closely with NATO. While making the usual points about the consensus in France on defence policy, he said that he could not disagree with the logic of the Prime Minister's analysis of the need for France to move towards a full role in NATO. It was a problem of time. National pride was at stake.

On agriculture, the Prime Minister suggested that French and British views on the need for reform of the CAP and the means by which it should be achieved were probably closer than those of France and Germany. But a decision appeared to have been taken in Paris on wider political grounds to support the Germans. If this were confirmed in practice, it would make it very difficult to reach a successful conclusion at the forthcoming European Council. M. Rocard was again at pains to

emphasise points of similarity between his own views on agriculture and ours, although he thought we underestimated the sharp practice of the Americans in subsidising their agriculture and trying to block EC exports. He saw the only effective way of controlling agricultural surpluses as product by product international agreement between the five or six main exporting countries (US, Europe, Australia, New Zealand, Canada and Argentina).

M. Rocard said at the end that we would find him a good ally of Britain.

I am copying this letter to Brian Hawtin (Ministry of Defence), Shirley Stagg (Ministry of Agriculture, Fisheries and Food) and Trevor Woolley (Cabinet Office).

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