



Foreign and Commonwealth Office

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6 February 1989

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*CCPC*  
*CCBUP*  
*Dear Charles,*

Prime Minister's Meeting with M Rocard: 8 February

M Rocard will pay a call of an hour on the Prime Minister at 1615 on 8 February, before delivering the Jean Monnet Commemorative Lecture at Chatham House (which the Foreign Secretary and Mrs Chalker will attend). He will be accompanied by the French Ambassador, one official and an interpreter. Sir Ewen Fergusson will also be present. A personality note on M Rocard is enclosed.

M Rocard called on the Prime Minister on 21 January 1988 as part of a Sponsored Visit to the UK, 4 months before his appointment as Prime Minister. The Prime Minister last met M Rocard on 10 June in Paris.

France Internal

M Rocard did not have an easy autumn. His tough public sector pay policy has led to widespread discontent, with disruption to nursing, postal services, trains, the metro and electricity. M Rocard stuck to "rigueur" and saw the storm through - at some cost to popularity.

M Rocard has managed to get his legislation through Parliament, relying on centrist or communist support. Talk of moving away from left/right politics towards a consensus-based system with support from the centre ("ouverture") has not come to much. The Right is in disarray following Chirac's electoral defeat. But leaders of the Left are already beginning to jockey for the succession to President Mitterrand. Altogether, there is no very clear direction in French politics.

The Economy

The measures taken by M Chirac to liberalise the economy, and favourable terms of trade, led to a strong economic performance in 1988 with growth 3.5%, inflation 3% and the Franc steady. Unemployment has improved but is still at 10.1%. The Rocard Government does not seem to be reversing M Chirac's reforms, but a wealth tax has been introduced as a sop to the Left.

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Bilateral

The Anglo-French Summit will take place in Paris on 27 February. The French have proposed a list of eleven Ministerial participants. We have proposed that the Prime Minister be accompanied by the Foreign, Defence, Home, Trade and Industry Secretaries and Minister of Agriculture. The other Ministers could arrange separate contacts with their French opposites. M Rocard will be involved in the Summit, but we do not yet know to what extent.

The visit to France by the Prince and Princess of Wales in November (in which M Rocard played an important part) was a great success. The Prime Minister has accepted in principle President Mitterrand's invitation to Bicentenary Celebrations in Paris on 13-14 July (immediately before the Economic Summit).

France is the UK's third export market (1988 exports should exceed £8bn). Exports to France are growing three times as fast as UK exports as a whole (though not as fast as French exports to the UK, now similarly France's third export market).

The Environment

We expect M Rocard will want to brief the Prime Minister on his environment initiative. We are writing separately on this.

EC Issues

During their EC Presidency in the second half of the year, the French will want to make progress on monetary cooperation, social issues, and audio-visual. We shall want work to concentrate on the Single Market.

Rocard may argue for an EC-wide tax on savings: Commission proposals, probably for a 15% minimum withholding tax with exemptions, are due on 8 February for discussion at ECOFIN on 13 February. But the French do not seem unduly keen to press ahead with approximation of indirect taxes.

The Prime Minister might emphasise our wish to work closely with France in the run-up to their EC Presidency. Our priority is to press ahead with Single Market: Hanover/Rhodes

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priorities - banking and financial services, public contracts, standards and intellectual property. Need to avoid protectionism in building the Single Market. The liberal approach adopted by the Hanover and Rhodes European Councils must now be reflected in individual Single Market measures. She might take the following line on other issues:

- Social measures must concentrate on combatting unemployment. Single Market; increase in Structural Funds; useful work can be done on health and safety at work, labour mobility and training. Unnecessary burdens on business and mandatory models of worker participation will not help create jobs.
- On indirect tax approximation, welcome signs of Commission rethink. Chancellor's market forces approach on the table.
- UK experience does not suggest that capital liberalisation need lead to capital outflows. Look at recent Swedish decision. See no need for EC-wide withholding tax. Must not drive investment out of Community.
- On monetary cooperation (if raised). Need to see Delors report. Proposals must be practical: development of the ecu and improved intervention arrangements, including wider cross-holdings of Community currencies and ecu in reserves. Wholly unrealistic to focus on institutional or Treaty change now.
- On frontiers, our objective is to abolish all non-essential checks, eg hope to eliminate all fiscal formalities. Distinguish between EC and non-EC nationals for immigration purposes. Must increase cooperation against terrorism etc.
- Any audio-visual initiative needs to be led and financed by industry and embrace non-EC Europe. No role for Governments in subsidising programme production.
- Increasing concern about fraud in EC expenditure; must get Commission and member states to tighten up procedures.
- Have written to President Mitterrand (30 January) about UK-built Nissans. Commission agree with us that they must be treated like other EC cars. Hope this will not have to be raised at the Summit.

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The Prime Minister will wish to refer to the need for a successful outcome of the GATT Uruguay Round. The French remain resistant to agricultural reforms - the key issue. The Prime Minister might say that we have a common interest in extending the GATT system and holding off protectionist pressures - particularly in the US. We believe the US will drop their demand for total elimination of agricultural support. The EC will then need to show flexibility on the short term. The CAP reforms to date will not be enough to avoid isolation. EC must honour its commitments to sustained reductions in agricultural support.

World Economy and Debt

Since the Economic Summit this year is in Paris, M Rocard may want to discuss international economic issues. We see the task of economic policy coordination this year as being to pursue microeconomic reform and address the main uncertainties over inflation and the prospects for further reduction in the current account imbalances of the US, Japan and Germany, on which progress has slowed.

France is seeking our support for francophone African debtors in return for their \$10 million contribution to the Nigeria aid package. But Cameroon and Côte d'Ivoire both have per capita incomes much higher than Nigeria, and Côte d'Ivoire is not prepared to agree an IMF programme. In general, the French aim to concentrate on developing country and debt issues at the Economic Summit. We recommend that the Prime Minister underline, if necessary, the importance of dealing adequately with other major international economic issues at the Summit.

East/West Relations

French views on most East-West subjects and their analysis of the Soviet scene are close to ours, although they have tended to take a more forthcoming public line, in part at least with an eye to West German sensitivities. President Mitterrand visited Moscow last November. Mr Gorbachev is due to visit France this year (perhaps June) and will probably visit Strasbourg to address the European Parliament. The Prime Minister could point up the contrast between Gorbachev's success in the foreign policy arena and his domestic problems and ask how the French see the prospects.

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The French are making a concerted effort to regain their formerly strong position in Eastern Europe. They have abandoned differentiation in favour of "encouraging reform wherever it can be found" (concentrating their efforts on the more progressive East Europeans). President Mitterrand is visiting all capitals except Bucharest. Rakowski is to visit Paris privately this month.

Arms Control and Defence

We recommend that the Prime Minister welcome President Mitterrand's 2 December undertaking that France will not stand in the way of SNF modernisation. We hope that the French will do their utmost to persuade the Germans of the need for SNF modernisation and the dangers of SNF arms control: the potential damage to the Alliance and weakening of support for deterrence make it their problem too.

M Rocard might raise nuclear cooperation. It is inevitable that our two countries approach some matters differently, but we are keen to maintain the links which have been established over the past two years and which have led to useful exchanges on a number of aspects of nuclear defence cooperation.

M Rocard has taken a positive attitude to the proposals for increased bilateral conventional defence collaboration which the Prime Minister put to President Mitterrand last January (more French activity in support of Allies in NORTHAG; exercising of reinforcement routes across France; more joint maritime activity). The proposals are being pursued at official level. Progress will be reviewed at the Anglo/French Summit.

On Chemical Weapons, the Prime Minister might observe that the consensus reached by all 149 countries attending the Paris Conference (7-11 January) will have raised the political cost to any country contemplating the use of CW. But the problem of proliferation, exemplified by Libya, remains. So does the ambiguity of Soviet statements on CW. Shevardnadze announced in Paris that the Russians would commence destruction of their CW stocks during 1989, but gave no supporting detail as was the case with earlier claims about Soviet CW which he repeated on this occasion.

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Channel Tunnel

Recent managerial changes in Eurotunnel and Transmarche Link reflect a positive shift in attitude which should improve the present difficult relationship. Work is five months behind the original schedule. Anglo-French disagreement still exists concerning on-train controls. We are looking carefully at French arguments against static, airport-style controls on immigration at Waterloo (we have accepted the case for on-train controls on through trains beyond London).

Regional Issues

We recommend that the Prime Minister underline the importance we attach to close contacts with the French in the months ahead in preparing for possible informal consultations among the Five Permanent Security Council members on Arab/Israel and Iran/Iraq.

Terrorism

We recommend that the Prime Minister thank the French for calling a meeting last month of Summit Seven Terrorism experts to discuss the Pan Am disaster. Follow-up work to tighten aviation security will take place in ICAO following a special Ministerial meeting of the ICAO Council on 15-16 February.

We recommend that the Prime Minister remind M Rocard of our grave concern over Libya's development of chemical weapons, particularly worrying because of Qadhafi's record of arming PIRA (and Abu Nidhal). We have grounds for believing that the Libyans are still prepared (post-Eksund) to arm PIRA. Some of our EC Partners appear taken in by Qadhafi's 'friendship campaign'. We hope we can rely on the French to ensure that Qadhafi's efforts to fragment the West will fail.

The Prime Minister might pay tribute to M Rocard's achievement in securing a settlement in New Caledonia.

*Jaws*  
*Stephen Wall*  
(J S Wall)  
Private Secretary

C D Powell Esq  
10 Downing Street

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## ROCARD, MICHEL

Prime Minister.

Born 1930 in the suburbs of Paris. Son of Professor Yves Rocard, CBE, a distinguished physicist, who worked in Britain during the war. Studied literature and entered the Ecole Nationale d'Administration (ENA). Inspecteur des Finances 1958. Head of the Economic Budget Division in the Planning Department of the Ministry of Finance 1965. Secretary-General of the Commission des Comptes et des Budgets Economiques, 1965-67. Resigned from government service in 1967 to stand (unsuccessfully) in Legislative Elections as PSU (Parti Socialiste Unifié) candidate. Secretary-General of the PSU 1967-73. PSU presidential candidate, 1969. PSU Deputy for the Yvelines, 1969-73. Joined Socialist Party (PS) 1964. Member of the National Secretariat 1965-79. PS Deputy for the Yvelines since 1978. Minister for the Plan 1981-83. Minister for Agriculture from 1983 until his resignation in 1985. Appointed Prime Minister in May 1988 and again after the Legislative Elections in June 1988.

Rocard made his name as a national figure during the May events of 1968. His party was the only one to be identified with the student movement, and its leaders occupied key positions in the main student and teacher organisations. He broke with the PSU in 1974 after its failure to amalgamate with the PS. He then rose swiftly in the PS. He moved away from the leftist ideas he espoused in the late 1960's towards centrist policies of pragmatism and moderation.

At the PS Congress at Metz in 1979 a re-alignment of forces within the Party left Rocard and his ally Mauroy in the minority. Both remained members of the Executive Bureau of the Party but lost their places at National Secretaries. In 1980 Rocard made an unsuccessful bid for the PS's nomination for the 1981 presidential election in place of Mitterrand, who is reputed to continue to hold this against him. In 1981 Mitterrand appointed him Minister responsible for the Plan. This gave him the chance to put into practice his ideas about economic self-management and decentralisation. Moved in 1983 to the Ministry of Agriculture. His resignation in 1986 was allegedly motivated by opposition to the introduction of proportional representation for legislative elections. He subsequently concentrated on trying to strengthen his position for the 1988 presidential elections. He announced his intention to run again to become President, even if Mitterrand were again a candidate, and for many months stood at the top of the opinion polls. But he eventually decided not to challenge Mitterrand and loyally campaigned for his re-election.

His appointment as Prime Minister on 10 May 1988 was both a reward and a sign of Mitterrand's wish to make an opening towards the centre. Half the Ministers in Rocard's government are non-PS members. Rocard's initial success in reconciling the communities in New Caledonia – the Matignon agreements – confirmed his reputation for moderation and pragmatism.

Rocard has long been one of France's most popular politicians, with a reputation for honesty and sincerity (which is sometimes ascribed to his Protestant upbringing). His motto is <<parler vrai>>. He has a strong intellect, and keen political instincts, though doubts remain about his drive (<<no killer instinct>>) and organisational skills. Can be a good speaker, when audible (very rapid delivery) but can also be obscure. His distinctive brand of intellectual imagery sometimes suggests more a hyper-clever university don than a statesman of presidential stamp.

In 1980 and again in January 1988 he visited the UK as a COI Category I sponsored visitor. He is a self professed Anglophile, for whom memories of wartime co-operation continue

to count. But he expresses disappointment about what he perceives the lack of <<vision>> in Britain's approach to Europe.

Rocard speaks good English. He is divorced and remarried to Michèle (a sociologist). He has two children by each marriage. His hobbies are sailing and skiing.