



Foreign and Commonwealth Office

London SW1A 2AH

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23 March 1990

Dear Charles,

Visit by the French Prime Minister

The French Prime Minister, M Michel Rocard, is seeing the Prime Minister on Monday 26 March at 12 noon for talks followed by a working lunch. He will have had separate meetings in the morning with the Chancellor and the Defence and Foreign Secretaries. President Mitterrand had asked M Rocard to make this visit to reinforce contacts at this level. A personality note on M Rocard is enclosed.

France Internal

The French Socialist Party's biennial congress was held in Rennes from 15-18 March. It was billed as a debate between the Fabius wing (who want to "modernise" the Party) and the Jospin wing (who want to make it more distinctly Socialist). There was an inconclusive scramble for turf with minimal debate about policies. By standing aloof from this, M Rocard further increased his popularity. His position as Prime Minister looks strong in the medium term, and his Presidential prospects for 1995 are fair.

French Objectives

M Rocard's Cabinet have told us that he wants to pursue three themes in his talk with British Ministers on 26 March:

- concern to reach a common position within the EC designed to ensure that a unified Germany did not become the dominant actor. He is therefore likely to raise the future of the EC after unification (institutions, finance, the budgetary contribution and burden sharing, social and regional policies and so on).

- The defence implications of unification: the effects on NATO; the role of a unified Germany within NATO; to what extent the Soviet Union would seek to prevent our objectives and how to reconcile Soviet concerns with NATO requirements.

- The complex of problems associated with the completion of the Single Market, the ERM and EMU.

GERMAN QUESTION

M. Rocard will not be as preoccupied with details of the Two plus Four process as is M. Dumas, whom the Foreign

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Secretary will see on 28 March. But, since the consequences of unification are of great concern to the French, it would be useful if the Prime Minister were to get across our main views, in particular:

- The GDR election result is a clear mandate for rapid unification; but it was also a success for Kohl and will encourage him in a more confident control of the process. The Federal elections will continue to exercise an uncertain influence on developments.

- The Two plus Four talks have started well and are an essential framework for the external aspects. We shall need to brief others, including NATO allies, about them and take account of their views. (The French have agreed to briefings of NATO but want to avoid anything that looks like consultation.)

- It will be necessary, upon unification, to terminate Four Power rights and responsibilities and draw a line under the post-war arrangements.

- Britain and France should maintain close bilateral contacts throughout (first ministerial Two plus Four not yet fixed, but may be in mid-April).

M. Rocard will be interested in the impact of unification on NATO and, in particular, on the EC (where his involvement in external affairs is most marked).

Alliance Issues

The Prime Minister might say that full German membership of NATO is essential and we should do everything to ensure Chancellor Kohl carries the day on this. We and the French will need to work closely together to ensure that there is clarity about security arrangements in the former GDR, and that if NATO is to take on collective obligations there, it should be in a position to fulfil them.

The Prime Minister could say that Britain and France have shared interests in the defence/security fields, and that this is reflected in an increasingly close dialogue between us. I shall be writing separately on this. French and British Foreign and Defence Ministers will be reporting jointly on this at the Summit on 4 May.

EC/GDR

The French Government broadly share our views on how to handle the ex-GDR's integration into the EC. This will be discussed at the informal Heads of Government meeting on 28 April, on the basis of a paper by the Commission. Although we understand the French have not yet done much detailed work on

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the implications, they too want to limit EC budgetary costs (the increase in their contribution will, because of Fontainebleau, greatly exceed ours); avoid institutional change; and are concerned that Community discussion should be full and transparent. But the French may hope that others will make these points on 28 April, enabling them to secure their objectives without cost to the Franco-German relationship.

The Prime Minister might therefore want to:

- urge the need for the 28 April meeting to agree on the procedure for subsequent negotiations, sector by sector, perhaps with a view to reaching overall agreement at the Rome European Council in December;
- suggest that it should be left to the Germans to seek derogations in specific areas of EC law and practice;
- argue that such derogations should be kept as short as possible; and should apply only to the ex-GDR, not to all Germany, the aim being to integrate the ex-GDR into the EEC as quickly as possible, with the lion's share of the transitional costs being borne by the FRG, and no re-opening for the FRG of the existing Community acquis;
- offer close UK/French cooperation on the detailed implications, particularly in the areas of trade, agriculture and the budget.

**EASTERN EUROPE**

President Havel visited France on 19-21 March, immediately before his visit to London. The French are engaged in a major cultural offensive in Czechoslovakia. They are also keen to re-establish their position in Romania and Bulgaria, where they have been traditionally strong (and they have shown signs of a soft line on conditionality in order to achieve this).

**EC/Eastern Europe**

The Prime Minister might also outline to M Rocard the Government's view of the priorities for future EC relations with Eastern Europe:

- Glad that the Commission is making such swift progress in negotiating Trade and Cooperation Agreements with other East European countries who do not yet have them (Romania, Czechoslovakia, Bulgaria, GDR). Important now to make a reality of the decision to extend G24 assistance originally for Poland/Hungary only, to them too.

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- Czechoslovakia a good illustration. A Commission announcement that Czechoslovakia should now receive aid would be fitting response to their political and economic reforms. UK has announced extension of the Know How Fund to Czechoslovakia.

- In the longer term, Association Agreements provide the best way of linking East European countries to the EC. Such agreements would be negotiated individually to fit the circumstances of each particular country and developed as economic reforms in each country deepen.

European Bank for Reconstruction and Development (EBRD)

It would be helpful if the Prime Minister could make clear to M Rocard how serious is our bid for London as the site of the EBRD. In this connection we believe it might be helpful to offer (conditional) support for the French bid for Paris as the site for the CSCE summit later in the year. We have deliberately not hinted at such an offer in any previous contact with the French: our hope is that by springing a (welcome) surprise on M Rocard the Prime Minister might be able to extract from him some commitment to London as the EBRD site, or at least reduce the risk of a Franco-German deal on Berlin/Attali.

The following line might be appropriate:

- grateful for your letter of 6 March about EBRD. Our view is that the Community should provide both the site and the Presidency. This means picking, preferably soon, a single Community candidate and a single site. If the Community speaks with one voice, that voice should prevail;
- you will know of our position on the Presidency: we have no plans to field a UK candidate, and we had committed ourselves to supporting Dr Ruding before M Attali's candidature was known. However, if it became apparent that Dr Ruding did not enjoy the support of a majority of EC member states, then we would, of course, reconsider - for the Community must speak with one voice;
- on the site, all the practical arguments seem to us to point to London as the right Community site. M. Delors has rightly stressed how important for the Bank's operations is siting in a major financial market. It will borrow as well as lend; and it will put together packages with commercial banks. London is the world's biggest foreign exchange market and Europe's biggest banking market. So the EBRD's success - to which you and we are wholeheartedly committed - points to London.
- we are no less committed to the success of this year's CSCE summit, which will be similarly important for Europe's

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future. We have considered offering a London site for the summit, and there are practical arguments for Vienna. But old centres of the East-West struggle (Berlin, Vienna) are not necessarily the right stages for a new beginning in Europe; and we might see attraction in the French offer to host the CSCE summit in Paris. French CSCE expertise could be crucial to making a success of the summit;

- clearly the right course for both EBRD and the summit is to ensure that the best site is chosen.

SOVIET UNION

Mr Gorbachev (advised by a radical economist, Mr Petrakov) may now have accepted the failure of previous half-hearted reforms and the need for a radical shift towards a proper market system. If he does take the necessary steps (eg abandoning the USSR's system of pricing), the West may be able to help Perestroika in practical terms. This may be something for the Twelve and the G7 to look at in the summer but our assistance would need to take the form of helping distribution and marketing, not Marshall Aid.

The problems between the Baltic States and Moscow seem certain to continue. Gorbachev may be reconciled to the eventual secession of one or more, but clearly still hopes that some form of looser federation can be devised to satisfy even the Lithuanians. Most of the Balts are set on real independence, but Gorbachev may be able to draw out the negotiating process to prevent undue turbulence. The Prime Minister could say that the West should for the moment stick to a policy of welcoming progress towards self-determination and underlining the importance of a continuation of talks leading to a negotiated settlement acceptable to both the Balts and Moscow.

There is little difference between us and the French in our view of Perestroika's prospects and the limits of Western influence. The Prime Minister might underline the importance of close Anglo-French understanding on how to manage the Soviet Union at a time of increasing uncertainty and volatility in its affairs.

OTHER EC ISSUES

M Rocard will probably raise the Inter-Governmental Conference (IGC) on economic and monetary union (EMU), and may urge the need for acceleration of EC internal development. The French are, after the Strasbourg European Council, less certain of their EMU-related objectives. M Rocard broadly supports the Delors approach. But others, eg the Finance Minister M Beregovoy, appear more cautious, emphasising the need for a long drawn out Stage 2. Nor are the French privately as enthusiastic about the transfer of power to the

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European Parliament as they tend to seem in public. But a common feature of thinking throughout the French Government is the perceived need for further EC integration to demonstrate that the Community is still on the march, and so to reduce the risks of German nationalism.

The Prime Minister could therefore:

- confirm our support for all elements of EMU Stage 1, (including sterling's ERM entry on the basis set out after Madrid); welcome the abolition of French exchange controls (and the Luxembourg-Belgian decision to end their two-tier exchange rate), and hope that the Italians will fulfil their commitment to full capital liberalisation by the beginning of their Presidency; but
- dispute the thesis that events in Germany/Eastern Europe require artificial acceleration of Community integration. What matters is to ensure that they neither delay nor derail the 1992 programme, the success of which remains central to the Community's internal development, and to its influence and credibility internationally. Moreover, France's role in European defence is more crucial to binding in the Germans than is the acceleration of EC integration.

GATT Uruguay Round: Agriculture

The French remain resistant to the reductions in agricultural support in the GATT Uruguay Round which will be vital to the success of the Round. They have, however, recently begun to show some signs of flexibility: (their agriculture sector is more competitive than that of most other EC countries, and they may be concerned by the CAP costs of German Unification). If the subject is raised, the Prime Minister may wish to draw on the following in pointing M Rocard to the need for a flexible EC position.

- GATT Uruguay Round now in crucial final phase. Success vital to maintaining open multilateral trading system. Even more so as countries of Eastern Europe seek to become active partners in that system.
- Agriculture the key to success. Both EC and US will need to be flexible if agreement is to be reached. EC for its part must make convincing and specific commitments to substantial reductions in support and protection. Will mean difficult decisions for both sides. So discussion of agriculture at Houston Summit will be important.

EC/Japan Cars

The French, together with the Italians, are leading the protectionist pack in internal discussions of the future EC regime for imports of Japanese cars. In particular, they are

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arguing that UK produced cars built by Japanese-owned firms should count against ceilings for imports from Japan. We expect to be able to see this off: it amounts to a re-run of the battle over Nissan, which we won. The issue is likely to be discussed again in the Foreign Affairs Council on 2 April, so there is no need for the Prime Minister to raise it. But if M Rocard raises it, the Prime Minister might like to say that:

- The Community's post-1992 regime for imports for cars from Japan must be consistent with its clear commitment to no 'Fortress Europe'.
- That means in particular that there can be no question of counting cars produced in the Community by Japanese-owned firms against anyone's ceilings for imports from Japan.
- To do so would mean discriminating against goods according to the ownership of the factory which produced them. (A dangerous precedent, not least for 90 Japanese owned factories in France.)
- Such discrimination would be in conflict with the Treaty of Rome and we would not hesitate to test the point in the court of Justice.

SOUTH AFRICA

The French share our positive analysis of the action President de Klerk has taken, but are cautious about any relaxation of measures. There have been indications that M Rocard takes a tougher line than M Dumas who told the Foreign Secretary on 15 February that he favoured a positive signal by the European Community. France will participate in the Troika mission, under Irish Presidency chairmanship, which is planning to visit South Africa in April or May. The Foreign Secretary warned President de Klerk not to expect too much from the Troika mission when he saw him in Cape Town on 19 March.

During her discussion with M Rocard, the Prime Minister might like to draw on the following:

- Mr De Klerk has transformed the political climate within South Africa, and created conditions for dialogue to begin.
- Has taken great political risks. Needs to show his supporters that this can bring tangible benefits.
- Right that international community should respond. Hope that the Troika mission to South Africa, in which France will participate, will not become a delaying tactic. The European Community should be ready to act, perhaps by offering to do something when the State of Emergency is lifted. Emphasis of

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EC action should be increasingly on socio-economic projects of practical help to black South Africans, ie support for nation-building.

- South Africans have told us in confidence that they will accede to NPT (to which France is not a party) if four other Southern African states (Angola, Mazambique, Namibia and Zambia) undertake to follow suit. We are approaching these states, as are the other depositaries.

- South African accession would greatly benefit international non-proliferation regime: we must look for ways to strengthen it still further.

Press Arrangements

There will be no joint press conference. M Rocard will probably speak to the French press at Northolt before departure.

I am copying this letter to Ben Slocock (DTI), Simon Webb (MOD) and Tancred Tarkowski (HMT).

*Jan,*  
*Stephe Wall*  
(J S Wall)  
Private Secretary

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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

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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.



