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PRIME MINISTER

MEETING WITH M. ROCARD

M. Rocard is coming to see you on Monday for a talk followed by a working lunch. He will have met the Chancellor, the Defence Secretary and the Foreign Secretary earlier that morning. He will have just one official with him at the meeting, but the lunch will be expanded to include the two Ambassadors and a number of M. Rocard's officials. (You will wish to thank the Ambassador again for arranging the dinner with French businessmen.)

M. Rocard is likely to be feeling pretty perky. The Government is popular, the economy is doing well, and President Mitterrand appears to have given Rocard his blessing as the most likely candidate to succeed him eventually.

The message that we want to come out of this meeting, particularly just ahead of your Summit with Kohl, is that Britain and France have taken a distinct step towards each other in recent months, and will be working very much together in the various sets of negotiations about the consequences of German unification. We want the impression to get around that Britain and France are probably closer at the moment than France and Germany.

The main subjects he wants to talk about are the implications of German unification and the prospects in the European Community. You don't need much briefing on unification issues. I am not clear how far M. Rocard is informed of your earlier discussions with President Mitterrand and you might want to be a bit cautious about referring to them. The main points we want to be clear on with M. Rocard are: the importance of tying the Germans down in advance on membership of NATO, continued stationing of American forces and nuclear weapons in Germany, a treaty to settle the border with Poland and on the principle that Germany will pay the lion's share of the costs arising from the GDR's membership of the Community. We are content with the two plus four format and with the discussions in it so far. But there are still some very difficult issues on which we have barely started, such as how to

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liquidate four power rights and responsibilities and the form of a final peace settlement. You hope that Britain and France can cooperate closely in all these discussions, both on the defence and EC aspects. On the former, we need to tie down the military arrangements for the former GDR, in a way which does not undermine Mr. Gorbachev. On the latter, we are not seeking decisions at the informal European Council on 28 April, but rather agreement on the procedure for subsequent negotiations on the detailed consequences of GDR membership of the Community.

The meeting is also an opportunity to explore the possibilities for Anglo/French defence cooperation and the Foreign Secretary has sent you a separate minute on this. The French constantly argue that the right response to German unification is to speed up European integration. Our riposte is that it's just as important to strengthen defence cooperation, whether through the WEU, through closer French military cooperation with NATO, through multi-national units or in any other way designed to ensure that Germany does not become the dominant European military power. You welcome the discussions which have been taking place between the Defence Secretary and his opposite number and between officials. But do not accept that a decision whether to buy the French stand-off missile is the ultimate test of our attitude to Anglo/French defence cooperation.

It would be useful to have an exchange on Eastern Europe, following your meetings with President Havel. You might tell Rocard how you reacted to Havel's suggestion of a meeting in Prague on the anniversary of the Munich Agreement.

The European Bank for Reconstruction and Development is likely to be high on M. Rocard's agenda. We want to sound him out on whether a deal can be struck on the basis of French support for London as the site of the Bank, in return for British support for Paris as the site for the CSCE Summit later in the year. This will be a new idea to him. But you will need to make clear, to the point of being indelicate, that we are offering a deal, not a concession. If he raises the question of Attali's candidature to be President of the Bank, you will have to say that we pledged



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support to Ruding before Attali's interest was known. But if Ruding cannot command a majority of EC members, then we shall think again, although our decision will be influenced by what happens on the site of the Bank.

You will want to go over a number of EC issues. We do not want to see an IGC brought forward, nor do we particularly want to see its scope extended (although in practice it is open to any country to raise any issue at an IGC). It is important that the meetings should be well prepared. Our conditions for joining the ERM remain unchanged: we will join when they are fulfilled. You will also want to urge the importance of a successful conclusion to the GATT Uruguay round. It is better to leave him to decide whether to raise the issue of Japanese cars: it will in any case be discussed in the Foreign Affairs Council on 2 April. But if he does bring it up, you will want to leave him in no doubt that we shall be prepared to go to the European Court if necessary.

You might also raise South Africa, where we have been disappointed at the French failure to consider some relaxation of sanctions in response to the great steps forward taken by Mr. de Klerk. We hope they will at the least be ready to lift some measures when the South African Government ends the state of emergency.

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Finally two small points which you might mention if you feel like it. First you could tell him that you will be speaking to Gorbachev in the next day or so. Secondly you might refer to the proposal (by the French) that I should go over to Paris for a session with Attali and others shortly before you meet President Bush in Bermuda (and Mitterrand meets him in Florida).

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A fuller note by the FCO is in the folder, together with the Foreign Secretary's paper on defence cooperation.

*C.P.*

CHARLES POWELL

23 March 1990

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