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*From the Private Secretary*

29 January 1988

ANGLO-FRENCH SUMMIT: PRIME MINISTER'S MEETING WITH  
PRESIDENT MITTERRAND

The Prime Minister had a meeting with President Mitterrand at Lancaster House at the beginning of the Anglo-French Summit this morning. M. Attali was also present. The President was not in good form, suffering from a bad cold which made him indistinct and difficult to hear.

At the Prime Minister's suggestion, it was agreed to cover two main subjects: the prospects for the European Council in Brussels on 11/12 February, and co-operation between Britain and France on defence and arms control issues.

The European Council

The Prime Minister said that she was worried by the way in which the package which had emerged from the Copenhagen European Council was steadily being eroded. On every issue movement had been in the wrong direction. The proposals put forward by the German Presidency at the recent Agriculture Council were no basis for agreement at the Brussels European Council. Indeed, they cast considerable doubt on whether the German government were really committed to reducing agricultural surpluses. In Copenhagen, there had seemed to be a commitment to effective stabilisers, to be supplemented by set-aside. But since then there had been a steady retreat from the stabilisers and in particular an attempt to substitute co-responsibility levies for price reductions in the cereals sector. Seventy per cent of these levies would fall to be paid by the United Kingdom and France which was just not acceptable. Instead of tackling surpluses the German Presidency proposals would start by putting them up by setting a Maximum Guaranteed Quantity for cereals of 160 million tonnes.

The Prime Minister continued that at the Fontainebleau European Council, under President Mitterrand's leadership, the Community had started on a great reform process. It must see that process through and not run away from difficult decisions. Of course it would mean sacrifices by farmers. But that was not unique to France or Germany: it



a problem for every European country. She would be going to the Brussels European Council with the intention of working for a satisfactory outcome. The longer the Community went on without settling these problems, the worse they would get. But the prospects did not look very bright. She wanted to dispel any possible misunderstanding on one point. There was no question of the United Kingdom being ready to agree to ineffective agricultural stabilisers in return for continuation of the Fontainebleau abatement. We were absolutely determined to see the problem of the surpluses dealt with. If there was not agreement on this, there would not be agreement on anything else. A failure would be bad for Europe and it was not what we wanted. But agreement on ineffective and inadequate measures would be even worse.

President Mitterrand began by professing to be unfamiliar with any of the details and asking M. Attali to explain them to him. He then agreed with the Prime Minister that failure at Brussels would be bad for Europe. He recalled that it was Chancellor Kohl who had wanted the special European Council. He seemed determined to go ahead with it. But perhaps it would be better not to hold the meeting. The Prime Minister said there was no question of Britain trying to get out of it. We would much prefer to tackle the problems. But she doubted the commitment of the German Presidency to doing so. President Mitterrand continued that Agriculture Ministers never solved anything. It was a bad procedure to remit problems to specialised Councils. As a major cereals producer, France needed a Maximum Guaranteed Quantity of 160 million tonnes. France might prefer price reductions to co-responsibility levies, but had to take account of German views. His understanding was that 10 of the 12 Community members were now agreed on a package of agricultural measures. The Prime Minister retorted that the problem was that they were not effective measures. It did not matter to her how many people agreed on them: we would not accept them because they would not stop the surpluses from growing. Rather, they reflected the German preference for dragging up prices to German levels and for paying their farmers to go on producing surpluses.

The Prime Minister continued that there were a number of other problems to be dealt with at Brussels. One was the Structural Funds. Any increase must be contained within one and a half times the maximum rate for non-obligatory expenditure. It was vital to preserve that limit otherwise all semblance of financial discipline would be lost. President Mitterrand said that France could readily agree with the United Kingdom on this. The problem was that a majority of others would not. The Southern Member States had taken up a very firm position. The Prime Minister said that an increase contained within one and a half times the maximum rate would allow an overall increase of 50 per cent in the Structural Funds and of 80 per cent in the receipts of the four poorest countries from the Regional Fund, as well as a doubling of the overall receipts of Spain and Portugal. President Mitterrand said his understanding was



That the Germans could go up to a 75 per cent overall increase. The Prime Minister's figures were fine with him. But he was sceptical whether they would be sufficient to achieve a solution. He wanted to stress that France was in favour of budgetary discipline.

The Prime Minister concluded that she would discuss all these issues further with Chancellor Kohl on 2 February.

#### Arms Control and Defence Co-operation

To President Mitterrand's evident relief, the Prime Minister said that she would like to turn to the subject of the forthcoming NATO Summit and the next steps in arms control. There was broad agreement between Britain and France in this area. We were both determined to maintain our independent nuclear deterrents. So far as she was concerned, that would apply even if there was a 50 per cent reduction in United States and Soviet strategic nuclear weapons. Reductions would have to go much further than that before she would agree to putting the British nuclear deterrent into negotiations. President Mitterrand agreed, while commenting that he tended to phrase his response rather differently. He did not reject the idea that, after a certain degree of reductions in United States and Soviet strategic nuclear weapons, France would be ready to take part in negotiations. But he was careful not to specify how great those reductions would have to be. In his own mind, he was quite certain that the United States and the Soviet Union would not reduce far enough to justify involving the French deterrent.

The Prime Minister said that it was important to avoid any further reduction in nuclear weapons in Europe until we had dealt with the problem of chemical weapons and the conventional imbalance. The more she studied proposals for the complete elimination of chemical weapons, the more concerned she grew about the problems of verification. President Mitterrand said that French diplomacy had invented the idea of maintaining stocks of chemical weapons. He could live with that but did not think it very logical. As regards short-range nuclear weapons, the Prime Minister would know that he was something of an agnostic on the subject. He believed that deterrence depended on the threat to use strategic nuclear weapons. On military grounds he did not think it mattered if short-range nuclear weapons were withdrawn from Europe. But on political and psychological grounds he found himself in agreement with the Prime Minister. He saw no reason why a single American, British, or French nuclear weapon should be removed from Europe until there had been very substantial reductions in the Soviet nuclear armoury and progress on chemical weapons and conventional forces. So he arrived at the same conclusion, namely that there must be no premature negotiations on short-range systems.

The Prime Minister said that the forthcoming NATO Summit would be an opportunity to underline the continuing need for the United States to keep troops in Europe. This



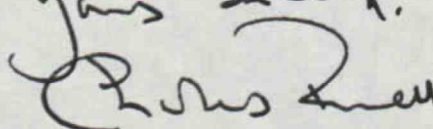
was important in a Presidential election year. President Mitterrand said that he agreed. But it was not so much American troops that mattered as what went on in the minds of an American Administration. France would be represented at the NATO Summit but he had not yet decided whether to go himself. In his view, the Alliance had been informed about the Summit in a rather cavalier way. He had simply read in the newspapers that the NATO Summit was going to happen and that was not good enough. The Americans should show more manners. The Prime Minister said that France surely welcomed American readiness to consult before the US/Soviet Summit in Moscow. President Mitterrand confirmed he was glad about that, although in practice the Americans tended to announce what they were going to do and then ask the opinion of others on it. The Prime Minister said she hoped that President Mitterrand would come all the same. It would not be the same without him. He carried tremendous influence in Europe, particularly on nuclear matters. The President said that he would reflect.

The Prime Minister said that Anglo-French defence co-operation would be discussed between Defence Ministers. She recognised that France could not, for the present anyway, re-join the integrated military structure of NATO. But even without this there was scope for greater military co-operation between France and NATO. NATO commanders should be able to take account of French forces in their planning. This was what lay behind the proposals which she had put to the President in her recent message. President Mitterrand said that French thinking on defence was undergoing change. A great deal could be done, for instance to improve co-ordination between French and other NATO forces, without France returning to the integrated military structure of NATO. He had told the French armed forces that they need not restrict themselves to the areas of operation in Germany which had been laid down in General de Gaulle's time.

Co-operation against Terrorism

The Prime Minister said that she wanted the President to know how very grateful we were for the excellent co-operation we enjoyed from the French authorities in combatting terrorism.

I am copying this letter to Alex Allan (H.M. Treasury), Shirley Stagg (Minsistry of Agriculture, Fisheries and Food), John Howe (Ministry of Defence) and Trevor Woolley (Cabinet Office).

*Yours sincerely,*  


CHARLES POWELL

Lyn Parker, Esq.,  
Foreign and Commonwealth Office.



*CLH*

*With the compliments of*

**THE PRIVATE SECRETARY**

**FOREIGN AND COMMONWEALTH OFFICE  
SW1A 2AH**



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From: J S Wall, ECD(7)

Date: 1 February 1988

cc: Mr Kerr o/r

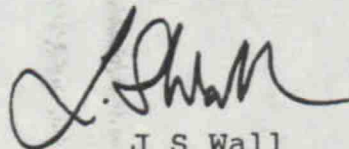
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crumps slip  
to Mr Powell pre.  
Res: 1/2*

*PS*

**RECORD OF PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND**

1. Page 2 of Charles Powell's record of 29 January of the Prime Minister's meeting with President Mitterrand quotes the Prime Minister as saying "that an increase contained within 1½ times the maximum rate would allow an overall increase of 50% in the Structural Funds and of 80% in the receipts of the four poorest countries from the regional fund, as well as the doubling of the overall receipts of Spain and Portugal". In fact, an increase contained within 1½ times the maximum rate would allow a doubling of the receipts of the four poorest member states from the regional fund. It is already agreed that 80% of the regional fund should be concentrated on the so-called objective 1 regions, ie backward regions of the Community, and it may be that figure which Mr Powell had in mind.

2. You might like to point this out to Mr Powell given that the same ground is likely to be covered with Chancellor Kohl tomorrow.



J S Wall

European Community Department  
(Internal)



was a problem for every European country. She would be going to the Brussels European Council with the intention of working for a satisfactory outcome. The longer the Community went on without settling these problems, the worse they would get. But the prospects did not look very bright. She wanted to dispel any possible misunderstanding on one point. There was no question of the United Kingdom being ready to agree to ineffective agricultural stabilisers in return for continuation of the Fontainebleau abatement. We were absolutely determined to see the problem of the surpluses dealt with. If there was not agreement on this, there would not be agreement on anything else. A failure would be bad for Europe and it was not what we wanted. But agreement on ineffective and inadequate measures would be even worse.

President Mitterrand began by professing to be unfamiliar with any of the details and asking M. Attali to explain them to him. He then agreed with the Prime Minister that failure at Brussels would be bad for Europe. He recalled that it was Chancellor Kohl who had wanted the special European Council. He seemed determined to go ahead with it. But perhaps it would be better not to hold the meeting. The Prime Minister said there was no question of Britain trying to get out of it. We would much prefer to tackle the problems. But she doubted the commitment of the German Presidency to doing so. President Mitterrand continued that Agriculture Ministers never solved anything. It was a bad procedure to remit problems to specialised Councils. As a major cereals producer, France needed a Maximum Guaranteed Quantity of 160 million tonnes. France might prefer price reductions to co-responsibility levies, but had to take account of German views. His understanding was that 10 of the 12 Community members were now agreed on a package of agricultural measures. The Prime Minister retorted that the problem was that they were not effective measures. It did not matter to her how many people agreed on them: we would not accept them because they would not stop the surpluses from growing. Rather, they reflected the German preference for dragging up prices to German levels and for paying their farmers to go on producing surpluses.

The Prime Minister continued that there were a number of other problems to be dealt with at Brussels. One was the Structural Funds. Any increase must be contained within one and a half times the maximum rate for non-obligatory expenditure. It was vital to preserve that limit otherwise all semblance of financial discipline would be lost. President Mitterrand said that France could readily agree with the United Kingdom on this. The problem was that a majority of others would not. The Southern Member States had taken up a very firm position. The Prime Minister said that an increase contained within one and a half times the maximum rate would allow an overall increase of 50 per cent in the Structural Funds and of 80 per cent in the receipts of the four poorest countries from the Regional Fund, as well as a doubling of the overall receipts of Spain and Portugal. President Mitterrand said his understanding was