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From the Private Secretary

10 November 1988

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND:
PREPARATION

Thank you for your letter of 10 November covering Paris tel. No. 1074 about the Prime Minister's forthcoming meeting with President Mitterrand, together with a suggested draft reply.

My general comment is that the Prime Minister has not yet focussed on this meeting and does not have the time to do so now. It would be prudent not to hazard too much to Attali about her views. She will certainly want to discuss East/West relations. She will want to mention the importance she attaches to decisions, in the course of next year, to modernise NATO's nuclear weapons. She will no doubt wish to brief the President on her own visit to Washington and discuss the prospects for US/European relations. She will want to look ahead to the European Council and to future developments in the Community over the next twelve months. I would expect her to have the Middle East much on her mind. No doubt she will want to raise the Mid-Term Meeting in Montreal on the GATT. I suggest that Sir Ewen Fergusson lists these as being subjects which he thinks she will want to discuss without mentioning any others, while trying to find out from Attali what President Mitterrand will have in mind.

This will require some slimming down of your proposed telegram.

On the details, I understand the meeting will be at Mont St-Michel. I have agreed with the French that we will announce it at 1100 London time on Friday 18 November.

C. D. POWELL

Stephen Wall, Esq.,
Foreign and Commonwealth Office.

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cc/c
Foreign and Commonwealth Office

London SW1A 2AH

10 November 1988

Dear Charles.

Prime Minister's meeting with President Mitterrand:
30 November: Preparation

// Sir Ewen Fergusson will be lunching with M. Attali on 14 November to prepare the Prime Minister's 30 November meeting with President Mitterrand. The Embassy have asked for input from us incorporating your views. I enclose a copy of Paris telegram 1074 and of our draft reply.

Could you very kindly let me know if you have any comments?

Jans,
Stephen Wall

(J S Wall)
Private Secretary

C D Powell Esq
10 Downing Street

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TO IMMEDIATE PARIS

TELNO

OF 08 Z NOVEMBER 88

YOUR TEL 1074: PRIME MINISTER'S MEETING WITH PRESIDENT
MITTERRAND: 30 NOVEMBER

1. We agree generally with the themes for the Prime Minister's discussion with President Mitterrand identified in TUR, subject to the comments below.
2. East/West Relations. Clearly East/West and Transatlantic relations will be a key subject, with Mitterrand giving some account of his Moscow visit. However different the noises occasionally heard in various Western capitals, very wide agreement exists in the West and amongst the Twelve on our analysis of internal Soviet developments and of how we should respond to them. Everyone agrees that we should seek to use the appearance at last of a reasonable Soviet interlocutor to make progress on our practical goals of arms control (while resisting talk of denuclearisation as unrealistic), to hold the Russians to their human rights commitments, and to make progress possible on regional conflicts. In the European context, the prospects for opening up Eastern Europe and overcoming the division of Europe in the longer term seem better than for some time. It would be useful to be able to

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put across in public the message that the West has the high ground and a positive vision of the future of Europe in contrast to the Soviet status quo concept of the Common European Home. On economic assistance, we shall need to ensure between us that the Americans do not take idle talk of Marshall plans seriously or become over-concerned (as Congress seems to be doing) about the provision by various European countries of normal commercial credit for future trade with the USSR.

3. Discussion of the US Presidential Election and its implications for Europe will have to be against a background of the uncertainties of the transition period. The new President will not be inaugurated until 20 January. Even then the appointment of key personnel and formulation of policies will still be under way.

4. We expect the Prime Minister to raise with the US President-elect (before she sees Mitterrand) the question of a possible NATO Summit. She may therefore be in a position to say something to Mitterrand about this on 30 November but this is far from certain. It would be better to avoid trailing this with Attali.

5. On arms control and Franco-British Defence collaboration, we shall be briefing the Prime Minister to take a similar line to that I took with Dumas on 2 November (your tel 1080).

6. On EC matters, it will obviously make sense to compare notes on the main Rhodes subjects (the Commission's article 8b report, the 'wider world' item, and perhaps the environment and the 'social dimension'). We would expect the Prime Minister also to stress the need to make a success of the GATT Uruguay Round, and thus the importance of the MTM, particularly on agriculture. But we agree that it would be good also to look beyond immediate issues. You could therefore tell Attali that the Prime Minister is well aware of the importance, for Mitterrand and for the Community, of the French Presidency next

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year. We would expect her to ask how he sees the priorities for it and to suggest close bilateral contact as the Elysee makes its plans.

7. Environment. We would expect this to be discussed on 30 November, particularly with reference to the Rocard telephone call.

8. Debt. We should like you to resist any suggestion by Attali that Mitterrand might discuss his debt proposal with the Prime Minister. If necessary, you could take the following line:-

- Until scheme's details have been more fully set out and discussions taken place between Treasury experts, discussion between Prime Minister and Mitterrand would be premature. We would expect the scheme to be fully discussed in the Economic Summit context in due course.

- (If necessary) Our initial reaction is concern that the scheme might breach the policy endorsed at Berlin that there should be no transfer of risk from commercial banks to creditor Governments. We are not convinced that schemes such as the French one offer greater prospect of success than the current case - by - case approach.

- UK's position on a new allocation of SDRs is well-known. We are sceptical about claims of a shortage of international liquidity, and fear the possible inflationary impact. Little to be gained by going over this ground again for the moment.

9. Regional Issues. It is too early to say whether we shall wish to brief the Prime Minister to raise Afghanistan with Mitterrand: much will depend upon the evolution of the Soviet position. Equally we see no reason at present for South Africa, Cambodia or the Gulf to be raised specifically.

10. Practical. Attali told Powell (No 10) on 12 October that Mitterrand was considering a venue for the talks close to the Channel to minimise travelling time. The earliest possible

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indication of venue and timing would be helpful. We should of course have no difficulty with Paris.

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SIR J FRETWELL

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FOR DAIN (WED) FROM LLEWELLYN SMITH

PRIME MINISTER'S MEETING WITH PRESIDENT MITTERRAND, 30 NOVEMBER

1. JACQUES ATTALI HAS INVITED THE AMBASSADOR TO LUNCH ON 14 NOVEMBER TO PREPARE FOR THE MEETING BETWEEN THE PRIME MINISTER AND PRESIDENT MITTERRAND ON 30 NOVEMBER.

2. IN PREPARATION FOR THIS LUNCH THE AMBASSADOR HAS ASKED FOR A FULL BRIEF WHICH HE WILL WANT TO LOOK AT OVER THE WEEKEND 12/13 NOVEMBER. HE WOULD LIKE IT TO COVER THE MAIN SUBJECTS LIKELY TO COME UP ON 30 NOVEMBER. I SHOULD BE GRATEFUL FOR YOUR COMMENTS, REFLECTING AS APPROPRIATE NO 10'S, ON WHAT THESE SUBJECTS ARE, AND POINTS TO BEAR IN MIND IN PUTING THEM TO ATTALI. I HOPE YOU CAN REPLY BY 9 NOVEMBER.

3. MY OWN FIRST THOUGHTS ARE AS FOLLOWS.
THE TWO BIG SUBJECTS WILL BE (A) EAST/WEST AND TRANSATLANTIC RELATIONS, AND (B) THE EUROPEAN COMMUNITY.

MITTERRAND WILL HAVE JUST RETURNED FROM MOSCOW AND IS BOUND TO WANT TO CONVEY HIS IMPRESSIONS. (IT MIGHT BE TACTFUL TO ENCOURAGE HIM TO START WITH THESE). DISCUSSION OF EAST/WEST RELATIONS AND HOW TO DEAL WITH THE GORBACHEV PHENOMENON SHOULD BE COUPLED IN MY VIEW WITH DISCUSSION OF THE MAJOR PROBLEMS FACING THE ALLIANCE IN 1989 IN THE LIGHT OF (A) GORBACHEV'S LONG TERM AIMS IN EUROPE (DENUCLEARISATION) AND (B) THE OUTCOME OF THE UNITED STATES PRESIDENTIAL ELECTION AND ITS IMPLICATIONS FOR EUROPE.

4. MITTERRAND WILL NEED CAREFUL HANDLING IF HE IS TO BE PERSUADED TO COME TO A NATO SUMMIT IN THE UNITED KINGDOM. IT WOULD BE GOOD IF THE PRIME MINISTER COULD EXPLAIN OUR THINKING ON 1989 NATO SUMMITRY TO HIM. PLEASE LET US KNOW IF YOU WANT THE AMBASSADOR TO SAY ANYTHING TO ATTALI ON THIS SCORE: WE ARE NOT AWARE OF THE LATEST THINKING IN LONDON.

5. FRANCO/BRITISH DEFENCE COLLABORATION (WITHIN A WIDER EUROPEAN

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FRAMEWORK) ENGAGES BOTH LEADERS (CF THEIR EXCHANGE OF LETTERS) BUT THE TWO COUNTRY'S PARTICULAR INTERESTS DO NOT EASILY FIT TOGETHER. MITTERRAND'S IHEDN SPEECH SHOWS THE SCOPE FOR MISREPRESENTATION. ATTALI HIMSELF IS LIKELY TO RAISE THE SUBJECT SINCE THE AMBASSADOR TOOK UP SOME OF MITTERRAND'S POINTS IN A LETTER TO BIANCO, SECRETARY-GENERAL OF THE ELYSEE (COPIED TO JOHN BOYD). THIS WHOLE AREA IS ONE WHERE I WOULD VALUE ANY STEER YOU CAN GIVE US FOR THE AMBASSADOR'S LUNCH, TAKING INTO ACCOUNT THE CONCERNS WHICH HE DISCUSSED RECENTLY WITH BOYD.

WHITHER EUROPE?

6. THE MEETING WILL TAKE PLACE JUST BEFORE THE RHODES EUROPEAN COUNCIL AND THE GATT MTM IN MONTREAL. IT WILL PROVIDE A GOOD OPPORTUNITY TO LOOK FOR A COMMON APPROACH TO ANY ITEMS WHICH LOOK LIKELY TO BE DIFFICULT TO HANDLE AT RHODES. BUT I SUGGEST THAT WE SHOULD AIM TO AVOID A DISCUSSION FOCUSED TOO CLOSELY ON THE IMMEDIATE ISSUES AND INSTEAD TRY TO FOCUS ON THE LONGER TERM: 'WITHER EUROPE?', MITTERRAND'S APPROACH TO THE FRENCH PRESIDENCY, HOW HE SEES THE BIG DOSSIERS, MONETARY, FISCAL AND SOCIAL. WHAT MITTERRAND HOPES TO ACHIEVE FROM THE FRENCH PRESIDENCY, IT SEEMS TO ME, IS A PLACE IN HISTORY. OUR AIM MIGHT THEREFORE BE TO LOOK FOR WAYS OF HELPING HIM TOWARDS A FRENCH 'ACHIEVEMENT' WHICH AT THE SAME TIME ADVANCES OUR OWN NATIONAL INTERESTS.

7. AS TO THE GATT MTM, THERE IS PRECIOUS LITTLE GIVE IN THE FRENCH POSITION ON AGRICULTURE BUT THERE IS COMMON GROUND TO BE FOUND IN OTHER AREAS. BUT I DOUBT WHETHER IT WILL BE EASY TO GET MITTERRAND TO FOCUS ON THE DETAILS.

8. ANOTHER POSSIBLE SUBJECT IS THE ENVIRONMENT. DO YOU WANT THE AMBASSADOR TO FLAG THIS TO ATTALI AS ONE FOR DISCUSSION ON 30 NOVEMBER?

FERGUSSON

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