

CONFIDENTIAL

PRIME MINISTER

VISIT TO FRANCE

You are to travel to France on Wednesday to see President Mitterrand. You fly to Dinard then helicopter to Mont St Michel for a working lunch, a brief visit to the castle and a short press conference. You should be back at No 10 by 1745.

President Mitterrand will just have returned from his visit to the Soviet Union. He is in a phase of trying to raise France's profile on the international stage, on the back of an improved economic performance. He intends to visit virtually all the East European countries over the next twelve months, and has announced that France's Mission is to see Europe extend beyond the bounds of the Community (can't think where he got that from).

French assertiveness is as usual expressing itself as French awkwardness. He has made various unhelpful pronouncements on:

- a human rights conference in Moscow which he seems ready to accept with very few conditions,
- the basis for Conventional Stability Talks, where he has reneged on agreement on the linkage between them and the CSCE process,
- on modernisation of NATO's SNF, where he has made the preposterous suggestion that NATO should delay a decision for two years, even though it's none of France's business
- and European financial and monetary co-operation, where he is clearly set on pressing for harmonisation of capital, withholding taxes and on an initiative on a European Central Bank during the French Presidency.

CONFIDENTIAL

There is no doubt - in my mind anyway - that much of this is stimulated by a sense of rivalry with the United Kingdom and a feeling that France has lost significant ground to us in terms of international standing and prestige over the past year or so. The main point of the meeting from your point of view is to be seen to be paying attention to the Europeans after some heavy focus on the US and the Soviet Union: to show Mitterrand that we are not at all reluctant to take up his challenge on who counts round these parts: and to remind him that we have strong views of our own which cannot be ignored, and that Franco-German hand-holding does not determine Europe's policies.

So much for the background. The subjects which you will need to tackle are as follows.

Bilateral

You will want to thank him for the arrangements made for the successful visit of the Prince and Princess of Wales.

East/West

You will want to ask about his visit to Moscow and his impression of Gorbachev's situation. You should impress on him the importance of a united western line in dealings with the Soviet Union. We hope it is not too late for him to back the UK-US conditions for a human rights conference.

Arms Control

You will want to take him to task for his views on SNF modernisation and the suggestion of a delay in decisions. We cannot afford a delay: if the successor to LANCE is to be in place by 1995, we need decisions by the middle of next year. And it is very unhelpful to strengthen Genscher's hand in arguing for delay. The French are going ahead with the introduction of their own SNF (the HADES system) and should

not interfere with 'ours'.

We also regret that the French have chosen to re-open the NATO position on the link between the Conventional Stability Talks and the CSCE process. As already agreed, the talks should be within the framework of the CSCE process but with participation limited to members of NATO and the Warsaw Pact. We cannot make our military dispositions subject to the views of the Swedes and Swiss.

NATO Summit

You will want to leave him in no doubt that you support the idea of a Summit next year. If he is unenthusiastic, never mind.

Middle East

The French are more enthusiastic about the PLO's recent decisions than we are. The key point is that we now have to get the Americans and Israelis on board again for negotiations. That is what we have to work out, and it will not be achieved by Europe appearing to be on the PLO's side.

Environment

We can find little good to say about M. Rocard's initiative. Equally, we do not want to damn it to the point where the French are unhelpful about our proposed conference. It's probably best to say we are still studying his ideas.

Defence Co-operation

The ideas which you put to President Mitterrand are being followed up at lower levels, but not as fast as you would like (French activity in support of NORTHAG, exercising reinforcement routes, more joint maritime activity).

EC Matters

You will want to have a word about the handling of the forthcoming European Council. You will also want to ask about his intentions for the French Presidency in the second half of next year. You will want to make sure he knows the size of our net contribution despite the Brussels Agreement.

Nissan

The French are arguing that Nissan cars from the United Kingdom must count against their quota for Japanese imports until the proportion of local content reaches 80 per cent (which will be 1991). This is just not acceptable. The rules state clearly that 60 per cent is enough.

A fuller letter is in the folder.

C.D.P.

C. D. POWELL

25 November 1988

DS3ADP