

PRIME MINISTER

MEETING WITH PRESIDENT MITTERRAND

You have President Mitterrand to Chequers on Friday for a meeting and lunch. The idea was his: you will recall that he told you at the Economic Summit that the differences between Britain and France were being greatly exaggerated: it would be useful to sit down together, to identify the real ones and try to resolve them.

The wider backdrop to the meeting looks like this. For several years we have been catching up with the French economically and doing better than them in a number of areas: defence sales, relations with the Soviet Union, influence in the Middle East. They have been uncharacteristically on the defensive.

That situation - very satisfactory from our point of view - is now shifting. The French economy is doing considerably better than ours: the gap is opening again and that will affect our relative standing. The Americans have been making quite a set at the French and Mitterrand is basking in the sunshine of President Bush's goodwill. The bicentenary, while controversial, has done quite a bit for French morale. We have seen a number of French foreign policy initiatives - Cambodia, Lebanon, environment - not necessarily effective or successful but keeping France at the forefront of world affairs. They hold the Presidency of the Community, which gives them the initiative there. Within the Community they have created a Franco-German axis at our expense. And Mitterrand's personal position is assured for another seven years which puts him pretty much on a footing with you.

In short, the meeting comes at a time when the balance of strength and influence between Britain and France is shifting - or certainly is perceived as shifting - in their favour.

But while the French may love to play the European Community game against us, Mitterrand must realise that in reality he was isolated at Madrid not you: and that making a success of the French Presidency can only be achieved with your co-operation. He must be worried by Germany, where Kohl's support continues to slip and support for anti-nuclear policies to grow. His Franco-German axis is going to look a bit sick if Kohl loses the next election. He respects you as the strongest pillar of the West in dealing with the Soviet Union, on which his own record has also been good. More generally he must recognise that Europe cannot be effective politically or militarily without Britain's full participation, and it does not serve France's interests to be at cross-purposes with us. A two-tier Community, if it ever happened, would not be a victory for France but a defeat for Europe.

So Mitterrand will have an interest at Chequers in bridge-building, but from a position of relative strength. He will want to build the bridges to his own design. I see no advantage in moderating our views on the key issues for the sake of apparent harmony. It would be better to identify the differences clearly, even starkly. Thus:

- there should be no softening of our views on economic and monetary co-operation or the Social Charter. Mitterrand needs to test your views for himself and be convinced by the strength of your determination, so that he knows the bounds of possible agreement when it comes to the European Council in December.
- while we should be ready for closer defence co-operation with the French, it should not be on their terms. Their vision of such co-operation seems to be that we buy into French missile technology, share secrets on nuclear and go on being the stalwart member of NATO while they cozy up to the Germans bilaterally. There must be much more than that: practical co-operation between our military forces on the ground in Europe in support of NATO objectives (as you first proposed to him eighteen months

ago now): and a willingness to work together to correct the anti-nuclear bias in Germany, not just leave it to us, so that France's political relations with Germany remain intact while we take all the stick.

There are a large number of subjects on which I expect you will agree: the Middle East, Eastern Europe, arms control, South East Asia, the Channel Tunnel. That should be enough to create a general impression of amicability without our needing to concede any points of importance. It would be a great mistake to give the French any reason to think that, because of our current economic difficulties, they have us on the run. If anything it would be preferable to over-compensate by having quite a tough meeting now, to improve the prospects of getting the right result at the December European Council and subsequently.

[To follow] I attach full briefing from the Foreign and Commonwealth Office.

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