

PRIME MINISTER

cc Sir Percy Cradock
Mr O'Donnell
Mr Bean

ANGLO-FRENCH SUMMIT: 24 JUNE

When/how must Gorbachev face election?

A I attach the FCO's brief for the Anglo-French Summit and Paris' scene-setting telegrams. You are due to arrive by helicopter at Dunkirk Stadium at 1330. You will be met by Ewen Ferguson, our Consul-General in Lille (David Bell), by the French Chief of Protocol and by the Sub-prefect of Dunkirk.

B I We then drive to the Town Hall where you will be met by President Mitterrand for a brief military ceremony (plan attached). You and President Mitterrand then have half an hour of private talks from 1345-1415 (probably with Pierre Morel and myself present as notetakers).

We then walk to lunch which lasts until 1515 and where you will be joined by the other Ministers who will have had talks separately that morning (the Foreign Secretary, Mr. King, Mr. Gummer and Mr. Garel-Jones). Mr. Lamont will have left at that point for Brussels but Nigel Wicks will be in on the lunch. Madame Cresson, the French Prime Minister, will also be at the lunch.

C The idea is that the lunch should not be a plenary with everyone reporting on their separate conversations but a discussion in which you and the President continue your talks, with others joining in. There will be a full plenary from 1530-1610 followed by a joint press conference from 1615-1645. You then leave by helicopter. The other Ministers return by 'plane. Full details are in Peter Bean's press note attached.

The main issues President Mitterrand will wish to discuss are the European Council, European security and bilateral relations, including defence.

The French are likely to be more impatient than we are to see progress at the Luxembourg European Council. You may want to give President Mitterrand an account of the political scene here, with a positive spin on it in terms of your own intentions. ✓

D I expect you will hear a certain amount of concern from Mitterrand about the way Germany is going. Mitterrand may well see the NATO decision on the Rapid Reaction Corps as a symptom of France's weakening hold over Germany. He was certainly cross about it (see below and separate letter attached). Kohl and Mitterrand are meeting on Tuesday.

The President is not a great one for texts but the French do attach importance to the three pillar structure of the Treaty. ✓
They also share our scepticism about a greater role for the European Parliament though in the last analysis they will probably accept co-decision if the Germans insist.

E Where we will possibly run into difficulty is over the French wish to reaffirm the Rome 1 Conclusions in Luxembourg. (The French are also unsound on the issue of convergence and you will wish to explain its importance). One reason why the French seem to want fairly firm conclusions at Luxembourg is their fear that the Dutch will dismantle the three-pillar structure and that the IGCs may go on beyond December, thereby getting into the French electoral timetable. The point to make to Mitterrand is that, if there is a row about the conclusions at Luxembourg, the Dutch are more likely to conclude that nothing is yet agreed and that everything is up for grabs. See also Michael Jay's minute attached.

You may need to take a bit of time to explain our thinking on CFSP to Mitterrand. To the French, the ultimate goal of a common defence policy is important. There is no doubt that atavistic anti-Americanism is a part of their underlying thinking. They regard the decision taken in the Defence Planning Committee to establish a Rapid Reaction Corps as designed to preempt decisions on European defence. At the same time, Mitterrand is more Atlanticist than many other Frenchmen. I think you can say to him:

- we do want a stronger European defence and we want to enhance Europe's role within the Alliance; ✓
- we want to cooperate in the WEU both in terms of consultation and practical military action out of area; ✓
- the decisions taken in NATO were part of the restructuring of NATO's role following last summer's NATO Summit and were also dictated by budgetary reasons in a number of member states; ✓
- we respect France's intention to remain outside the military structure of NATO. But we want to work as closely as possible with France. ✓
- we have no worries about a European defence identity. Our worries about setting the goal of the European defence policy are the potential conflict with NATO as the main vehicle for our defence. ✓

I suspect you will have a stand-off with Mitterrand on this but it would be helpful if you can at least defuse some of his irritation.

On bilateral defence issues we are trying to identify areas for closer nuclear cooperation, notably the scope for operational cooperation and joint targeting. We are also looking at the requirements for a tactical air to surface missile, but we are a long way from decisions on this.

Press Conference Point?
The French have suggested that we and they should collaborate in the task (laid down by UNSCR 687) of removing nuclear material from Iraq. This is still under discussion among Departments here but we are looking at it positively and you may want to say as much to M. Mitterrand. ✓

The French may also be keen to announce on Monday that you and President Mitterrand will meet again on 29 July in connection

with the Channel Tunnel (4th anniversary of the Treaty signature). You could do it and I think you should take the initiative to raise it with M. Mitterrand. You could then announce it at your press conference.

I enclose speaking cards covering these and other areas.

Joseph

(J.S. WALL)

21 June 1991

c:\foreign\french (ecl)

PS. Also in the folder, late arrivals, are some extra briefing notes - particularly a Dunkirk.

You may also like to have the copy of French / UK news a EMM and

to glance at Evan Ferguson's despatch on the French (Summary only).

JK

if necessary will leave late:
if I miss any reception - tough!

We have never said.

USSR now has

- (relatively) free elections to the Supreme Soviet (the Soviet Parliament)
- free elections within many of the republics

There has been no move to directly elect the President of the USSR (tho' Jeltsin has challenged Gorbachev to stand). We don't want to push him to an election he would certainly lose. We are focusing a

the 9+1 is relations between the USSR as a whole and the republics. New Union Treaty likely to give them considerable freedom within federal structure.

Minutes to Landry

E. R.

Angela B. Summit
file

Proof Trace: lux. IGC
Stock-faking

- Structure of Tr.
CEPP / Int.
o/side Tr. Rome

EC ISSUES: EUROPEAN COUNCIL

Staging
Points:
Pakes.

- Believe that the Luxembourgers have made a good start to EMU discussions. But concerned that they may try to be too ambitious and try to get broad endorsement for the Presidency non-paper in general and to the content of Stage 2 and transition to Stage 3 specifically. ✓

X
- A number of difficult issues remain outstanding, for example how should a European Central Bank be made democratically accountable and when should it be set up? Much negotiation still to be done. Do not see these issues being resolved until the end of the year.

- For the UK, it is important that no attempt is made to reach conclusions which try to settle the 'British problem'. Do not think this is the major outstanding issue for the IGC. Know that remarks by Beregovoy/Delors in May intended to be helpful but mixed UK press/parliamentary reaction. Any attempt at premature agreement at the European Council would provoke critical response.

XX
XX
- Hope European Council can concentrate on areas where there is emerging consensus, in particular importance of convergence and principle that national monetary policy should remain in national hands in Stage 2. Do not want to see

E. R.



divisions of Rome I re-opened. Must
avoid endorsing Presidency text, but
could commend it as a useful
contribution to future discussions.

XX

c:\foreign\ecissues (ecl)

① Agree to 1-hour limit only if compatible with NATO

② General rules for Euro - 3 -
debate and explicit
(decision taking, structure, currency/).

Content with
Euro identity

EUROPEAN SECURITY AND DEFENCE

Euro Release
Put this in Press Release?

- vital to narrow our differences on European defence. For a successful IGC, our respective priorities - your concern to spell out the long term concepts and our concern to clarify what they mean in practice in the near term - must be reconciled. Suggest we instruct our officials to work on this in the Autumn so that we can go into Maastricht with the UK-French agreement which is essential to the success we both seek.

✓ - You have frequently referred to the need not to weaken NATO. However French approach in the IGC and WEU sometimes seems to us to involve building Europe at the expense of NATO. UK wishes to strengthen both. A healthy NATO, with a stronger European input, is the key to our security for this decade. Any IGC treaty language must express both the principle of a greater European cohesion in defence, and the reality that our security will continue to depend upon a strong transatlantic link. We cannot take the latter for granted.

✓ - To build defence policy on the Twelve (as enlarged) would seriously undermine security in the longer term. Neutral countries will either be excluded from the Union or will work for a separate and weaker structure which is not compatible with NATO. The Twelve cannot give defence guarantees to non-NATO members such as Austria and Poland. How could we avoid marginalising the

*Caution like
Amoy, Turkey -
part of NATO but
not EC*

important flank countries? Most important, how could we prevent a gradual cleavage between the NATO and Union structures for defence?

- ✓ Consider the role of Germany; NATO is also a factor anchoring Germany in a common European defence. If NATO were in time to be overtaken by a purely European defence system, what would Germany's role in that be? What answer would Europe be able to give to the nuclear question?

- X The ambitions of Commission and European Parliament in defence and the implications, particularly for UK and French deterrents, of putting CFSP into a Community-type structure, make us even more chary of bringing defence fully into CFSP and the Union.

- ✓ All these problems are manageable if we adopt the WEU as a nucleus, with organic links to European Union, but also to the Alliance. We see this as a viable long term model, which recognises that defence is different from agriculture, finance and foreign policy. But prepared to leave the longer term outcome to history.

- Suggest we work for agreement on basis of certain principles.

- A stronger European defence identity, with its own operational capabilities. ✓

- Compatible with NATO's role as the

structure taking decisions about, and assuring the defence, of NATO territory. ✓

- A stronger European input into NATO. ✓
- The WEU as the defence component of European integration and vehicle for organising our cooperation within NATO and out of area.
- No early change in WEU membership but a readiness to associate all European allies with our work.
- We are positively interested in seeing more European defence cooperation, so long as it is compatible with NATO and affordable. Tom King will discuss with M. Joxe the question of ERF, logistical cooperation in WEU and WEU satellite projects. We are happy for the latter to go ahead and wish to participate in the satellite feasibility study, but the satellite centre does not fulfil any UK need, and in current budgetary circumstances, we cannot take part.
- Deepening cooperation in the nuclear area is also important from a long-term European perspective. Main discussions between Defence Ministries and officials. Glad that we have been discussing aligning more closely our positions on US-Soviet START talks. Aim should be jointly to resist public and Soviet pressure for Anglo-French involvement.

?

COMMON FOREIGN AND SECURITY POLICY (CFSP)

- CFSP issues not ripe for decision at Luxembourg. Most non-security issues in Presidency text hardly discussed yet. Hope Presidency will not press for substantive conclusions.

(1) *bi-op.*
 (2) *unanimous decision*
 X

Understand you are not opposed to two-tier approach to decision-making on CFSP. Seems impractical to us. Foreign policy not static or susceptible to compartmentalisation.

- Agree on need to work by unanimity in framing CFSP. But majority voting on implementation sure to be divisive and reduce flexibility. Also introduces risk of important national interests being overridden. Where in practice would France be prepared to accept majority voting?

- (1) Cooperation (Consensus)
- 2. Common action (Majority voting)

i.e. the conduct of foreign policy
CONDUCT OF FOREIGN POLICY
 within the overall CFSP framework

EC EXTERNAL ISSUES

- Important that the Community should demonstrate that it is open to the world outside and ready to play an active role internationally. Good case for substantial declaration on External Relations. ✓

- No need for substantive discussion at the Council. But conclusions must send a positive message to our partners of the Community's commitment to the GATT Uruguay Round, particularly on our willingness to negotiate constructively on agriculture. Will discuss further at London Economic Summit. ✓

- Useful opportunity to assess negotiations on Association Agreements with Eastern Europe. Improvements to these countries' trade access to Community markets are vital especially areas where they can benefit from comparative advantage. ✓

*to this all for summit
- no more?*

LONDON ECONOMIC SUMMIT: 15-17 JULY

- Uruguay Round: essential that Heads of Government make commitment to successful conclusion of Round; give impetus to negotiations; and remain personally involved, ready to intervene with one another if differences can only be resolved at the highest level.
- Eastern Europe: Summit should send clear message of support for reforms; increased access to Western markets will be key. |
- Environment: Summit should make firm commitment to successful outcome of UK Conference on Environment and Development (June 1992). | ✓
- Developing Countries/Debt: Hope Summit will be able to encourage/endorse [to be updated in light of Paris Club discussions] agreement on increased debt reduction for the most heavily indebted countries.

- *Soviet Union.*
- *Lowland Trust.*

Yeltsin in USA.

SOVIET UNION

- Some hopeful signs (Gorbachev/Yeltsin 9+1 agreement; Yavlinsky's economic reform proposals). West should use its limited influence to push Gorbachev towards further reform. ✓
- Yeltsin's election as RSFSR President a significant boost for reformers though he does have demagogic tendencies which could cause problems. Hope he will use his position responsibly and avoid confrontation with Gorbachev. ✓
- Economic assistance not a question of some "grand bargain" between the West and the Soviet Union; but of help for self-help. If serious reform measures are introduced in the Soviet Union, should be ready to consider Western/IFI assistance. Important that West should do what we can do encourage growth of market sector. ✓

At the 17 June Foreign Affairs Council Poos proposed European Council discussion of the G7 Summit. We should seek French support for our view that the EC should not pre-empt discussion at the Economic Summit (as partly happened in 1990). You might say: ✓

- Welcome through discussion of Soviet Union and its prospects. But we should wait to hear what Gorbachev has to say to G7 in July before taking any decision about any assistance which might be offered. ✓

[If raised]: It would be helpful if the Political Committee and the Foreign Ministers were to consider detailed ideas in the future of EC/Soviet relations, including your proposal for a major new agreement.

- Glad President Gorbachev has accepted the invitation to session with Heads immediately after the Summit proper. Need to present the meeting as:

- a. Recognition of Soviet Union's desire to be integrated into world economy, which can only happen on basis of confidence in continuation of reform. ✓

- b. Opportunity for Gorbachev to brief G7 leaders on efforts directed at reform; for G7 to confirm their support for reform process; to spell out requirements (eg credible policies leading to market-based economy). No question of financial aid. But will need to look closely at possibilities for co-operation with IFIs. ✓

- c. Chance for Gorbachev to demonstrate support for Summit's approach/ conclusions eg on conventional arms transfers.

- Believe Gorbachev has taken ground rules on board. But Summit message should spell out criteria for future co-operation (including human rights, treatment of Balts etc) and try to bind him more closely to reformist policies. ✓

- Understand Jacques Delors was depressed by his recent visit - no grasp in Soviet leadership of what a market economy really is.

[Handwritten mark]

Agric.

Reform C.A.P - app. similar

- (1). Retain exporting capacity.
- (2). Prevent price rises.

Japan

[If raised]

- Japan will be an increasingly important political and economic force and should be better integrated into the Western consensus.
- The UK and France have a particular interest in a more active G7 as a way of tackling Japanese ambitions for permanent membership of the Security Council.

Middle East

- Initial enthusiasm for the Damascus Declaration has faded but the case for some Egyptian/Syrian involvement may be gaining ground.
- We hope the G8 Foreign Ministers' meeting in Kuwait next month will help steady the relationship.
- In the meantime individual Gulf states are seeking bilateral defence agreements with major players (UK, France, US) and we must keep in touch.

M. Joxe.

T.K.

F. B. I.



10/25/1969

13

Iraqi Refugees

- US withdrawal slowing down. We need
 - * UN presence on the ground. ✓
 - * Clear warnings to the Iraqis. ✓
 - * Warnings of recourse to the Security Council in the event of Iraqi action against the Kurds. ✓
 - * Some form of Rapid reaction Force which could come back in if need be. ✓
 - * Under-pinning of any Iraqi/Kurdish agreement. ✓

Iraqi nuclear materials

- Welcome French initiative that we should cooperate in clearance of Iraqi nuclear material.
- We favour this and are engaged in detailed discussion with your experts.

How?

Pierre B.

- draft tr. by end '91

Ph. II. 1.1.94. [Converging results].
Assurances.

Not a major diff. 3??

[all p/o EMU, Narrow Board,
E Not nec. in Tr.]

* Role of Hard Ecu. Common Currency.

Single in Dr. III.

National resp.

ESCB
or C. of Govs.

No auto.
most
Ph. I - II.

II - III

Ph. II CB - independent.

1.1.97 Lux (take start)

(leave it to move or not).

shd. be
considered 1.1.97
(no automaticity)

Polit. Authority to Control Mon. Authority.

Arab/Israel

- Welcome that Israel has agreed to EC Presidency participation of any conference. General omens still not good.
- Identity of interests with France. Stay in close touch.

Conventional Arms Control and
Non Proliferation

- Welcome your decision to join the NPT. An important step in international efforts to persuade others to adhere to NPT principles.
- Happy that the UK and France again working closely together within the new Permanent Five dialogue and in taking forward the idea of a UN register of arms sales at the next General Assembly.

Yugoslavia

- Slovenia and Croatia set on declaring independence by 26 June, though not clear what form this will take.
- We should avoid recognition as long as possible and do or say nothing to reduce the Slovenes' and Croats' incentive to negotiate a new confederal relationship with the rest of Yugoslavia.

E. Guigou.

Schengen Agreement.

Ext. Frontiers. / Immigration.

Norway on fish: not acceptable.

GATT.

of all agreement.

Not pressure on GATT.

T. G-J.

1. Maastricht.

2. Str. of Union.

(Immig. discussion). — New Pillar.
Justice / Int. Affs. will meet #

Fish/GATT or diversified.

Kolstad.

F. Pol and S.

- Will need to say something on this at Luxembourg.

South Africa

- Chancellor Kohl and I believe that the European Council should build on an area of emerging consensus in South Africa: sport. ✓
- ANC now regard the sport boycott as separate from sanctions. They want to encourage unified sport, as a way of building a new South African nation. We should support the ANC - and the IOC. ✓
- At Luxembourg we should endorse the principle that sports integrated in South Africa may rejoin international competition. ✓

Cyprus

- We continue to support the Secretary General's effort.
- Am sure you, like us, are taking every opportunity to impress upon the two sides the need for a more constructive approach.

Poland,
Taxis

to decrease pressure to increase, Atty. of Congress

- Work Fr. is '91.

WEU. Comm. diff (not good) application.
Prospects in Space.

Furds. - Parent annual threats

(1) See Gen. to keep comm
on 500 observers.

(2) G/Ti long/K agreement.

(3) G7. dis-arm + G7. in Ec. Comm.

PH.

Federal complication.

to decrease acceptability of env. energy.

Airbus

- We do not support linkage of the Airbus dispute and the Uruguay round.
- We should work to get the US back to the negotiating table.
- To this end we need to show the US that we are serious about seeking an early agreement in the GATT.

UNSC PERMANENT MEMBERSHIP

- We remain concerned that a CFSP should not be allowed to compromise our (and French) independence of action as members of the Security Council.
- An Anglo-French declaration reserving our position remains the best way forward; we hope we can now agree on this.
- On the wider question of Security Council reform, we should resist opening this Pandora's Box: it would prompt a long list of bids for permanent membership from others, and ruin the present highly effective set-up on the Council.
- Commission ambitions to secure membership for the EC in the UN agencies raises major issues about future representation in the UN system. Would expect France to agree.

1. EHU.
2. Debaep
6. C.F.S.P.
7. Ext. Issues.
8. Loucheur Ec. Summit.
9. Sov. Union.
12. Jap. / Mid-East
13. Iraq: Refugees: Nuclear.
14. Arab/Israel: Arms: NPT: Yugos.
15. South Africa: Cyprus
16. Arab: UNSC Membership.
-

Are French sound on structures?

Yes.