

Confidential

CONFIDENTIAL

FM PARIS

TO DESKBY 201000Z FCO [COLLAR]

TELNO 184

OF 191641Z FEBRUARY 87

INFO. ROUTINE UKREP BRUSSELS, BONN, ROME, MOSCOW

YOUR VISIT TO PARIS, 23 FEBRUARY: SCENE-SETTER

SUMMARY

1. GOVERNMENT TRYING TO RECOVER LOST GROUND POLITICALLY. ECONOMIC PERFORMANCE MIXED: TRADE POOR AND FRANC WEAK, BUT PAY POLICY LARGELY INTACT AND PRIVATISATION PROVING SUCCESSFUL. POLITICAL LEADERS VYING OVER EUROPEAN CREDENTIALS. WORRIES ABOUT MIDDLE EAST TERRORISM, INCLUDING HOSTAGES, BUT FRANCE STILL PLAYING A LONE HAND. RAYMOND KEENLY INTERESTED IN EAST/WEST QUESTIONS. MAIN BILATERAL CONCERN THE FRANCO-BRITISH COUNCIL.

DETAIL

INTERNAL POLITICAL

2. THE GOVERNMENT IS STILL TRYING TO RECOVER FROM THE STUDENT AND UNION PROTESTS OF DECEMBER AND JANUARY. CHIRAC IS PUTTING NEW EMPHASIS ON THE NEED TO EXPLAIN POLICY AND CONDUCT A SOCIAL DIALOGUE. HIS PRIORITY NOW IS TO KEEP OUT OF FURTHER TROUBLE AND REGAIN LOST GROUND. MITTERRAND IS FAR AHEAD OF HIM IN THE POLLS, AND THE SOCIALIST PARTY (PS) NOMINATION FOR NEXT YEAR'S PRESIDENTIAL ELECTION IS HIS FOR THE ASKING, IF HE WANTS IT. THE ODDS CURRENTLY FAVOUR HIS STANDING FOR A SECOND TERM. IF HE DOES NOT, THE PS WILL PROBABLY TURN TO ROCARD. BARRE MEANWHILE HAS BEEN THE MAIN BENEFICIARY OF CHIRAC'S RECENT DISCOMFITURE AND, ACCORDING TO CURRENT POLLS, IS NOW BEST PLACED TO CHALLENGE MITTERRAND FOR THE PRESIDENCY.

ECONOMY

3. THE GOVERNMENT'S SOCIAL REFORMS HAVE RECENTLY RUN INTO TROUBLE (EG UNIVERSITIES AND NATIONALITY CODE), BUT THE MEASURES OF ECONOMIC LIBERALISATION WHICH IT HAS TAKEN SINCE MARCH ARE IMPRESSIVE. PRIVATISATION IS PROVING POPULAR AND SUCCESSFUL. OTHERWISE THE EMPHASIS REMAINS ON KEEPING DOWN PAY SETTLEMENTS AND INFLATION, CONTROLLING PUBLIC EXPENDITURE, TRYING TO COUNTER RISING UNEMPLOYMENT AND INCREASING INDUSTRIAL COMPETITIVITY. THE RECENT WEAKNESS OF THE FRANC, COMPARED WITH THE SOARING DEUTSCHEMARK, HAS BROUGHT HOME TO THE FRENCH JUST HOW FAR THEIR ECONOMIC PERFORMANCE IS LAGGING BEHIND THAT OF THE GERMANS.

EC

4. THE GOVERNMENT IN GENERAL, AND CHIRAC'S RPR IN PARTICULAR, ARE NOW CONCERNED ABOUT APPEARING UNENTHUSIASTIC AND UNIMAGINATIVE OVER COMMUNITY AFFAIRS, PARTICULARLY IN THE CONTEXT OF THE LOOMING PRESIDENTIAL ELECTIONS. MITTERRAND AND (PARTICULARLY) GISCARD HAVE

Confidential

/BEGN

BEEN BUSY STAKING OUT THIS GROUND² FOR THEMSELVES, AND BARRE IS BEING TEMPTED DOWN THE SAME PATH. CHIRAC IS LIKELY TO STEP UP HIS EURO-RHEORIC AS A RESULT (THE FIRST VICTIMS ARE LIKELY TO BE THE HITHERTO FIRM FRENCH STANCES ON THE R AND D FRAMEWORK PROGRAMME AND ERASMUS). FRANCE'S LACKLUSTRE ECONOMIC PERFORMANCE ALSO PROVIDES AN INCENTIVE FOR GIVING AN IMPRESSION OF DYNAMISM IN EUROPE. FRANCE'S PUBLIC POSITION ON EC SPENDING IS THEREFORE LIKELY TO CONTINUE TO BE AMBIVALENT, ALTHOUGH THE GOVERNMENT WILL STILL SEEK TO EXERCISE A RESTRAINING INFLUENCE IN PRIVATE ON OVERALL COMMUNITY SPENDING.

FOREIGN POLICY

5. MIDDLE EAST/TERRORISM. LEBANON HOSTAGES REMAIN A KEY PREOCCUPATION. THE FRENCH PROBABLY STILL HOPE FOR MORE IRANIAN HELP. BUT TARIQ AZIZ SAW RAIMOND LAST WEEK AND WILL HAVE REMINDED HIM OF THE CLOSE TIES BETWEEN FRANCE AND IRAQ. THE FRENCH CONTINUE TO TALK OF THEIR SPECIAL LINK WITH LEBANON, AND GEMAYEL CAME TO PARIS AFTER LONDON: MITTERRAND RISKED TWEAKING THE SYRIAN TAIL BY PUBLIC REFERENCES TO GEMAYEL'S LEGITIMACY AND THE NEED TO RESTORE LEBANON'S SOVEREIGNTY. THE TRIAL OF ABDALLAH (LAF) BEGINS NEXT WEEK WITH THE US URGING AN EXEMPLARY SENTENCE, BUT THE GOVERNMENT FEARS A NEW TERRORIST CAMPAIGN IN FRANCE AND WILL NOT ENCOURAGE THE COURT TO BE FIRM. RAIMOND HAS SHOWN NO SIGN OF CHALLENGING UNHELPFUL QUAD DOGMA ON EG SUMMIT SEVEN COOPERATION AGAINST TERRORISM: FRANCE WISHES TO KEEP ITS HANDS AS FREE AS POSSIBLE.

6. EAST/WEST. RAIMOND WILL JUST HAVE ADDRESSED THE CD IN GENEVA (19 FEBRUARY) AND WILL NO DOUBT WISH TO KEEP UP THE BILATERAL DIALOGUE ON ARMS CONTROL ISSUES. THE TOPIC OF THE MOMENT HERE IS HOW TO INTERPRET THE LATEST DEVELOPMENTS IN THE USSR AND HOW TO HANDLE GORBACHEV. RAIMOND DISCUSSED THIS AT LENGTH WITH GENSCHER ON 6 FEBRUARY. CHIRAC IS LIKELY TO VISIT MOSCOW IN THE SECOND HALF OF MAY. FRENCH PUBLIC OPINION HAS SO FAR REACTED WITH CONSIDERABLE SCEPTICISM TO THE LIBERATION OF SAKHAROV AND OTHER DISSIDENTS AND REMAINS TO BE CONVINCED THAT THIS REPRESENTS MORE THAN A CHANGE OF TACTICS OVER HUMAN RIGHTS. QUAD AND MATIGNON OFFICIALS ARE ALSO NOTICEABLY CAUTIOUS IN ASSESSING HOW MUCH REAL CHANGE IS TAKING PLACE IN RESPONSE TO GORBACHEV'S CAMPAIGN AND HOW FAR SUCH CHANGE IS IN WESTERN INTERESTS. RAIMOND HIMSELF HAS DEVELOPED THE THEME OF DOUBLE VIGILANCE: WE SHOULD LOOK OUT FOR REAL, POSITIVE CHANGE IN THE USSR BUT NOT MAKE UNREQUITED CONCESSIONS ON SECURITY ISSUES.

7. OTHER ISSUES. MITTERRAND'S PUBLIC CRITICISM OF THE GOVERNMENT'S NEW CALEDONIA POLICY MAY MEAN THAT FRANCE'S DIPLOMATIC POSITION IN THE SOUTH PACIFIC IS ON RAIMOND'S MIND. HE WILL NOT BE SURPRISED IF YOU RAISE THE FALKLANDS: HE VISITED ARGENTINA LAST MONTH AND MITTERRAND WILL DO SO IN JUNE OR JULY.

BILATERAL

8. THE BILATERAL SCENE REMAINS BASICALLY GOOD. CHIRAC ENJOYED BEING SEEN WITH THE PRINCE AND PRINCESS OF WALES AT THE AIRBUS A.320 LAUNCH AT TOULOUSE ON 14 FEBRUARY. ONE POSSIBLE CLOUD ON THE HORIZON IS THE FUTURE OF THE FRANCO-BRITISH COUNCIL. IN VIEW OF THE PRIME MINISTER'S DECISION, WE CANNOT NOW EXPECT CHIRAC TO ATTEND THE

Confidential²

/council's

³
Confidential

COUNCIL'S MEETING AT CARDIFF IN MAY. THERE IS SOME FEELING ON THE FRENCH SIDE THAT A POSTPONEMENT OF THE MEETING MIGHT BE PREFERABLE IF TOP LEVEL ATTENDANCE COULD THEREBY BE ACHIEVED. (HIS ADVISERS NEVERTHELESS SAY THAT CHIRAC WOULD SEE ADVANTAGE IN A MEETING WITH MRS THATCHER BETWEEN THEIR RESPECTIVE VISITS TO MOSCOW).

9. CURRENT DIFFICULTIES ON OUR SIDE OVER THE CHANNEL TUNNEL HAVE BEEN WELL AIREED IN THE FRENCH MEDIA AND MAY BE BEGINNING TO WORRY RAIMOND, SO SOME REASSURANCE MAY BE CALLED FOR. FINALLY, HE IS UNLIKELY HIMSELF TO RAISE EITHER LAMB OR THE CONTENTIOUS SHIPBUILDING ORDER FROM BRITTANY FERRIES.

FRETWELL

YYYY

PCLNAN 7558

EUROPEAN POLITICAL
WED

³
Confidential