

SUBJECT cc MASTER

FINE
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4C

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

23 March 1989

Dear Richard,

PRIME MINISTER'S MEETING WITH
THE SECRETARY GENERAL OF THE RPR

The Prime Minister had a talk this morning with M. Alain Juppé, the Secretary General of the RPR. Mr. Jim Spicer M.P. was also present.

French Politics

The Prime Minister congratulated Mr. Juppé on the RPR's performance in the recent municipal elections, particularly in Paris and Lyons. The Socialist Party also appeared to have done well. Mr. Juppé said that the Socialist gain of 10 cities had to be measured against the 37 which they had lost in 1983. The RPR still faced difficulties in various parts of the country, in particular the West and the South East, where they needed new faces. The RPR had also suffered because of its refusal to ally itself with the extreme right. This had been the cause of their losing Avignon.

The Prime Minister commented on the success of the extreme Right in recent elections in Germany. M. Juppé said that the reasons were the same in both France and Germany. It was linked to crime, drugs and immigration. He continued that the Greens had also done well in France, winning some 10% of the vote in Paris. He believed that they would do well in the European Elections, probably polling more than 10%. Unlike the Greens in Germany they were not anti-nuclear or pacifist.

The Prime Minister asked how M. Juppé intended to revive the RPR's fortunes nationally. She regretted the divisions among the parties of the Right. M. Juppé said that he was optimistic about achieving a single list for the European elections, although the Centrists might in the end insist on their own list. But he was more pessimistic about the prospects of uniting the Right in France and reconciling various leadership ambitions. Meanwhile, he agreed that the divisions of the Right were a great advantage for the Socialists, as in Spain. In the longer term he expected the Socialists also to split. The Prime Minister commented that it was never a good idea to rely on the weaknesses of your opponents, you had to rely on your own strength.

Europe

M. Juppé said that he would be interested in the Prime Minister's views on a number of current issues in Europe, in particular tax harmonisation.

The Prime Minister said that tax harmonisation was in no way necessary for the Single Market. Nor would Parliament in the United Kingdom ever agree to surrender its power to set taxes to the Commission in Brussels. To the extent that differing tax rates affected competitiveness, then the market would operate and rates would be adjusted. M. Juppé asked whether the United Kingdom would accept the Commission's proposals for an EC withholding tax. The Prime Minister said that we would certainly not do so. It was in no way a necessary corollary of free movement of capital. M. Juppé commented that this implied that Europe would have to keep its fiscal frontiers even after 1992. The Prime Minister said that frontiers would certainly remain, not least for control of terrorism, drugs and immigration. M. Juppé said that he agreed with this particularly in respect of immigration.

The Prime Minister said that she was increasingly inclined to question how effective the Single Market would be in practice. The barriers to genuine fair competition in Europe were enormous and not all of them could be removed by directives. For instance Germany maintained a permanent trade surplus and subsidised both its industry and agriculture heavily. The different structure of ownership of German industry, with the banks having a preponderant role, made it unlikely that there would ever be genuine equality of conditions for mergers and acquisitions. Countries continued to place obstacles in the way of free movement of goods, as France was doing over the import of Nissan cars from the United Kingdom. Attempts to introduce a minimum wage and equal social benefits throughout the Community would result in the Community becoming uncompetitive in world markets. This in turn was likely to lead to increased calls within Europe for protection.

M. Juppé said that he was less worried about fortress Europe than fortress Japan and fortress America. The Prime Minister said that the CAP was thoroughly protectionist, although the Americans and Japanese were no better. At least the Americans were willing to negotiate to reduce agricultural support. The European Community had been reluctant to respond. It was very important to make a success of the forthcoming GATT Round. The Community must not be responsible for its failure.

I am copying this letter to Neil Thornton (Department of Trade and Industry), Shirley Stagg (MAFF) and Roger Lavelle (Cabinet Office).

Richard Gozney, Esq.,
Foreign and Commonwealth Office.

Yours sincerely,
(C.D. POWELL)



BRITISH EMBASSY

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SUPPLEMENTARY MESSAGE

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LONDRES
22 et 23 Mars 1989

AVION

(Beechcraft King Air 200 - Immatriculation FGEBC)
Compagnie Aigle Azur
Message en vol par le 30.31.30.51

Concernant :

- M. Alain JUPPE
- M. Jean-Paul DELEVOYE
- M. Pierre LELOUCHE
- M. Ian MORLING à l'aller
et M. Christopher MICHELL HEGGS au retour
- M. Pascal HOUZELOT
- Melle NATAFF (TF1) à l'aller
et Turlik FEDEROWSKI (caméraman TF1) au retour
- M. BRESSON (LIBERATION)
- M. VIOUJARD (GAMMA)

Jeudi 23 mars :

- 7H30 : Départ d'Alain JUPPE de la Résidence - 11 Kensington Palace Garden - Tél : 19.44.1.229.94.11
(minibus de l'Ambassade conduit par M. STEPHENS)
- 7H50 : Rendez-vous avec la délégation à Charring Cross pour le départ en river bus à 8H précises.
- 8H20 : Arrivée West India docks pour - Visite des Docklands - Isle of the dogs, sous la conduite de Miss WRIDJWAY
Tél : 515.30.00
- 9H20 : Départ de l'île des chiens en river bus
- 9H40 : Le minibus attend la délégation à Charring Cross
- 9H50 : Accueil au Parti Conservateur par Sir James SPICER, Député, Vice-Président du Parti Conservateur
- 10H : Entretien avec Peter BROOKE, Président du Parti Conservateur
Smith square - London SW1
Tél : 19.44.1.222.90.00
- 11H : Entretien avec Mme THATCHER
10 Downing Street
Tél : 19.44.1.270.30.00
- 11H30 : Entretien avec M. Nigel LAWSON, Chancelier de l'Echiquier
11 Downing Street
Tél : 19.44.1.270.45.19
- 12H05 : Entretien avec Lord TREFOARNE Secrétaire d'Etat à la Défense
Room 6181, Main Building, Whitehall, London SW1
Tél : 19.44.1.218.66.21
- 12H45 : Visite d'un immeuble de la City - Broadgate
- 13H15 : Déjeuner privé, DEWE ROGERSON LTD
3 1/2 London Wall Building - London Wall - London EC 2M 5FY
Tél : 19.44.1.638.95.71
- 14H45 : Point presse (même adresse)
- 15H15 : Départ pour Heathrow
- 16H : Départ pour Paris - Aéroport d'Heathrow - Cie British Airways
Commuter - Terminal 1 - Comptoir 73
Tél : 19.44.1 562.04.51
- 18H15 : Atterrissage Le Bourget

LONDRES
22 et 23 Mars 1989

PROGRAMME DE LA VISITE D'ALAIN JUPPE

Mercredi 22 mars :

- 16H : Décollage Le Bourget (Euralair)
- 16H15 : Arrivée Gatwick Sud (Cie Ogden)
(local) Tél : 19.44.293.50.70.00
- 16H30 : Départ du salon d'honneur de la Cie Ogden pour le ministère des
Affaires Etrangères.
- 18H30 : Entretien avec Sir Geoffrey Howe
Whitehall - London SW1A 2AS
Tél : 19.44.1.270.30.00
- 19H15 : Passage de la délégation à l'hôtel
Royal Horseguards Thistle Hotel
Whitehall Court - London SW1A 2EJ
Tél : 19.44.1. 839.34.00)
- 20H : Alain JUPPE : Dîner avec l'Ambassadeur au Méridien
Offert par Peter LUFF, Mouvement Européen
Picadilly W1
Tél : 19.44.1.734.80.80