



CONFIDENTIAL

Prime Minister
Content with Annexes A and C?

A.J.C. 14/10

MR. COLES

Yes not

Anglo-French Summit: 4th-5th November

The Prime Minister's visit to Paris for talks with the French President on 4th-5th November 1982 will be the second such Summit meeting with President Mitterrand. There is some useful work to be done both by the Prime Minister and by other Ministers participating in the Summit.

2. The French have not yet decided whom they would wish to participate in the meeting, nor what the agenda should be. When I was in Paris last week, I said that the Prime Minister had it in mind to bring the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer and the Secretaries of State for Industry and Trade. Monsieur Attali was proposing to recommend accordingly to the President. It will be for consideration whether the Prime Minister should also be accompanied by the Secretary of State for Defence. I will let you have details when they are available.

3. As things stand at present I would expect the Prime Minister to leave London after Question time on Thursday, 4th November, returning to London sometime during the following afternoon. President Mitterrand would hope for a short tete-a-tete after the Prime Minister's arrival in Paris and before dinner at the Elysee. Working meetings between the individual Ministers would start early the following morning and be followed by a plenary session. The Press Conference would be fitted in either before or, more likely, just after lunch. Time for talks will be fairly short, given the requirements in most cases for consecutive translation.

4. I enclose British and French objectives at Annex A. At Annex B is a suggested list of briefs including the lead Departments. Those items which we would not expect the two principals themselves to tackle have been marked. The Cabinet Office official group on Anglo-French relations has approved the paper at Annex C on United Kingdom tactics and objectives for the Summit. It covers topics which we would expect to be covered at the Summit.

CONFIDENTIAL



CONFIDENTIAL

5. The briefs will be co-ordinated in the usual way by the Cabinet Office and I propose that we should aim to submit these to No. 10 on Thursday 28th October in time for the Prime Minister's weekend box on return from the Anglo-German Summit in Bonn.

6. I should be grateful if you would seek the Prime Minister's approval for preparations for the Summit to go ahead on the basis of the proposals outlined above.

ROBERT ARMSTRONG

14th October 1982

ANGLO-FRENCH SUMMIT: 4th-5th NOVEMBER 1982

UNITED KINGDOM OBJECTIVES

Primary

1. Community Affairs. To make very clear that a fair and lasting budget settlement must be achieved while avoiding a public row on this issue. To impress on the French the United Kingdom's determination to play its full part in shaping the future of the Community. To explore French thinking on future developments, including enlargement.
2. United States/European Relations. To reach an understanding on the right approach, taking into account such factors as defence and East/West economic relations.
3. Collaborative Projects. To convince the French that our different approaches to major projects like the Channel Fixed Link, the Airbus and Concorde must not be interpreted as a lack of British interest in such co-operation.

Subsidiary

4. East/West Relations. To explain British views with particular regard to arms control and to the situation in Poland.
5. International Economic and Monetary Situation. To discuss developments since the Versailles Summit. To co-ordinate positions on forthcoming international trade negotiations.
6. The Falklands. To secure French diplomatic support both in general and at the UNGA. To urge the French not to resume sales of sensitive weapons.
7. International Affairs. To put across British views on the Middle East and Africa (especially Southern Africa).
8. Defence. To show continuing willingness to achieve closer co-operation on nuclear and non-nuclear defence and arms control questions.

PROBABLE FRENCH OBJECTIVES

Primary

1. Community Issues. To lower British expectations about a solution to the Budget problem; to put across the French case that European Community common policies in various sensitive areas should be completed before enlargement and that enlargement will result in a cost to the United Kingdom.

2. International Issues (East/West, Poland, Arms Control). To align the United Kingdom with French views, in particular where these diverge from those of the Americans.
3. Collaborative Projects. To demonstrate that lack of progress since the last Summit is primarily due to the United Kingdom. In this context:
 - (a) to press for United Kingdom participation in the early launching of the Airbus A320 project;
 - (b) to urge the United Kingdom to join them in terminating Concorde services;
 - (c) to press for United Kingdom collaboration over fast breeder reactors.

Subsidiary

4. To enlist British understanding for French economic policies.
5. To achieve maximum mutual understanding on policies towards Japanese trade and on European interests in United States trade and monetary policies.
6. The Falklands. To avoid agreeing to anything which might be an obstacle to France's bid for better relations with Argentina and Latin America as a whole, including arms sales.

LIST OF BRIEFS FOR ANGLO-FRENCH SUMMIT
4th-5th NOVEMBER 1982

	<u>Subject</u>	<u>Lead Department</u>	<u>In Consultation with</u>
1.	Steering Brief	FCO	As appropriate
2.	European Questions		
	a. European Community Steering Brief	FCO	As appropriate
	b. EC Budget	FCO	Treasury, MAFF
	c. Agricultural Questions	MAFF	FCO, Treasury
	d. <u>Enlargement</u> - <u>Spain</u>	FCO	Treasury, Trade, MAFF, Employment
	e. <u>EC/US Steel</u>	FCO	DOI
	f. <u>Common Fisheries Policy</u>	MAFF	FCO
	g. European Act	FCO	As appropriate
3.	Transatlantic Relations and related aspects of East/West Economic Relations, including Siberian Gas Pipeline	FCO	As appropriate
4.	East/West Political Relations (including Afghanistan)	FCO	
5.	Poland	FCO	Treasury, Trade
6.	CSCE	FCO	
7.	International Economic and Monetary Questions		
	a. Prospects for the World Economy (including United States economic policy)	Treasury	FCO
	b. International Debt Problems	Treasury	FCO, Trade
	c. International Trade Problems (including Protectionism, Japan GATT Ministerial)	Trade	FCO, Treasury
8.	Economic Summits		
	a. 1983 Summit	FCO	Treasury, Cabinet Office
	b. Working Group on Technology, Growth and Employment	Cabinet Office	FCO

CONFIDENTIAL

	<u>Subject</u>	<u>Lead Department</u>	<u>In consultation with</u>
9.	Defence Matters	MOD	FCO
10.	Arms Control and Disarmament	FCO	MOD
11.	World Political Issues		
	a. Arab/Israel and Lebanon	FCO	
	b. Europe/Latin America (including the Falkland Islands)	FCO	
	c. Southern Africa/Namibia	FCO	
	d. China	FCO	
	e. North/South Dialogue	FCO	
	*f. Iran/Iraq and the situation in the Gulf	FCO	
	*g. UNLOSC	FCO	
	*h. International Terrorism	FCO	Home Office
12.	Bilateral Questions	FCO	As appropriate
*13.	French Scene		
	a. Political	FCO	
	b. Economic	Treasury	

* Denotes Background Brief

TACTICS FOR THE ANGLO-FRENCH SUMMIT:
4th-5th NOVEMBER 1982

1. This paper suggests what the United Kingdom approach might be to the forthcoming Summit. It has been drafted on the assumption that by the time of the Summit a settlement has been achieved on the 1982 Budget Refunds Question and that the French have not already shown themselves determined to be completely intransigent on the issue of the Community Budget for 1983 and beyond.

United Kingdom Strategy and Objectives

2. Two themes are almost certain to dominate the Summit: Community Issues and transatlantic relations (including relevant aspects of East/West relations). Recent French pronouncements suggest that we may be heading for a confrontation over the Budget. Our aim must therefore be to make very clear to the French that a fair and lasting Budget settlement must be achieved while avoiding a public row on this issue. Broad agreement on transatlantic relations and other international questions may be attainable and could be a useful balance to disagreement over Community issues. There will be little progress to register on specific bilateral projects since the last Summit. The Prime Minister will wish to build on and exploit her good personal relations with President Mitterrand (on balance enhanced by the Falklands crisis) to persuade him that individual problems should not undermine the general improvement at political level in Anglo-French relations over the past 18 months.

French Aims and Constraints

3. The Foreign and Commonwealth Secretary's meeting with Monsieur Cheysson on 22nd September was more encouraging in tone than Monsieur Chandernagor's presentation at the Council on 20th September, but unyielding on the Budget issue. The difficult economic situation in France at the rentrée and an uneasy relationship with the United States are likely to put President Mitterrand in a tough mood. While wishing to preserve the improved climate in relations, President Mitterrand will not wish to be pinned down, especially on the Budget, partly because of the cost to France. Despite this he too will be looking for a broad measure of agreement on wider international issues, and may be receptive to the argument that a confrontation over the Budget is against the wider French interest in Western European solidarity. On collaborative projects we can expect him to press for United Kingdom participation in the Airbus A320 and he may come forward with further proposals for co-operation.

4. United Kingdom and probable French objectives are at Annex A.

Tactics

5. From the United Kingdom point of view it might be best for the Prime Minister and President to concentrate initially on the broader themes where they can expect to reach a measure of agreement. This suggests starting with international issues, in particular transatlantic relations. There should be no difficulty in agreeing the extent of the problem but there may still be disagreement over the best way of solving it. Discussion might be more constructive if preceded by a broad review of East/West relations where the two leaders see eye to eye, and where French robustness on security matters remains an asset in United States eyes. Agreement may be possible on the basis for and limits of the European approach to trade with Eastern Europe. Moving on to European differences with the United States over the Siberian pipeline, the Prime Minister will wish to avoid giving any impression she is arguing on behalf of the Americans, but (depending on whether developments in October show the United States Administration is looking for a way out) she may still have to impress on the President the need for a solution which allows the Americans to exempt our existing contacts from United States measures without losing face.

6. The timing of the Summit is likely to mean that neither side will be in a mood for compromise on European Community issues. In any case, the Summit provides a crucial opportunity to put across our views and remove any misunderstandings at the highest level about the Budget for 1983 and beyond. It is not in French interests for the Budget to become a purely Anglo-French quarrel. The change of government in Germany may make the German attitude of critical importance if only in the sense that the French may not be certain what policies the CDU/FDP coalition will follow. (The Franco-German Summit is due to take place on 21st-22nd October and the Anglo-German one on 28th-29th October.) Whether or not the French are less confident of German support than in the past the Prime Minister will wish to emphasise that the Government's firm commitment to the Community includes an immediate concern to ensure its financial health. Settlement of Britain's Budget contribution for 1983 and later years cannot be put off until a general review of Community finances takes place. Unless the French recognise the urgency, Britain and France look to be set on a collision course which will damage the relationship as a whole as well as the

prospects for European co-operation. The Prime Minister will wish to urge the President not to allow the Budget issue to fester. Ministers and officials should be directed to adopt a constructive approach that presupposes that a Budget settlement which reconciles French and British interests for 1983 and beyond is both possible and desirable. It would be useful to be able to invoke an identifiable commitment of this kind from the top over the coming months, though we should be under no illusion about the difficulty of avoiding confrontation with the French as negotiations proceed.

7. Defence is unlikely to play a major part in the discussions. The French seem to wish to move cautiously towards a closer dialogue on defence issues, but their ideas do not appear to have crystallised. The Prime Minister will wish to endorse the exchanges already under way, and to make it clear that we are willing to develop them further when the French are ready.

8. There has been little or no progress towards implementing the major collaborative projects which were such a public feature of the success of the last (1981) Summit which could counter-balance difficulties over other issues. There is indeed potential for discord over some items particularly perhaps Concorde and a danger that the French may conclude from what has happened over others such as the Channel Fixed Link (the Banks' Study will probably not have been completed) and aero-engine co-operation, that Britain's heart is not in working together with the French. The Prime Minister might, therefore, to advantage take the initiative in telling President Mitterrand we regret that we have not between us made swifter progress but that this is because of genuine problems in the individual projects rather than any bias on our part. We shall have to resist any French pressure for a politically rather than commercially-based decision on the Airbus A320 or the Channel Fixed Link but we should also not give the French any excuse for launching the potentially important A320 projects without us in advance of Her Majesty's Government's future decision on launch aid.

9. The prospects for wider, multilateral co-operation may be better though French attempts to exclude us from European discussion on direct broadcasting by satellite are not encouraging. But we should be able to maintain the habit of close consultation on trade with Japan, GATT, textiles, international monetary questions, United States/European Community trade relations, the Siberian gas

CONFIDENTIAL

pipeline (see paragraph 5 above) and United Nations matters. We should make an across-the-board effort to intensify bilateral co-ordination at official and Ministerial level with the French for all international gatherings.

10. Suitable arrangements for monitoring progress on Summit follow-up should be agreed at the Summit itself. The mid-term review by Foreign Ministers should be confirmed.

CONCLUSION

11. Unless circumstances make a confrontation over the Community Budget inevitable, this Summit is not likely to be particularly newsworthy. There is no scope for a great leap forward in the relationship. It will be difficult enough to ensure a business-like atmosphere in which personal relationships are consolidated, policy differences kept within bounds and progress on substantive issues made where that is possible. We must make very clear to the French that a fair and lasting Budget settlement must be achieved while avoiding a public row on this issue. We shall need to persuade them that failure to reach agreement on the Budget issue soon will set our two countries on a collision course and damage the relationship as a whole, and that our common interest in that relationship and in European solidarity should make them, in their own interests, work together with us for a workable solution. We must not allow French allegations that we are unforthcoming on major Anglo-French projects to stick.

SIR ROBERT ARMSTRONG

ANGLO/FRENCH SUMMIT: 4-5 NOVEMBER

Thank you for your minute of 14 October.

The Prime Minister has approved the description of United Kingdom and French objectives for the Summit, contained in Annex A, and also the paper on tactics, contained in Annex C. Mrs. Thatcher is content for preparations for the Summit to proceed on that basis.

AJC

15 October 1982