

NOTE OF THE MEETING BETWEEN THE RT HON LORD COCKFIELD, SECRETARY OF STATE FOR TRADE, AND MONSIEUR MICHEL JOBERT, MINISTER OF STATE, MINISTER FOR EXTERNAL TRADE, IN PARIS ON 5 NOVEMBER 1982

1 Those present:-

The Rt Hon Lord Cockfield  
Mr R W Gray, Department of Trade  
Mr P J Westmacott, British Embassy, Paris

M. M Jobert  
M. H Baquiast  
M. C Charret  
M. F David

2 After a general exchange on the relative merits of empathy, sympathy and confrontation in discussion between Governments, M. Jobert said he would be happy to answer any questions the Secretary of State might wish to put to him.

GATT Ministerial/Japan/Inward Investment

3 Lord Cockfield asked about M. Jobert's expectations of the GATT Ministerial. M. Jobert said that he considered the matter to be primarily a Community subject until Member States had decided upon their common position. He hoped that the Community would arrive at an agreement which was as united and determined as possible. Lord Cockfield said that it was essentially the external aspects of the GATT Ministerial which interested him - what to do about Japan, NICs, safeguard clauses, etc. M. Jobert said he thought it only courteous that he should reply to the Secretary of State's questions though he would be equally interested to have an account of United Kingdom thinking. He thought that everything depended on what kind of impression the Community wished to convey in the GATT. On substance, Lord Cockfield would know much of M. Jobert's thinking from his public declarations as well as from the meeting he recently attended at Ditchley Park which, incidentally, he considered to have been inappropriate as a forum and an embarrassment to the organisers. More than just words were required. Considering the extent to which he had made his views known during bilateral discussions with Mr Rees before the event. M. Jobert had been disappointed by the lack of intellectual support he had received from the United Kingdom when he had spoken about the GATT Ministerial at the Luxembourg Council. Details could be left to officials; what mattered was the overall attitude of governments.

4 Lord Cockfield said he did not consider that intellectual disputations took one very far. One needed to discuss real problems, such as the deteriorating situation regarding trade with Japan. M. Jobert replied that he had been seeking practical as well as intellectual support from the United Kingdom. (His subsequent remarks contained frequent ironic references to what was or was not intellectual.) Japan, as the Secretary of State said, was a practical issue on which he would welcome an

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indication of United Kingdom views. As he had told Mr Rees, the French government had been wondering about the British policy of welcoming Japanese investment to Britain. Mr Rees had explained to him that the British government was keen to accept such investment but had also said that future Japanese investment would be limited. Lord Cockfield explained that the British Government considered it was better to have Japanese companies manufacturing in Britain than importing their goods, ready-made from Japan. Local manufacture meant local content. The majority of Member States welcomed inward investment from a variety of countries for this reason.

5 M. Jobert said he understood this policy but considered that it had its limits. One had become apparent over dinner at the Elysée the night before. The President and the Prime Minister had agreed that the level and nature of United States investments in Europe were a cause for concern. Ten years ago, M. Jobert said he had heard President Pompidou and Mr Heath say the same things. Lord Cockfield said that two issues were at stake. One was the question of how far one should become dependent upon the technology and components of another country; this carried with it a danger of excessive vulnerability. The other amounted to import substitution in a manner which allowed the Japanese government no pressure whatever on Britain in either political or industrial terms. M. Jobert said he thought it more dangerous to depend upon foreign investments in run-of-the-mill, low technology than on supplies of small, high technology items which one could manufacture oneself but only at great cost. France and Britain could co-operate on this kind of work; the subject kept recurring in bilateral discussions. There had however been little evidence to date of any real will to make progress.

6 Lord Cockfield saw the problem of dependence the other way round. The kind of investment made in Europe by Japanese firms was low technology with little danger. Current discussions over the Pipeline were concerned with high technology which were crucial to the operation of European industries in European countries. M. Jobert agreed, but said he thought it was a matter of concern if Europe lost its ability to manufacture simple, high volume items such as televisions, cars, camera lenses and so on.

7 Lord Cockfield said that he was saddened by the fact that there seemed to be an inability within the Community to develop a common response to the worsening problem of economic relations with Japan. M. Jobert saw no need to be sad. The scope for action existed. What was needed was more united pressure on the Commission to propose appropriate action. He himself had spoken out unequivocally at the Luxembourg Council on this point. Perhaps the time had come to rectify the past failure of France and Britain to pull together strongly on this subject. There was no longer time to pause for German doubts and Japanese time-wasting. (The expression used by M. Jobert, which contained references to Japanese goats and German cabbages, led to a brief exchange on sheepmeat and the willingness of Britain to export lamb if other countries would allow her to do so; M. Jobert said he would prefer to avoid an exchange of reproaches on the subject of protectionism.)

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1970 Spain/EC Agreement

8 Lord Cockfield asked for M. Jobert's views. M. Jobert said he was aware of the concern which the application of the 1970 Agreement caused for Britain. There were problems, too, for France, although the French government's general view was that the European edifice had to be built with all those who naturally belonged to it. Lord Cockfield said that the British Government was particularly concerned by the one-sided nature of the tariff provisions in the 1970 Agreement. Unions in Britain were complaining vociferously about its effects. M. Jobert said that France's newly-formed Consultative Commission on International Trade had been alerted by French industry to numerous difficulties arising from the Agreement. He suggested that French and British officials might keep in touch on this issue through the Paris Embassy. Lord Cockfield said that he would welcome such an arrangement.

French Trade Policy

9 Lord Cockfield said he would like to discuss the measures announced by the French government on 20 October. He recognised that France had a serious external trade problem and that it had been necessary to take firm measures. He nevertheless hoped M. Jobert could assure him that they would not affect British exports to France. (He explained that he had sought a similar assurance from the French Ambassador in London on 1 November.) M. Jobert said he was grateful to the Secretary of State for the manner in which he had posed his question. The 20 October measures were only a beginning. But he wished to make clear that the French government would throughout act in strict compliance with its Community and other international obligations. The government's aim was to eliminate the unfair and more or less illegal activities which existed in international trade, with particular reference to the rerouting of traffic within the Community. France had become a receptacle for the world's unwanted goods. But the pot should not call the kettle black. There was much he admired about Britain, the British language and the manner in which Britain went about things. In terms of trade barriers, the United Kingdom was far ahead of France. The proof that France was not a protectionist country was in the size of the external trade deficit. This would reach F100 billion this year. M. Jobert said he would be willing to take lessons from the British Government in how to deal with excessive imports. Lord Cockfield reverted to the question of bilateral trade. If one left aside oil, which was an international commodity which France brought from whatever source was most suitable at the time, a substantial trade surplus existed in France's favour. It would be a great tragedy if this was put at risk.

10 M. Jobert said he wondered why the Secretary of State was again (after the discussion that had been held at Matignon the night before) speaking in this sense. He was unaware of any real bilateral problem on trade. He was willing to discuss such irritants as labelling for turkeys if the Secretary of State wished to do so; but he was not convinced that this was the best way to proceed. If Lord Cockfield did wish to complain about protectionism in France, he himself would have a greater number of grievances against protectionism in the United Kingdom.

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11 Lord Cockfield expressed surprise that French technology was not able to manufacture the labels which the United Kingdom had requested for exports of poultry. He explained that he had raised the measures announced on 20 October because of the anxieties which they had aroused in Britain. He welcomed imports from France but would be very concerned if it turned out that bilateral trade was being obstructed. M. Jobert said he thought it would be possible to continue a childish exchange on the subject at length, but he did not think it would be consistent with the Franco/British understanding which the Summit was designed to promote. He ended by saying that it was important to seek areas of understanding, not confrontation, between Britain and France.

HM EMBASSY, PARIS

November 1982

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*From the Secretary of State*

John Coles Esq  
Private Secretary  
10 Downing Street  
London SW1

17 November 1982

*Dear John,*

ANGLO/FRENCH SUMMIT: MEETING BETWEEN SECRETARY OF STATE FOR  
TRADE AND MINISTER FOR EXTERNAL TRADE

We have received from Paris, and cleared here, a note of the Secretary of State's meeting with M. Jobert on 5 November 1982. The final note is now attached.

Copies of this letter, and the note, go to the Private Secretaries of the Chancellor of the Exchequer, the Foreign Secretary, the Secretary of State for Industry, and the Minister for Agriculture as well as to Sir Robert Armstrong's office and H M Embassy, Paris.

*Yours sincerely,*

JOHN RHODES  
Private Secretary

*France*

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