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RECORD OF A MEETING AT A WORKING BREAKFAST BETWEEN THE
PRIME MINISTER AND THE PRESIDENT OF THE FRENCH REPUBLIC
AT THE FRENCH AMBASSADOR'S RESIDENCE IN ATHENS AT 0845 HRS
ON TUESDAY, 6 DECEMBER

Present:

Prime Minister	President Mitterrand
Mr. F.E.R. Butler	M. Attali
	Interpreter

President Mitterrand opened by saying that he felt it important, in the light of the press reports about the European Council that morning, that both their colleagues and the outside world should know that dialogue between the British and French Governments was continuing. The press appeared to have the impression that the Council had been dominated by an Anglo/French conflict. He did not seek such a conflict, and did not wish to give an impression of conflict at all. The problems of the Community were only a small part of the preoccupations of European governments. There were many issues on which they had a common stand. But unless the present situation was corrected, the press would soon be talking of a return to the Hundred Years War.

The Prime Minister said that she did regard the situation in the Community as very serious, and as much more serious than just a Franco/British disagreement. After Stuttgart the Community had a historic opportunity to re-assess its financial arrangements and tackle the problems of agricultural surpluses. But the present Council had run away from the fundamental problems.

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She found disagreements between herself and President Mitterrand particularly difficult to understand because in October they had agreed on maintaining close relations on the matters to be discussed at the Council and had both appointed personal representatives to hold discussions with a view to avoiding misunderstandings. She had made a similar arrangement with the Germans, and she understood that the French had too. Despite this, President Mitterrand's attitude at the Council had taken her by surprise. She had come to the Council pleased with the proposal of M. Delors on budgetary control, but had found herself alone in supporting them. She did not know how this situation had come about, particularly without any warning.

President Mitterrand asked which proposal of M. Delors the Prime Minister was referring to. The Prime Minister said that she was referring to the proposals on budgetary control. President Mitterrand asked in what respect his position had differed from that of M. Delors. The Prime Minister said that the French had appeared to support at the Council their own proposal and she had been alone in speaking up for it. President Mitterrand said that he did have some differences on the approach to milk surpluses because he felt it was necessary to take account of the views of the countries especially concerned: that said, however, he supported a limit on milk production.

The Prime Minister said that if there was to be such a limit, it would have to be fought for. She had not been in favour of the proposal for a super-levy, but had been prepared to accept it since it appeared to be the only way forward likely to command general assent. But she had been appalled by suggestions that Italy and Greece should have special treatment, and she did not see how Ireland could be allowed actually to increase production.

On financial burden sharing, she had thought that the proposals in the Presidency paper provided an excellent starting point and had been under the impression that three out of the four points were agreed: she had had no idea that President Mitterrand took a different view.

President Mitterrand commented that the only differences over burden sharing was a point of principle about the calculation of the British contribution. He repeated that he did not want a conflict with the British, but he did want a levy on oils and fats and negotiations with the United States on agricultural imports.

The Prime Minister said that she had understood that a large part of the solution of burden sharing had been agreed, and that all which remained at issue was the calculation of the compensation to Britain and the method by which it would be shared by the other member countries. But these matters would now be passed to the French under their Presidency. It might well be that the Community would not run into financial crisis during the French Presidency, although depending on the next harvest and the movement of world prices it would be likely to do so in the autumn. The next Council on these matters would have to be very carefully prepared and she would not be in favour of holding another special Council on these matters until the ground work had been done. But the absence of agreement would make it very difficult for agriculture Ministers and the Commission to determine the price fixing for next year.

/President Mitterrand

President Mitterrand said that he never heard that there was agreement about a way of settling the budget problem. The French had made some gestures of goodwill but these did not represent agreement. He would like to discuss these matters further with the Prime Minister on a suitable occasion. The Prime Minister commented that discussions would need to be continued with the Germans as well.

President Mitterrand said that he did not know what France would have to pay next year. He understood that France would have to meet 40 per cent of any compensation to the United Kingdom and that its net contribution might amount to 2 billion ecu.

The Prime Minister commented that the United Kingdom's unadjusted net contribution was 2 billion ecu and the Germans' was 2.3 billion ecu. But the Germans got other benefits from membership of the Community which induced them to be generous. Even so, there had to be a limit on the German contribution because there was always a risk that a new generation would arise in Germany which would be unwilling to make such a large contribution. It would be a disaster if Germany became neutralist or opted to become reunited with East Germany. President Mitterrand said that this temptation was already present. The Prime Minister said that this was why a reasonable settlement had to be found, which covered the Germans. It was an historic opportunity which the present Council had not approached with sufficient gravity or awareness of the far reaching political implications. A transient compromise was not acceptable. The

/Council

Council also had to face the question of enlargement, and she expected that there would be discussion of this aspect later in the morning.

At this point there was discussion on the current situation in Lebanon which has been recorded separately. Shortly before the meeting concluded, the Prime Minister reverted to European Community issues and said that she did not want a continuing conflict with the French Government over these matters. She thought that it would be necessary not only to maintain the system of personal representatives in preparation for the next special Council but also for herself to fly over to Paris, if necessary privately, for personal discussions with President Mitterrand.

President Mitterrand repeated that the only problem with the British over the budget was the method of calculating the British contribution. He also felt that the British were too soft with the Americans on cereal substitutes and on United States agricultural imports generally: these were relatively minor matters in relation to the big issues on which Britain and France were agreed. If there were less US imports of cereal substitutes there would be fewer cows and less milk in Europe. The Prime Minister commented that her actions over Grenada indicated that she did not take an uncritical view of the United States.

6 December 1983

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cc:

10 DOWNING STREET

hld on:
1) France: Anglo-French
Relations Pt 2
2) European Councils:
Athens Pt 13

From the Principal Private Secretary

6 December 1983

Dear Brian,

I enclose a record of a discussion between the Prime Minister and President Mitterrand about European Community issues at a working breakfast in Athens today.

I am sending a copy of this letter and its enclosure to John Kerr (HM Treasury), Ivor Llewelyn (MAFF), Callum McCarthy (DTI) and Richard Hatfield (Cabinet Office).

Yours ever,

Robin Butler

Brian Fall Esq
Foreign and Commonwealth Office

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