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ANGLO/FRENCH SUMMIT: 29/30 NOVEMBER

SUMMARY

1. MITTERRAND'S POPULARITY AT RECORD LOW. AFTER MISHANDLING OF WITHDRAWAL FROM CHAD, HE IS UNDER SERIOUS ATTACK OVER FOREIGN AS WELL AS INTERNAL POLICY. SUMMIT OFFERS OPPORTUNITY TO UNDERLINE PUBLICLY THE WIDE RANGE OF EXISTING ANGLO/FRENCH COLLABORATION, PUT ACROSS OUR PRAGMATIC APPROACH TO TALK OF EUROPEAN UNION, AND PRESS FOR FULLER COOPERATION TO COMBAT TERRORISM. BOTH SIDES WISH TO EXPLORE IDEAS FOR CLOSER DEFENCE COLLABORATION. MITTERRAND MAY SEEK STATEMENT OF POLITICAL APPROVAL IN PRINCIPLE FOR A CHANNEL FIXED LINK.

DETAIL

INTERNAL BACKGROUND

2. AT THE HALF WAY POINT IN HIS PRESIDENCY, THE OPINION POLLS GIVE MITTERRAND THE LOWEST APPROVAL RATING OF ANY PRESIDENT OF THE FIFTH REPUBLIC. THE OPPOSITION SCENTS VICTORY IN THE 1986 LEGISLATIVE ELECTIONS AND IS IN FULL CRY OVER THE GOVERNMENT'S HANDLING OF THE ECONOMY, LAW AND ORDER, IMMIGRATION AND NOW FOREIGN POLICY. A SERIES OF CONTROVERSIAL DECISIONS (EG TO SEND CHEYSSON TO THE CELEBRATIONS IN ALGERIA OF THE THIRTIETH ANNIVERSARY OF THE START OF THE ALGERIAN WAR, AND TO SITE THE SYNCHROTRON FACILITY IN GRENOBLE INSTEAD OF STRASBOURG AS ORIGINALLY PLANNED) HAVE RAISED THE POLITICAL TEMPERATURE. MITTERRAND'S ADMISSION THAT LIBYAN TROOPS REMAIN IN CHAD AFTER THE FRENCH HAD ANNOUNCED COMPLETE EVACUATION AND AFTER HIS OWN MEETING WITH QADHAFI IN CRETE, HAD LED TO DAMAGING CRITICISM FROM THE LEFT AS WELL AS RIGHT-WING PRESS. NOW, HE ALSO HAS TROUBLE IN NEW CALEDONIA AFTER THE ELECTIONS ON 18 NOVEMBER PRECIPITATED VIOLENCE BETWEEN FRENCH RESIDENTS AND MELANESIANS. MITTERRAND'S CREDIBILITY IN FOREIGN POLICY, HITHERTO HIS STRONG SUIT, IS THUS FOR THE FIRST TIME UNDER THREAT.

3. WITH ONLY SIXTEEN MONTHS UNTIL THE LEGISLATIVE ELECTIONS, VIRTUALLY NO ONE IN THE SOCIALIST PARTY SEEMS TO THINK THAT THE LEFT WILL WIN. MORALE IS LOW. FABIUS HAS RECENTLY TAKEN THE POLITICAL OFFENSIVE TO RALLY HIS TROOPS, BUT LACKS AMMUNITION. MY GUESS IS THAT MITTERRAND HIMSELF FEELS SOMEWHAT SHAKEN BY THE LATEST SPATE OF MISHAPS, THOUGH HE MAY REMAIN CONFIDENT OF HIS ABILITY TO OUTWIT THE OPPOSITION AND BOUNCE BACK OVER THE NEXT 12 MONTHS.

ECONOMY

4. 1984 BROUGHT SOME IMPROVEMENT ON INFLATION, INVESTMENT AND THE EXTERNAL ACCOUNTS, BUT LESS THAN FORECAST. MODERATION OF WAGE

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/ SETTLEMENTS

SETTLEMENTS HAS BEEN THE MAJOR SUCCESS. THE CONTINUED RISE OF UNEMPLOYMENT (AND AN ACTUAL DECLINE IN EMPLOYMENT) IS THE MAJOR BLACK SPOT. 1985 IS LIKELY TO BRING FURTHER MODEST IMPROVEMENT ON MOST FRONTS EXCEPT EMPLOYMENT. THERE IS INCREASING PUBLIC CONCERN OVR^E THE PROSPECTS FOR 1986-88 WHEN MAJOR DEBT REPAYMENTS ARE DUE BUT THE CURRENT ACCOUNT MAY STILL NOT PRODUCE AN ADEQUATE SURPLUS. THE ABSENCE OF A STATUTORY WELFARE SAFETY NET TO CATCH THE UNEMPLOYED WHO RUN OUT OF ENTITLEMENT TO UNEMPLOYMENT BENEFIT COULD BRING TROUBLE.

CHANNEL FIXED LINK

5. MITTERRAND WILL WISH TO PRESENT THIS SUMMIT AS A FRIENDLY ENCOUNTER. IN CONTRAST TO MOST OF HIS PREDECESSORS AND HIS LIKELY SUCCESSORS HE REGARDS GOOD ANGLO-FRENCH RELATIONS AS A PLUS IN HIS POLITICAL BALANCE-SHEET. THE MAIN BILATERAL ISSUE ON WHICH HIS ADVISERS SEEM TO HAVE BEEN CONCENTRATING IS THE CHANNEL FIXED LINK. BOTH MITTERRAND FABIUS ARE PERSONALLY KEEN ON THE PROJECT. MR RIDLEY'S MEETINGS IN PARIS ON 14 NOVEMBER LED TO A JOINT COMMUNIQUE EXPRESSING THE TWO GOVERNMENTS' WILLINGNESS TO FACILITATE A CFL AND SETTING UP A WORKING GROUP OF OFFICIALS (MY TELNO 1273). THE FRENCH MAY PRESS FOR THE AGREEMENT TO BE REAFFIRMED DURING THE SUMMIT SO AS TO PRESENT PROGRESS ON THE CFL AS A POSITIVE OUTCOME. THEY MAY ALSO RAISE AGAIN THE POSSIBLE USE OF COMMUNITY FUNDS.

FOREIGN POLICY

6. MITTERRAND WIL WANT TO DISCUSS THE IMPLICATIONS OF THE RESUMPTION OF THE US/SOVIET DIALOGUE. THE FRENCH TRADITIONALLY FEAR THE TWO SUPERPOWERS DOING DEALS OVER THEIR HEADS. AT THE SAME TIME, MITTERRAND MUST WELCOME THE PROSPECTS FOR SLOWING DOWN THE ARMS RACE IN SPACE, AND SEE AN OPENING TO DEVELOP HIS OWN LINKS WITH THE EAST. (HE VISITS ROMAINA AND BULGARIA NEXT YEAR AND YESTERDAY ANNOUNCED THAT CHERNENKO WOULD PROBABLY VISIT FRANCE NEXT YEAR TO RETURN HIS OWN VISIT TO MOSCOW LAST JUNE).

7. MITTERRAND WILL JUST BE BACK FROM DAMASCUS. HE HAS ALREADY SEEN MUBARAK, KING HUSSEIN AND CHADLI IN RECENT MONTHS AND NEXT MONTH WELCOMES PERES HERE. APART FROM CULTIVATING THE NEAR EAST LEADERS TO SUSTAIN THE VIEW THAT FRANCE HAS SOME SPECIAL ROLE IN THE AREA, HIS CURRENT POLICY ON THE MIDDLE EAST IS A PRUDENT WAIT-AND-SEE GAME.

COMMUNITY ISSUES

8. MITTERRAND MAY DISPLAY SOME DISAPPOINTMENT THAT THE DOOGE COMMITTEE IS NOT PROGRESSING FASTER IN THE DIRECTION HE PROFESSES TO FAVOUR AND SUGGEST THAT A MAJORITY SUPPORT FRANCO-GERMAN IDEAS ON EUROPEAN UNION. ON ENLARGEMENT, THE FRENCH CONTINUE TO BE PREOCCUPIED WITH WINE, FRUIT AND VEGETABLES AND FISHERIES. MITTERRAND WILL BE LOOKING TO THE UK FOR THE STRONGEST POSSIBLE SUPPORT ON REFORMING THE INTERNAL WINE REGIME BEFORE OPENING NEGOTIATIONS WITH SPAIN ON THIS DOSSIER.

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/ BILATERAL

BILATERAL DEFENCE CONTACTS

9. IN PREPARING FOR THE SUMMIT, FRENCH OFFICIALS HAVE MADE MOST OF THE RUNNING IN SUGGESTING THAT OUR DEFENCE CONTACTS COULD BE IMPROVED (EG BY GIVING POLITICAL DIRECTORS A COORDINATING ROLE AS WITH THE GERMANS) AND GIVEN A HIGHER PROFILE. THIS MAY COME UP IN THE FOREIGN AND DEFENCE MINISTERS' TALKS, THOUGH THE FRENCH MAY BE RELUCTANT TO ADVANCE FAR WITHOUT CLEAR ENCOURAGEMENT FROM OUR SIDE. MITTERRAND WOULD PROBABLY LIKE TO BE ABLE TO POINT TO SOME PROGRESS TO SATISFY THE FRENCH PUBLIC'S HANKERINGS AFTER GREATER EUROPEAN DEFENCE COOPERATION, THOUGH NOT AT THE EXPENSE OF THE SPECIAL FRANCO-GERMAN IMAGE. AGREEMENT ON THICKENING UP DEFENCE CONTACTS COULD CONTRIBUTE MORE THAN ANYTHING ELSE (EXCEPT THE CHANNEL FIXED LINK) TO MAKE THE SUMMIT A PUBLIC SUCCESS IN FRENCH EYES.

OTHER BILATERAL ISSUES

10. BIANCO (ELYSEE) HAS ENDORSED THE PROPOSAL THAT A LIST OF AREAS OF BILATERAL TECHNOLOGICAL COOPERATION SHOULD BE GIVEN TO THE PRESS (MY TELNO 1294). SUCH A LIST HAS NOW BEEN AGREED BY THE BILATERAL COORDINATORS. IT INCLUDES SEVERAL SUBJECTS WHERE MEASURABLE PROGRESS HAS BEEN MADE IN WORKING TOGETHER. NONETHELESS, IT REMAINS DIFFICULT TO DEVELOP GENUINE COLLABORATIVE PROJECTS. AT THE POLITICAL LEVEL (MITTERRAND/FABIUS), THE FRENCH APPEAR TO WANT CLOSER TECHNOLOGICAL LINKS WITH THE UK. HOWEVER, FURTHER DOWN, AND PARTICULARLY AMONGST THE FRENCH INDUSTRIALISTS, THERE IS STILL A VERY STRONG TENDENCY TO LOOK UPON COLLABORATIVE PROJECTS MAINLY AS AN OPPORTUNITY TO GAIN ACCESS TO BRITISH TECHNOLOGY OR A COMMERCIAL EDGE OVER THEIR BRITISH PARTNERS. MANY OF THEM PRE-SUPPOSE THE SAME APPROACH FROM THE BRITISH AND DO NOT EXPECT TO BE PARTICULARLY WELCOME IN THE UK. RECENT FINANCIAL CONSTRAINTS HAVE FORCED SOME FRENCH COMPANIES TO LOOK MORE SERIOUSLY AT COLLABORATION, BUT OLD HABITS DIE HARD.

11. IN THE FIGHT AGAINST TERRORISM, OUR COOPERATION IS EXCELLENT AT WORKING LEVEL. BUT AT POLITICAL LEVEL, THE FRENCH FIGHT SHY OF MULTILATERAL COMMITMENTS, AND HAVE TRADITIONALLY BEEN WILLING TO GIVE ASYLUM TO FOREIGN TERRORISTS ON THEIR SOIL PROVIDED NO CRIME WAS COMMITTED IN FRANCE. MITTERRAND'S DECISION TWO MONTHS AGO TO APPROVE THE EXTRADITION OF THREE BASQUES TO SPAIN BETOKENS A SLIGHT CHANGE OF ATTITUDE. I BELIEVE WE COULD NOW SEEK TO EXTEND THIS TO THE PROBLEM OF IRISH TERRORISM, BY PROMOTING BILATERAL TALKS ON ASYLUM AND EXTRADITION WITH THE AIM OF DENYING COVER TO THOSE WHO HAVE COMMITTED TERRORIST ACTS IN EACH OTHER'S COUNTRY.

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