

PRIME MINISTER

MEETING WITH PRESIDENT MITTERRAND

President Mitterrand is coming to lunch tomorrow. The purpose is to have an informal talk with you ahead of the Anglo-French bilateral summit (in Paris on 21 November) and the European Council (in London on 5/6 December). He also wants to compare notes on the outcome of the Reykjavik Summit and the next steps in East/West relations.

The visit presents some tactical problems. Part of Mitterrand's purpose is to upstage Chirac. He has now decided to give a press conference in London even though your meeting is an informal and private one. This will be at the French Embassy.

There is a lot of briefing in the attached folder. The key issues are as follows.

Mitterrand will be as exercised as you over President's Reagan's proposals for eliminating nuclear weapons. It will be useful to have a socialist Head of State taking a strong line in London on the virtues of nuclear deterrence.

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You might also ask Mitterrand for his assessment of Gorbachev who visited Paris last summer and of the pressures on him within the Soviet Union.

On European Community issues, you are unlikely to encounter many problems with the French over our European Council. They will be pleased to find terrorism high on the agenda. The one issue which may cause difficulty is the future financing of the Community. Debate on whether to go up to a 1.6% maximum rate is bound to start in 1987, though we expect to be able to avoid any discussion at our European Council. You earlier accepted that the best tactics with the French were to stick scrupulously to the wording of the Fontainebleau conclusions i.e. the maximum rate may be increased by unanimous decision. So it is neither agreed nor ruled out. (The one thing that will get Mitterrand on his high horse is to say that it is ruled out). Incidentally the Treasury currently estimate that our net contribution to the allocated budget in calendar 1988 will be zero. This has a perverse side effect in that our abatement will be so large that it is itself a major source of pressure on the 1.4% ceiling!

You will want to sympathise with Mitterrand over recent terrorist incidents in Paris. The French ought to be pretty pleased with us because we responded rapidly to their request for a meeting of EC Interior Ministers.

On agriculture the prospects within the Community are pretty bleak with little progress on reform of the beef and milk regimes and the prospect of substantial extra spending in excess of the agricultural guideline next year.

He will probably want to talk about the Middle East. The French have real problems over UNIFIL but now seem less likely to withdraw their contingent unilaterally. You might ask his

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views on the prospects for an international conference as a way forward on Arab/Israel.

Finally you will need to raise the vexed issue of lamb on which the Sun, the Express and Robin Maxwell-Hyslop are on the rampage. Some lorry loads of English lamb have again been hijacked and destroyed. The French have already offered to pay compensation. The key to defusing the situation is to encourage them to pay it quickly.

There is nothing to be gained from raising South Africa with Mitterrand. Unlike Chirac, he favours further sanctions.

He may raise the South Pacific and ask for our support if there is a vote on New Caledonia at the UN. You might be a bit cagey given the unhelpful shift in the French vote on the Falklands last year.

Finally you might say a kind word about the recently retired Ambassador (M. Viot) and say we look forward to working with the new one.

esp

Charles Powell
15 October 1986

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