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Dear Charles

COURTESY CALL BY FRENCH AMBASSADOR, 24 NOVEMBER

The New French Ambassador, M Luc de Nanteuil paid a courtesy call on the Chancellor on Monday evening. (The Chancellor has known M de Nanteuil for 25 years.) As the discussion went well beyond purely Treasury business, you and copy recipients may find it helpful to have a note of the main points M de Nanteuil raised. He began by saying that the recent Anglo-French Summit had gone very well.

Arms Control

The Ambassador said that it had been very important that the Prime Minister had gone to Camp David. She had successfully rescued a situation which, after Reykjavik, had been very worrying for Europe. The more recent Iranian affair had been extraordinary, and the Ambassador thought there was a possibility of a reshuffle within the US Administration.

He thought there was only one small, although important, difference between France and the UK as regards arms control, and this concerned short range nuclear weapons, where France could not accept a zero option. The point had been apparent at the Anglo-French Summit.

European Community Budget: Agricultural Expenditure

The Chancellor said he had been encouraged by reports from the Summit that France recognised the importance of not breaching the 1.4 per cent ceiling. The UK felt very strongly that the ceiling must not be raised: it was the only effective financial discipline. The Ambassador said that this point had been very forcibly made at the Summit.

He also referred to that morning's "Times" leader about set-aside. The Chancellor stressed that agricultural surpluses were a worldwide problem, not just a European or American one. The problem was recognised in the communique following the OECD Ministerial meeting and the Tokyo Summit earlier this year. But there was so far no agreement on what to do about it: one of the



options was to take land out of agricultural production. The Ambassador said that the European problem would be very much less if it were not for American exports to Europe. The Chancellor pointed out that, especially at the present time, with President Regan seeking to resist protectionist initiatives by Congress, it would not be in our interest to erect protectionist barriers against the United States.

Airbus

The Ambassador said that time for taking decisions on launch aid was now getting quite short. France and Germany had now agreed to provide launch aid. But he thought that the UK might not be taking a decision until next March. Could anything be done to speed things up? The Chancellor said he would look into this.

Airborne Early Warning

The Ambassador went on to say that, while he could make no commitment, he had reason to believe that the French Government would be very pleased if, on technical and military grounds, it was able to choose Nimrod. This could lead, in the longer term, to closer Anglo-French military cooperation. Of course, the French would have to be satisfied about the performance of Nimrod.

I am copying this letter to Colin Budd (FCO), Catherine Bradley (DTI), Richard Mottram (Defence) and Trevor Woolley (Cabinet Office).

Yours ever,

Tony Kuczys

A W KUCZYS
Private Secretary