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NOTE FOR RECORD

I visited M. Beregovoy, the Secretary General to the Presidency of the Republic, in Paris on Thursday 20th August, 1981. The main points which arose out of the discussion were as follows.

2. Arrangements for the bilateral Summit on 10th and 11th September.

3. I said that the Prime Minister was much looking forward to welcoming the French President to London on 10th and 11th September, and to continuing and broadening the discussions which they had already had bilaterally at Luxembourg in the margins of the European Council and after the Royal Wedding in London. M. Beregovoy said that the President was much looking forward to his visit.

4. I said that the Prime Minister would be supported by the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Secretary of State for Industry, the Secretary of State for Trade, the Secretary of State for Defence and the Minister of Agriculture. M. Beregovoy said that the President had not finally decided who should come with him. He would attach primary importance to his own conversation with the Prime Minister. I said that the Prime Minister would welcome that, but would nonetheless hope that he would be accompanied by a number of his Ministerial colleagues: these bilateral meetings provided opportunities for thickening and broadening the intergovernmental relationships between the United Kingdom and France, and that objective was best served if Heads of State or Government were accompanied by a number of their colleagues who could pursue separately detailed bilateral questions. M. Beregovoy thought that the President was likely to be accompanied by the Foreign Minister, the Minister for the Economy and Finance, the Minister of Agriculture, the Minister of Defence and the Minister for External Trade. When, later in the discussion, we agreed that questions of bilateral co-operation in the field of research and technology might well be pursued, M. Beregovoy said that in that case the President might well be accompanied by M. Chevenement. The Minister for Industry might also come.

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5. As to subjects of discussion, we agreed that the Summit would provide a chance for the President and the Prime Minister to exchange views about European Community questions of common interest, and particularly about the mandate of 30th May, the problem of budgetary balances and CAP reform. I said that the Prime Minister attached great importance to making progress rapidly in the discussion of these matters, with a view to reaching solutions, or getting within sight of them, by the end of the year. M. Beregovoy indicated that the President understood and sympathised with the wish to resolve these questions quickly, and to find lasting solutions.

6. I said that the Summit would provide an opportunity to discuss possibilities of specific bilateral co-operation. M. Beregovoy said that the President would welcome that. He commented that, although President Giscard had enjoyed a reputation for success in his international activities, the fact was that in his Presidency relations had not been good either with the United Kingdom or with the United States, or indeed with other principal allies except for the Federal Republic of Germany. President Mitterrand was looking forward to improving those relations. It should be possible to achieve a significant improvement in bilateral relationships between such old allies as the United Kingdom and France. He seemed to expect that the best opportunities for bilateral co-operation were likely to be in the field of technology and research, though he also saw possibilities in the field of cultural relations. I asked whether the fast reactor was an area in which he thought that co-operation might be possible. He did not exclude it, but he said that this area was not likely to be immediately available: the next "window" for introducing some co-operation in that area might not open until 1982 or 1983. He nevertheless thought that the field of energy should offer possibilities for bilateral co-operation. It was a matter to which France, lacking North Sea oil, attached a great deal of importance. On the development of civil nuclear energy the new administration was continuing projects already in train, though they had put a freeze on the development of six new PWR's for the time being. Apart from this he was not specific about areas in the field of energy in which he saw possibility for bilateral co-operation.



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7. I said that the Prime Minister might well wish to exchange views with the President about the prospects for agreement on a common fisheries policy. We thought it unlikely that they would wish to go into detail on the subject; that would no doubt be left to the Minister of Agriculture and his French counterpart.

8. M. Beregovoy and I agreed that the President and the Prime Minister would wish to continue their discussions of East/West relations, including Poland. On that M. Beregovoy, speaking personally, was pessimistic about the prospect, thinking it likely that the Soviets would eventually be obliged to intervene and fearing the destabilising effects which that would have.

9. We also agreed that the President and the Prime Minister should talk about Middle Eastern questions.

10. M. Beregovoy thought that the President would want to talk to the Prime Minister about economic problems, including the effects of the high level of United States interest rates. He remained very concerned about the effects of the United States interest rates on the European economies and exchange rates. He had noted a recent speech by President Reagan which suggested that President Reagan was also concerned about the effects that high interest rates were having, in the United States as well as elsewhere, and might be thinking in terms of some easing. I said that, if that was so, it would be welcome; but a decision by the American administration deliberately to engineer a reduction of interest rates, rather than allowing such a reduction to follow from the implementation of its general policies would represent a change from the position which President Reagan had expressed in Ottawa.

11. M. Beregovoy said that the French Government were very concerned about the high and rising level of unemployment in France, though he recognised that it was even worse in the United Kingdom. He might well wish to exchange views with the Prime Minister on this subject. M. Beregovoy also asked about our problems of the inner cities. I said that the rioting of July had not continued into August; but the underlying problems of dereliction and deprivation of the inner cities remained grave, and the Government would be having to consider, once the summer holiday was over, whether measures could be taken to relieve the problems of the inner cities and to encourage industrial and other investment in them, and if so what form those measures should take.


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ECONOMIC SUMMIT

12. M. Beregovoy and I were joined for a few minutes by his colleague M. Attali. M. Beregovoy and M. Attali had made it clear that they were conscious of the responsibilities which went with President Mitterrand's invitation to his colleagues to attend the next Economic Summit in France; M. Attali would hope to discuss with me during September, perhaps in the margins of the bilateral Summit, how best to make preparations for the next Economic Summit, having regard to the general desire expressed at Ottawa to maximise their informality and minimise their bureaucratisation.

IRAN

13. It was evident that the problems which the French Government had encountered with Iran were much in M. Beregovoy's mind. He said that the arrival in France of Mr. Bani-Sadr had not been unexpected, though they had not known exactly when he was likely to come. The President had decided at once that he should not be extradited to Iran. It was at a difficult time: Mr. Bani-Sadr had arrived on a Wednesday; the French Government had realised that the decision not to extradite him would aggravate their relations with Iran, and had considered what action was open to them to protect their people in Iran and were worried about a repetition of the problem of the American hostages. They had quickly concluded that there was no course open to them but to withdraw as many people as possible and reduce the size of their Embassy to a minimum. The Islamic party had tried to obstruct their departure, but the Iranian Government had then expelled them, which in a sense had played into the hands of the French Government. At the moment when they were discussing what to do about their people in Iran, it was reported that the three "vedette's" were ready for delivery and they had to take a decision on what to do about that. Then had followed the hijacking of one of the "vedette's"; but that incident too was now over, the vessel had been handed back to the Iranian Government, and those of its hijackers who wanted to stay in France would be allowed to do so.

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14. I asked whether the presence of Mr. Bani-Sadr was an embarrassment to the French Government. M. Beregovoy said that it was not really much of an embarrassment. They did not mind too much if he talked to the Press. His expulsion from Iran had in a way been even more symbolic than that of the Shah, because he had been at the heart of the Iranian revolution.

15. M. Beregovoy said that the President did not think that Mr. Bani-Sadr had much future in Iran. He did not know who had. The revolution there seemed to devour and destroy its leaders in succession. It had to take its course, but no one could see how it would end: it might end in some kind of autocracy, or in the disintegration of Iran.

NORTHERN IRELAND

16. I said that the British Government were as anxious as anyone that the hunger strikes in the Maze Prison should be brought to an early end, and were doing what they could in that regard. We could not concede the "five demands" because that would be in effect to concede political status, and it would encourage further violence. The British Government was grateful for the position taken by the French Government in relation to the situation, as represented by what the Foreign Minister had said in the Assembly on 15th July. M. Beregovoy said that the French Government were anxious not to make things difficult for the British Government, and realised that it was an issue for us alone. Nevertheless he wanted me to be aware of the great difficulties which it presented for the French Government. The deaths of the hunger strikers were a highly emotional issue, to which French public opinion was very sensitive. Both the President and Madame Mitterrand were receiving many letters on this subject. Speaking personally, he hoped that the British Government would do all that they could to bring the hunger strikes to an early end; and he made it clear that in his view that did not exclude conceding the five demands. I reiterated that it was not possible to concede political status, or anything equivalent to that. Conditions in the Maze already brought favourable comparison with conditions in other prisons, not only in the United Kingdom but elsewhere. It was necessary to maintain the authorities'



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control of the prison regime. The British Government also had to have regard to the reactions of the Protestant community in Northern Ireland. That community had shown before that, if pushed too far, they could react in a way which in effect made Northern Ireland ungovernable. M. Beregovoy then changed tack, and said that the problem of the hunger strikers was less important than the fundamental problem of Northern Ireland. He thought that this required a new political initiative by the British Government, though he had no idea what that could be. I took M. Beregovoy as briefly as possible through some of the history and the background on this subject, explaining the problems of any political initiative. I reminded him that we had only recently revived the proposal for a consultative assembly, but the various parties in Northern Ireland were not showing much enthusiasm for it. I said that the Prime Minister would hope to continue with Dr. FitzGerald the improvement in Anglo-Irish relations begun under Mr. Haughey. I surmised that there was likely to be an Anglo-Irish bilateral Summit before the end of the year, which might perhaps take the Anglo-Irish joint studies launched in Dublin last December a stage forward. It was in that direction that the prospects of progress appeared to be most likely, although progress would have to be made by very slow and gradual stages. The news of the death of Michael Devine had in fact come out just about the time I arrived in Paris. I was told just before I left the Embassy for my conversations with M. Beregovoy that they were expecting demonstrations outside the Embassy; but these had not materialised by the time I left Paris at 3.30 pm.

(Robert Armstrong)

21st August, 1981