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EUROPEAN COUNCIL 27/28 OCTOBER AND THE PRIME MINISTER'S BILATERAL MEETING WITH PRESIDENT MITTERRAND: SCENE SETTER SUMMARY

← 1. MITTERRAND SEES CURRENT EC AND DEFENCE PROBLEMS THROUGH THE LENS OF HIS CONCERN ABOUT FRANCO-GERMAN BALANCE IN EUROPE. PROBABLY AWARE OF WHAT HINGES ON GULF DEVELOPMENTS FOR US RELATIONS FOR EUROPE. SO FAR, AFTER A SLOW START, HE REMAINS ROBUST AND REALISTIC ABOUT FRENCH INVOLVEMENT IN HOSTILITIES. BUT HE WANTS SPECIFIC FURTHER UN COVER FOR ACTION. STILL PINNING FAITH ON GORBACHEV AND WANTS TO HELP HIM.

DETAIL

2. PRESIDENT MITTERRAND LOOKS STRONGER AND MORE POPULAR HERE THAN WHEN HE HAD HIS LAST BILATERAL WITH THE PRIME MINISTER AT WADDESON MANOR IN MAY. ALTHOUGH RECENT POLLS SHOW A DIP OF 7 POINTS SINCE HIS EARLY OCTOBER PEAK OF 67 PERCENT PERSONAL SUPPORT (AND A SIMILAR PERCENTAGE APPROVING OF HIS GULF POLICY), HE IS DOING WELL ENOUGH, AND THERE IS NO LONGER THE WORRY AT THE ELYSEE WHICH WAS PALPABLE IN THE SUMMER. THANKS TO THE GULF, HE IS SEEN TO BE PERSONALLY GUIDING THE STATE. IN SPITE OF THE STRAIN (5 TELEVISED HOUR-LONG TELEVISED PRESS CONFERENCES SINCE EARLY AUGUST AND FOREIGN TRAVEL) HIS HEALTH SEEMS TO BE HOLDING UP.

3. ON THE DOMESTIC FRONT, THERE ARE BUMPS (SEASONAL PAY-BARGAINING STRIKES, AND MORE SERIOUS THE CONTINUING DISSATISFACTION OF THE SMALL FARMERS). BUT ROCARD'S POPULARITY RATING REMAINS STABLE AT AROUND 53 PERCENT - A GOOD RESULT FOR A FRENCH PRIME MINISTER AFTER TWO YEARS IN OFFICE. TROUBLE SPOTS ARE THE SLOW DOWN OF THE ECONOMY, A PROPOSED TAX REFORM TO HELP FINANCE SOCIAL SECURITY AND URBAN VIOLENCE IN LYON AND ELSEWHERE. THESE FACTORS - AND THE GULF CRISIS - COULD AFFECT THE GOVERNMENT'S AND MITTERRAND'S POPULARITY. BUT THE OPPOSITION CONTINUES TO BE UNABLE TO GET ITS ACT TOGETHER AND HAS FAILED TO MOUNT ANY EFFECTIVE CHALLENGE, THOUGH THE EXTREME RIGHT MAY BENEFIT.

4. THE ISSUES ON TOP OF THE PRESIDENT'S MIND AS HE GOES TO ROME ARE

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THE GULF CRISIS, EC AND EUROPEAN DEFENCE, AND EASTERN EUROPE, IN PARTICULAR HOW/ WHETHER TO HELP THE SOVIET UNION.

THE GULF

5. MITTERRAND HAS MANAGED TO BUILD A CONSENSUS POLICY, ENABLING HIM TO SEND SUBSTANTIAL LAND FORCES TO SAUDI ARABIA. THIS HAS INVOLVED SOLID SUPPORT FOR SECURITY COUNCIL RESOLUTIONS, BALANCED BY INSISTENCE ON FURTHER UN AUTHORITY BEFORE ANY HOSTILITIES, AND A COMMAND STRUCTURE ON THE GROUND WHICH, FOR PRESENTATIONAL PURPOSES, HE COULD ARGUE WAS FRENCH (AND TO A LIMITED DEGREE, SAUDI) AND NOT AMERICAN. HE IS ALSO DOING WHAT HE CAN TO MAINTAIN FRANCE'S SPECIAL POSITION IN THE ARAB WORLD THROUGH HIS OWN AND DUMAS' TOURS OF THE MIDDLE EAST AND HIS HINTS AT PEACE MAKING INITIATIVES AND LINKAGES IN HIS UN SPEECH. THE POSSIBLE RELEASE OF FRENCH HOSTAGES THIS WEEKEND HAS SO FAR NOT DEFLECTED HIM FOR THIS APPROACH, WHICH IS ROBUST ON THE ESSENTIALS.

6. PRIVATELY, MITTERRAND ACKNOWLEDGES THE LEADING ROLE THE US WILL PLAY IN THE EVENT OF WAR AND THAT THE PRESENCE OF FRENCH TROOPS ON THE GROUND WOULD MEAN THAT THEY WERE INVOLVED. HE KEEPS IN REGULAR TOUCH WITH BUSH BY TELEPHONE. HE IS CERTAINLY MORE AWARE THAN MOST THERE OF WHAT HINGES ON DEVELOPMENTS IN THE GULF, AND EUROPEANS RESPONSES, FOR THE FUTURE OF US/EUROPEAN RELATIONS.

7. MITTERRAND BELIEVES THAT THE SECURITY COUNCIL MUST BE SEEN TO BE TAKING KUWAIT, JERUSALEM AND LEBANON EQUALLY SERIOUSLY. HE MADE THIS POINT STRONGLY TO MR CHENEY THIS WEEK. IN THE CASE OF LEBANON, (WHERE THERE IS A STRONG FRENCH IDENTIFICATION WITH THE CHRISTIAN COMMUNITY) HE IS DRIVEN MAINLY BY DOMESTIC CONSIDERATIONS. BUT HE ALSO BELIEVES THAT CONSISTENCY OF APPROACH TO THE MAIN MIDDLE EAST ISSUES WILL HELP TO HOLD TOGETHER THE COALITION AGAINST SADDAM, AS WELL AS PRESERVING FRANCE'S RELATIONS WITH ARAB COUNTRIES (THE PROBLEM OF THE MAGHREB COUNTRIES IS NEVER FAR FROM FRENCH MINDS). IN KUWAIT, HE WOULD PREFER A PEACEFUL SOLUTION, BUT NOT AT THE EXPENSE OF LEAVING SADDAM IN PLACE. HE HAS HOWEVER LITTLE SYMPATHY FOR THE EMIR OF KUWAIT, AND WILL WANT AN TO ENCOURAGE THE GLIMMERS OF DEMOCRACY IN THE KUWAIT NATIONAL CONFERENCE STATEMENT.

EC ISSUES

8. MITTERRAND AND A SMALL INNER CIRCLE ARE DRIVING POLICY ON EUROPE. THROUGH THERE IS BROAD CONSENSUS ON ITS ESSENTIAL POINTS. THE STRATEGY IS TO LOCK THE GERMANS WHILE THERE IS STILL TIME INTO A STRENGTHENED FRAMEWORK OF POLITICAL AND ECONOMIC COOPERATION. THE FRENCH MAKE LITTLE SECRET OF THEIR FEAR THAT WITHOUT SUCH

REINFORCEMENT, GERMANY COULD REVERT TO A MORE NATIONALISTIC POLICY, INCLUDING A SPECIAL RELATIONSHIP WITH THE USSR. THIS WOULD HAVE CONSEQUENCES FOR THE FRENCH SHARE IN COMMUNITY LEADERSHIP AND FOR THE AMERICAN ROLE IN EUROPE'S DEFENCE. STATEMENTS FROM BONN ABOUT GERMANY'S COMMITMENT TO EUROPEAN CONSTRUCTION, WHICH ARE CLEARLY INTENDED TO ALLAY FRENCH FEARS, HAVE ENCOURAGED THEM TO CONVERT SUCH PROTESTATION INTO SUBSTANCE AS QUICKLY AS POSSIBLE.

9. ON POLITICAL UNION, THIS STRATEGY MEANS DEVELOPMENT ON A COMMON FOREIGN AND SECURITY POLICY TO GIVE EUROPEAN A POLITICO/MILITARY VOICE WHICH MATCHES ITS ECONOMIC WEIGHT. EVENTS IN THE GULF HAVE SHARPENED THIS VIEW. THE PRESIDENT SEES THE EUROPEAN COUNCIL AS THE PROPER FORUM FOR ESTABLISHING SUCH A COMMON POLICY. SO HE EXCLUDES A SIGNIFICANT ROLE IN THIS AREA FOR THE EUROPEAN PARLIAMENT AND, ABOVE ALL, FOR THE COMMISSION. THE PRESIDENT DOES NOT WANT MAJOR ADJUSTMENT OF THE COMMUNITY'S INSTITUTIONAL GEOMETRY, ALTHOUGH HE IS PERSONALLY ATTACHED TO GIVING EUROPE A MORE 'HUMAN FACE' TO BALANCE ITS BUREAUCRATIC ASPECTS.

10. FRENCH FEARS ABOUT GERMANY ALSO GOVERN THEIR POLICY ON EMU. THEY BELIEVE THAT EARLY MOVEMENT TOWARDS STAGES 2 AND 3 SHOULD GIVE FRANCE (AND OTHERS A SAY IN THE MAJOR MONETARY DECISIONS AFFECTING THEM WHICH ARE CURRENTLY TAKEN BY THE BUNDESBANK. THEY WANT THE UK TO BE PART OF THE PROCESS: BUT WHILE THEY ARE WILLING TO EASE TIMETABLES (WHICH THEY IMAGINE WILL HELP US). THEY WILL NOT COMPROMISE ON THE FINAL OBJECTIVE OF A SINGLE CURRENCY OR SOME SORT OF EUROFED.

11. MORE GENERALLY, ALTHOUGH PRESERVATION OF THE FRANCO/GERMAN AXIS REMAINS AT THE HEART OF MITTERRAND'S APPROACH TO EUROPE, THE FRENCH ARE INCREASINGLY LOOKING TO THE COMMUNITY (INCLUDING THE UK) AS AN INSURANCE AGAINST FUTURE PROBLEMS IN THAT CENTRAL RELATIONSHIP.

12. THE PRESIDENT IS UNLIKELY TO WANT TO TALK ABOUT GATT, NOT LEAST BECAUSE OF HIS WELL-KNOWN ANTIPATHY FOR ECONOMIC MATTERS. HIS PREOCCUPATION IS THE POLITICAL ONE THAT THE PLIGHT OF FRANCE'S POORER FARMERS HAS GENERATED WORRYING LAW AND ORDER PROBLEMS AS WELL AS SYMPATHY AMONG ORDINARY FRENCHMEN. THE FORCE OF THE AGRICULTURAL LOBBY MAKES IT LIKELY THAT FRENCH OBSTRUCTIONISM WILL CONTINUE FOR AT LEAST AS LONG AS THE GERMANS HOLD OUT. IT WOULD BE WORTH THE PRIME MINISTER MAKING CLEAR PRIVATELY TO MITTERRAND THE ABSURDITY OF A DEADLOCK OVER AGRICULTURE HOLDING UP AGREEMENT ON A LARGER AND MORE IMPORTANT PACKAGE.

NATO REVIEW

13. THE PRESIDENT FELT BRUISED AFTER THE LONDON SUMMIT, THOUGH HE RECOGNISED THAT THE DECLARATION MET THE PRINCIPAL REQUIREMENT OF THE MOMENT IE TO PERSUADE THE RUSSIANS THAT NATO HAD NO AGGRESSIVE INTENTION AND THEREFORE TO UNBLOCK THE PROCESS OF GERMAN UNIFICATION. BUT HE IS WORRIED THAT THE DECLARATION LANGUAGE (LAST RESORT) HAS MADE ALLIANCE NUCLEAR POLICY LESS CREDIBLE. MITTERRAND HAS NOT YET FOCUSED PERSONALLY ON THE NATO REVIEW, BUT HIS GENERAL VIEWS ARE CLEAR: HE RECOGNISES THE IMPORTANCE OF THE ALLIANCE AS THE BEST VEHICLE FOR MAINTAINING A CREDIBLE US NUCLEAR GUARANTEE AND THE PRESENCE OF US FORCES IN EUROPE: BUT BELIEVES IT FOCUS SHOULD BE ON COMBATTING THE RESIDUAL SOVIET THREAT. HE OPPOSES THE EXTENSION OF NATO'S COMPETENCE INTO 'OUT OF AREA' ISSUES, AT THE SAME TIME HE BELIEVES THAT EUROPE SHOULD GRADUALLY ASSUME GREATER RESPONSIBILITY FOR ITS OWN DEFENCE, THOUGH THE CREATION OF A EUROPEAN PILLAR (PERHAPS BASED ON AN EXPANDED WEU) WHICH CAN DEAL WITH THE US AS AN EQUAL PARTNER. THE GULF CRISIS HAS REINFORCES THIS CONVICTION. FRANCO-GERMAN RELATIONS WERE STRAINED IN SEPTEMBER BY MITTERRAND'S ANNOUNCEMENT THAT ALL FRENCH STATIONED FORCES WOULD BE WITHDRAWN FORM GERMANY. HE AS SINCE HINTED, HOWEVER, THAT SOME TROOPS MIGHT STAY, ALBEIT ON THE BASIS OF NEW BILATERAL AGREEMENTS AND IN A EUROPEAN CONTEXT.

14. AGAINST THIS BACKGROUND MITTERRAND SEES ANGLO-FRENCH DEFENCE COOPERATION, INCLUDING THE NUCLEAR FIELD, AS OF INCREASING IMPORTANCE. HE HAS ASKED THE DEFENCE MINISTER TO MAKE RECOMMENDATIONS ON FRANCE'S FUTURE NUCLEAR FORCES BEFORE THE END OF THE YEAR. OUR DECISION ON ASLP WILL BE RELEVANT TO THIS DEBATE.

SOVIET UNION

15. GORBACHEV WILL BE IN PARIS BRIEFLY ON 28/29 OCTOBER AND WILL SIGN A NEW TREATY ON FRANCO-SOVIET RELATIONS. LIKE US MITTERRAND WANTS TO HELP GORBACHEV. THE TREATY IS DESIGNED TO DO THIS, PURGED OF SOME UNACCEPTABLE LANGUAGE (EG ON DENUCLEARISATION) WHICH THE RUSSIANS ORIGINALLY SUGGESTED. THE FRENCH HAVE NOW SUGGEST THAT THERE SHOULD BE AN EC-SOVIET TREATY TOO. THEIR MAIN EMPHASIS LIKE OURS IS ON THE EQUIVALENT OF OUR KNOW HOW FUND. BUT THE QUESTION OF FURTHER FINANCIAL AID WILL ALSO BE ON MITTERRAND'S MIND, AND DUMAS ARGUED IN THE HE FAC LAST WEEK FOR MUCH GREATER GENEROSITY THAN WE THINK SENSIBLE AGAINST THE BACKGROUND OF UNCERTAINTY AND BREAKDOWN IN THE SOVIET UNION.

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