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ADD-ON #1

THE WHITE HOUSE
WASHINGTON

MEMORANDUM OF CONVERSATION

SUBJECT: Summary of President's Working
Breakfast Meeting with French President
Francois Mitterrand, March 23, 1984 (U)

PARTICIPANTS: The President
The Vice President
Secretary of State George Shultz
Counsellor Edwin Meese
Robert C. McFarlane
Ambassador Evan Galbraith
Deputy Treasury Secretary McNamar
Ambassador Vernon Walters
Acting Assistant Secretary of State for
European Affairs John H. Kelly
Tyrus W. Cobb, NSC

French President Francois Mitterrand
Foreign Minister Claude Cheysson
Ambassador Bernard Vernier-Palliez
Elysee Secretary General Jean-Louis
Bianco
Special Counselor Jacques Attali
Foreign Affairs Advisor Hubert Vedrine
Elysee Advisor Elizabeth Guigou

DATE, TIME March 23, 1984
AND PLACE: 9:00 a.m. - 10:05 a.m.

The President said that the US would be pleased if the French would accept our offer to accommodate a French astronaut on a forthcoming flight of the space shuttle. This could be in connection with a French medical experiment which will be on board a shuttle flight next year. (U)

President Francois Mitterrand responded that space is a grand enterprise and he saw no impediments to accepting the US offer. Mitterrand added that France has astronauts who are already trained and readily accepted the President's offer. Mitterrand felt that cooperation on space efforts was a very promising venture. (U)

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Mitterrand continued that NASA Administrator James Beggs had discussed French participation in a manned space station with him. Mitterrand said the French are examining the proposal. It was discussed by the EC-10 at the Brussels Summit this week. The proposal lies several years ahead and has significant financial implications, and technical obstacles to overcome, but the two projects (the shuttle and the space station) should not compete with one another. Mitterrand concluded by saying he would examine the issue but that for both real and symbolic reasons, he thought it a good idea. (S)

President Reagan said that with regard to the space station, this would be good for international cooperation and a real step forward. He suggested that it could be discussed at the London Economic Summit in June. Mitterrand repeated that it had not yet been fully studied by the French. (S)

President Reagan noted that the EC discussions in Brussels apparently were very intense and said that we would appreciate a readout on the Summit. Mitterrand responded that despite press reports to the contrary, most of the pressing issues were resolved. A major remaining issue concerns reimbursement to the UK for its contribution to the Community. Mitterrand said that at his Brussels press conference he listed the 16 points where agreement was achieved, including major issues such as budgetary problems, monetary pressures, and mundane problems like cross-border travel. The dairy production problem is more difficult, but may be separate. The Summit meeting was more positive than is generally thought, but the remaining disagreement on the UK contribution blocks settlement of all the other issues. (S)

Mitterrand noted that concerning the UK reimbursement problem, because it is a major industrial producer, and food importer, the UK pays substantial sums to the EC. Since 1980 the UK has asked that payments and reimbursements be equalized. There is no question among any of the 10 of not helping the UK, but not on a permanent basis. The other nine all agreed on that point. Already the UK has been allotted 1/2 to 2/3 of the differential in return, but Britain is holding out for complete equalization. It was West Germany which formulated the principal refusal to the UK position and Holland had supported it. (S)

Mitterrand said that each time in the past Mrs. Thatcher has gotten everything she asked for. This time she did not and that is part of the problem. Some observers, he noted, wonder sometimes whether or not the UK really considers itself part of Europe. (S)

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Beyond the current difficulties, there are interesting and positive potential solutions among the nine. The UK says that the EC will soon be short of funds. This is an attempt to frighten the poorer countries, e.g., Greece, into believing that when the Community runs out of cash, it will have to accept the UK position. Mitterrand said that he will go to London on April 10 for an important and amicable meeting. There will be the June 6 D-Day ceremony, where he looks forward to seeing Mrs. Thatcher and the President, the London Economic Summit, and the EC Summit later in June. There is no great crisis in the EC. (S)

The EC has discussed the admission of Spain and Portugal. The aim is to wrap up the negotiations this year so that they can enter the EC in January, 1986. (S)

The President stated that we are in a battle against protectionism, as discussed at Williamsburg. The Administration is beating back protectionist efforts from the Congress, pressures which are particularly intense in an election year. This was the case with the pressure for the wine equity act. We were happy we were able to defeat that. Besides, no civilized human being should want to make it more difficult to buy good French wine. (Laughter) (S)

Mitterrand responded that the US is also importing more German and Italian wine -- but that is free trade. He continued that there was protectionism on both sides of the Atlantic and he believed that we should address the opposing viewpoints seriously. He finds that when he talks with Europeans, they accuse the Americans of protectionism. When he talks to Americans, they accuse the Europeans of protectionism. The fact is that neither should be protectionist. We need to conduct serious consultations on this, because the problems of agriculture surpluses are critical. That is the reason, Mitterrand said, that he wanted to visit US agricultural areas in the Middle West. Mitterrand said that when he visits Secretary Block's farm, he does not fear demonstrations by farmers with pitchforks as happens in France -- on the other hand, there may be no pitchforks left in the US. (Laughter) (S)

The President answered that if President Mitterrand wishes, we could arrange a demonstration. (Laughter) Protectionism is a worldwide problem, he noted, and we should work for its elimination. President Mitterrand said that he is fully determined to make his contribution to clearing the air. The President said, "we will join you." (S)

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President Mitterrand said that he wanted to raise with the US Government the question of reenactment (extension) of the Export Administration Act. We have discussed in COCOM the problems that would be created by new rules governing East-West trade. He felt no new regulations were required, and could create new difficulties. Mitterrand continued that he did not know the intent of Congress, but he would say that we should proceed with great caution. In fact, we do not sell enough to the Soviets. (S)

Secretary Shultz commented that we, too, do not know how the Act will emerge from Congress, but the legislation is vital to the President's capability to regulate US exports on national security or foreign policy grounds. Without that authority to control our own activities, our ability to participate in COCOM would be curtailed. There are occasions when our export controls take shape outside the COCOM framework. These are appropriate for us and up to you to decide on your own. (S)

Secretary Shultz continued that, for example, Libya's conduct is out of bounds, so we have dramatically curtailed our sales to Libya. We wish you would do so also, but that is different from a COCOM issue. The key to the various controversies stems from US components or US licensed products which are sold by a second country to a third. We take the view that we can exercise export controls on such components or licensed products. The firms involved know when they are undertaking a commitment to abide by US export controls. The key element in all this is the President's power to control and regulate exports, but we use these at a minimum and only as a last resort. (S)

President Mitterrand said that relations with Libya are ambiguous. There are a number of major Western oil companies purchasing its products. They seem to feel that Qadhafi is not so terrible. Qadhafi makes no distinction as to East and West when he sells his oil. Qadhafi is unpredictable. For example, he buys aircraft from France and wants France to train his pilots. The problem is in training pilots who then attack our own troops. If the US intends to discuss sales to Libya, let us know so that we will be prepared. It will not be a difficult problem unless the issue concerns strategic items. (S)

President Mitterrand said that he does not know Qadhafi, but that Qadhafi is not all negative, but also not entirely rational. He has little support from his North African neighbors. He has made no serious alliance with the Soviets, but he has Soviet weapons and materiel. Libya now occupies the north of Chad, which has only 150,000 people and is 10 percent of Chad's productivity. The south has 4 million people and 90 percent of Chadian productivity.

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Mitterrand continued that the day the risk was highest that the French and Libyan armies would clash, Qadhafi sent a message to say that Mrs. Qadhafi and their children were coming to Paris and that he hoped they would be well-received, assisted with their shopping, and provided security. (Laughter) Mitterrand said that Qadhafi must be taken seriously, as Islamic fundamentalism is highly contagious. (S)

President Reagan agreed and noted that terrorism is a major problem in the Middle East. He added that many of our friends there are quite concerned. Mitterrand assented and added that the head of government in Algeria worries about both the Shiites and Qadhafi. Perhaps Syria is also worried. Islamic fundamentalism is one of the important phenomena of our times. If it sweeps the Arab world, we will have to redraw the political and strategic maps. It has ramifications also in Africa, especially Nigeria, which is two-thirds Muslim. (S)

Secretary Shultz said that terrorism is used by some both as a tool and a tactic. We would welcome closer discussions of ideas and ways to deal with terrorism. There are various fora in which we can discuss this with France or among the Allies. Mitterrand answered that he favored such discussions. [REDACTED]

France is a definite target of terrorists. Secretary Shultz commented that we are, too. (S)

Mitterrand stated American and Israeli diplomats in France are targets. In addition, both Armenian and Basque terrorists cause trouble. As we learned in Corsica, the different terrorist groups have pooled their efforts on arms procurement and the forging of documents. We have decided to be very stern. (S)

Mitterrand, citing "Carlos," said that two and a half years ago France arrested by chance two of his friends. Since then there have been terrorist attacks and we have been told that if we release the friends of Carlos, the attacks will stop. Such bargains used to be the case, but we have decided to stand firm. (S)

President Reagan observed that Carlos has been so successful that one wonders if there is possibly more than one Carlos. Mitterrand agreed, but thought that the person of Carlos is at the center. He is not in business for himself. He is a professional. If we were in need of his services, we could hire him. (S)

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President Reagan noted that terrorist activities were not well publicized. He recounted that several years ago the New York police discovered a car bomb near the Empire State Building. The police removed it to an isolated area and detonated the explosive. They learned that if the bomb had gone off everyone within 100 meters would have been killed. This received no publicity, but imagine how horrible it would have been. This was an unadvertised success. (S)

President Mitterrand commented that [REDACTED] Sometimes terrorism stems from ideology. Iran is so inspired, and ideological terrorism is the most dangerous and hardest to control. Those who blew up the American and French soldiers in Beirut were members of suicide squads. President Reagan agreed that it is hard to combat a cult that professes the belief that these acts will bring them a free ticket to heaven. Mitterrand observed that a good Christian ought not to resort to such actions. A good Christian might believe the sooner he reaches heaven, the better, but Mitterrand did not know any Christians who were in a hurry. (Laughter) (S)

The President summarized that he felt the past two days of discussions were very productive. He indicated that communications are very good and we both have very capable Ambassadors in our respective capitals. We are so confident of our solid relations that any matter can be openly discussed. Mitterrand agreed and stated that we have had excellent conversations and that as far as we can foresee, the affirmatives clearly outdistanced the negatives. (S)

President Reagan expressed support for Mitterrand's economic programs and said that he hoped the long range results will be satisfactory. He noted the progress that has been achieved over the last year. He also observed that Mitterrand's program was not all that different from his own! President Mitterrand said that the economic situation in France has been described in overly pessimistic terms. People believe that France produces only strikes. In the last two and a half years there have been fewer strikes than the average over the preceding 25 years. The strike rate is half of that which prevailed under de Gaulle, but the public is convinced that there are four times as many strikes in current days. (S)

Mitterrand continued that when the truckers block the roads it is page one news, but similar things happen in all countries. France has a unique "democracy Gaulloise." All we do is argue about our national identity, a process which has been going on for 2,000 years. (S)

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The President pointed out how difficult it is to get the press to report positive achievements. He noted that a recent study of television news broadcasts in the US indicated a frequent tendency to play down favorable economic news by following these reports with negative data, no matter how irrelevant. For example, a reported drop in the unemployment rate will be followed by an interview with someone who is unemployed. Mitterrand commented that it is the same in France, or worse, but one gets used to it. Also, perhaps both he and President Reagan took a different perspective on these events given their present positions. By the time our successors sit in our place, we will listen to the news with greater equanimity. (S)

The President noted that when he first took over the Presidency the media ridiculed "Reaganomics." Now that inflation and unemployment were down and the economy booming, no one referred to his economic program as "Reaganomics." President Mitterrand expressed admiration for President Reagan's ability to communicate with the people on television and how well he was able to explain himself to the public. In conclusion, he thanked the President for the warm hospitality he had received at the White House. (U)

The meeting ended at 10:05 a.m.

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