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File: Records, 1981-1985
Folder Title: France (05/17/1982-06/02/1982)
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WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

SMF 12/20/2007

File Folder FRANCE (5/17/82-6/2/82)

FOIA

S2007-081

Box Number 13

NOUZILLE

46

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
47357	MEMO	WEISS TO MCFARLANE RE COMPUTER SALES TO FRANCE R 4/29/2010 NLRRM2007-081	2	5/13/1982	B1
47358	CABLE	171023Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/17/1982	B1
47359	CABLE	171227Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/17/1982	B1
47360	CABLE	171708Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/17/1982	B1
47361	MEMO	MCGAFFIGAN TO MCGAFFIGAN RE EXPORT OF CRAY COMPUTERS TO FRANCE	1	5/20/1982	B1
47362	CABLE	220217Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/22/1982	B1
47363	CABLE	221231Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/22/1982	B1
47364	CABLE	241342Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/24/1982	B1
47365	CABLE	251617Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/25/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

SMF 12/20/2007

File Folder FRANCE (5/17/82-6/2/82)

FOIA

S2007-081

Box Number 13

NOUZILLE

46

ID	Doc Type	Document Description	No of Pages	Doc Date	Restrictions
47366	CABLE	261623Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/26/1982	B1
47367	CABLE	270350Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/27/1982	B1
47368	CABLE	271810Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/27/1982	B1
47369	CABLE	291018Z MAY 82 R 4/29/2010 NLRRM2007-081	2	5/29/1982	B1
47370	CABLE	301921Z MAY 82 R 4/29/2010 NLRRM2007-081	1	5/30/1982	B1
47371	CABLE	021109Z JUN 82 R 4/29/2010 NLRRM2007-081	2	6/2/1982	B1
47372	CABLE	021344Z JUN 82 R 4/29/2010 NLRRM2007-081	2	6/2/1982	B1

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

B-2 Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]

B-3 Release would violate a Federal statute [(b)(3) of the FOIA]

B-4 Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]

B-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]

B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

~~SECRET~~

3361

NATIONAL SECURITY COUNCIL

SECRET ATTACHMENT

TO: BUD MC FARLANE
FROM: GUS WEISS *Gus*
SUBJECT: Approval of Computer
Sales to France

Recommend you share this with the Judge.

DECLASSIFIED
White House Guidelines, August 28, 1997
By *[Signature]* NARA, Date *12/20/07*

SECRET ATTACHMENT

~~SECRET~~

1A

THE WHITE HOUSE

3361


WASHINGTON

May 17, 1982

MEMORANDUM FOR LAWRENCE BRADY
Assistant Secretary for
Trade Administration
Department of Commerce

SUBJECT: Approval of Computer Sales to France

NSC concurs in the sale of one CRAY-1 computer for the French Atomic Energy Commission and also in the upgrade of one million words of main memory for the CRAY-1 already installed at the Institute for Information Studies in Paris.


Robert C. McFarlane
Deputy Assistant to the President
for National Security Affairs

~~SECRET~~

2 MW

MEMORANDUM

3361

NATIONAL SECURITY COUNCIL

47357

~~SECRET/NOFORN~~

ACTION

May 13, 1982

MEMORANDUM FOR ROBERT C. MC FARLANE

FROM: GUS WEISS *Gus Weiss*

SUBJECT: Approval of Computer Sales to France (U)

On May 11 Judge Clark sent a flash message to Commerce requesting them to forward the CRAY case to Defense for comment. Larry Brady called on May 12 wondering about the reasoning behind this; I told him it was a matter of Presidential policy and could not explain details. He then requested that NSC send a note, which I have attached at Tab I for your signature. (S)

Richard Perle then called, noting that Defense was anxious to get on with the CRAY export, in that the Department had gotten everything desired from the French on restraint of technology export to the Soviets. We discussed the difficulties in communications between the Commerce and Defense Departments on important exports to free world countries; Richard asked that NSC intervene to settle the issue of case review of free world exports between the two departments. There is a difference of interpretation between Commerce and Defense on the meaning of language in the Export Administration Act, and there is a personality conflict which further impairs the ability of the departments to cooperate with each other. Richard is essentially asking us to referee, which, if you desire, I will do. (Note that the SIG on the transfer of strategic technology would, under its draft terms of reference, handle such a dispute, but to do so would bring State into the act, upset the Commerce Department, which is objecting to the very existence of the SIG, and thus further delay resolution of this problem.) (S)

The measures taken on the CRAY case will unlock the Control Data 750s, but these cases have taken considerable effort here, and we still do not have a satisfactory bureaucratic arrangement. I would hope your idea of a special committee among ourselves, State, Defense, and Commerce for the French problem could be worked out, since there is another large CRAY export coming up for decision. (S)

~~SECRET/NOFORN~~

Review on
May 13, 1988

DECLASSIFIED

NLRR 107-081 47357

BY GN NARA DATE 4/29/10

~~SECRET~~

~~SECRET/NOFORN~~

2

RECOMMENDATION

That you sign the memorandum to Larry Brady at Tab I.

Approve

Disapprove

Attachment

Memo to Larry Brady

~~SECRET/NOFORN~~

National Security Council
The White House

175
4

RECEIVED

Package # 3361

82 MAY 13 P 5:17

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>✓</u>	<u>_____</u>
Bud McFarlane	<u>2</u>	<u>m</u>	<u>A</u>
Jacque Hill	<u>_____</u>	<u>_____</u>	<u>_____</u>
Judge Clark	<u>_____</u>	<u>_____</u>	<u>_____</u>
John Poindexter	<u>_____</u>	<u>_____</u>	<u>_____</u>
Staff Secretary	<u>_____</u>	<u>_____</u>	<u>_____</u>
Sit Room	<u>_____</u>	<u>_____</u>	<u>_____</u>
I-Information	A-Action R-Retain D-Dispatch		

(A)

DISTRIBUTION

CY To VP	<u>_____</u>	Show CC	<u>_____</u>
CY To Meese	<u>_____</u>	Show CC	<u>_____</u>
CY To Baker	<u>_____</u>	Show CC	<u>_____</u>
CY To Deaver	<u>_____</u>	Show CC	<u>_____</u>
Other	<u>_____</u>		

COMMENTS

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 13 MAY 82 17

TO MCFARLANE

FROM WEISS

smf
12/20/07

DOCDATE 13 MAY 82

KEYWORDS: FRANCE

TECHNOLOGY TRANSFERS

COMPUTERS

SUBJECT: APPROVAL OF CRAY COMPUTER SALES TO FRANCE

ACTION: FOR SIGNATURE

DUE: 15 MAY 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

REF#

LOG

NSCIFID

(M /)

ACTION OFFICER (S)

ASSIGNED

ACTION REQUIRED

DUE

COPIES TO

C 5/15 McFarlane sgd memo

GW-TRC, Indep

DISPATCH

A.W. 5/17

W/ATTCH

FILE

(PA)

(C) *41*

~~SECRET~~

WHITE HOUSE SITUATION ROOM

47358

6

PAGE 01 PARIS 7359
SIT376 DATE 05/18/82

DTG: 171023Z MAY 82 PSN: 032019
TOR: 137/1309Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: WPC MCF WHLR JP VP SIT EOB RENT
EOB:
WHSR COMMENT: CHECKLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUFHFR =7359 1371023
O 171023Z MAY 82
FM AMEMBASSY PARIS

TO AMEMBASSY LUXEMBOURG IMMEDIATE 6956

INFO SECSTATE WASHDC 5979
AMEMBASSY NAIROBI 7555
BT

~~S E C R E T~~ PARIS 17359
EXDIS
FOR SECRETARY HAIG FROM BOB HORMATS
NAIROBI FOR MR. BUCKLEY, EYES ONLY
E. O. 12065: RDS-3 5/17/02 (HORMATS, ROBERT D.)
TAGS: EFIN, UR
SUBJ: SOVIET CREDIT ISSUE

AS I REPORTED TO WOODY THIS MORNING, AND AS JIM BUCKLEY REPORTED YESTERDAY, PROGRESS ON THE SOVIET CREDIT ISSUE HERE WAS NOT SATISFACTORY. ABSENT AGREEMENT ON SUBSTANCE, WE HAVE NO AGREEMENT ON EVEN TENTATIVE COMMUNIQUE LANGUAGE. I WOULD STRONGLY URGE YOU TO STRESS WITH YOUR COUNTERPARTS IN THE SUMMIT COUNTRIES IN LUXEMBOURG AND SEND THEM A WRITTEN MESSAGE URGING A MAJOR REPEAT MAJOR EFFORT BETWEEN NOW AND NEXT WEEK TO PUT TOGETHER A FORTHCOMING POSITION IN LINE WITH JIM BUCKLEY'S PROPOSALS OR PRODUCE ALTERNATIVES WHICH ACHIEVE SIMILAR RESULTS. THIS NEEDS TO BE DONE AS SOON AS POSSIBLE. POINT I MADE AT VERSAILLES PREPARATORY MEETING WAS THAT WE DID NOT WANT THIS TO BE A DEVISIVE ISSUE AT VERSAILLES BUT THAT WE ABSOLUTELY NEEDED PROGRESS OF A SIGNIFICANT NATURE. YOU MIGHT ALSO REEMPHASIZE IN YOUR NOTE THE SIGNIFICANCE OF THIS FOR OVERALL TONE AND SUCCESS OF THE VERSAILLES

MESSAGE (CONTINUED):

SUMMIT. GALBRAITH

DECLASSIFIED
NLRR M07-081 #47358
BY CU NARA DATE 4/29/10

~~SECRET~~

~~SECRET~~

WHITE HOUSE SITUATION ROOM

47359

7

PAGE 01 PARIS 7378
SIT375 DATE 05/18/82

DTG: 171227Z MAY 82 PSN: 032039
TOR: 137/1325Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: WPC MCF WHLR JP VP SIT EOB KEMP
EOB:
WHSR COMMENT: CHECKLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUFHFR #7378 1371227
O 171227Z MAY 82
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 5999

INFO AMEMBASSY TEL AVIV 5233
AMEMBASSY BEIRUT 4667
AMEMBASSY DAMASCUS 2087
USMISSION USUN NEW YORK 4232
AMEMBASSY LUXEMBOURG IMMEDIATE 6957
BT

~~SECRET~~ PARIS 17378

EXDIS

LUXEMBOURG FOR SECRETARY'S PARTY
EO 12065: RDS-1 05/17/02 (DE TARR, FRANCIS) OR-P
TAGS: PEPR, MOPS, FR, LE IS, US
SUBJECT: FRENCH UNIFIL DEPLOYMENT
REF: STATE 133514

1. ~~SECRET~~ - ENTIRE TEXT

2. SECRETARY'S LETTER CONTAINED IN REFTEL DELIVERED BY EMBOFF TO CHEYSSON PERSONALLY ON EVENING MAY 15. AFTER A QUICK READING OF THE LETTER, CHEYSSON MADE THE FOLLOWING COMMENTS TO EMBOFF. HE SAID QUOTE I WOULD LIKE TO HELP. I HAVE A FIRST CLASS BATALLION AVAILABLE, BUT CANNOT HAVE THESE PEOPLE IN A CONFRONTATIONAL POSITION THREE HUNDRED YARDS FROM THE GROUP CONFRONTING THEM. I CANNOT PUT THEM IN THAT SITUATION. IT IS ILLEGAL END QUOTE.

MESSAGE (CONTINUED):

3. WE PRESUME THAT A FORMAL REPLY TO THE LETTER WILL BE FORTHCOMING.
GALBRAITH

DECLASSIFIED

NLRR MD7-081 #47359

BY CW NARA DATE 4/29/10

PARIS 7378

DTG: 171227Z MAY 82 PSN: 032039

~~SECRET~~



17 Department of State

INCOMING TELEGRAM

8

WPC MCF WHLR JP VP EOB

~~SECRET~~ NOD847

PAGE 01 PARIS 17467 171710Z
ACTION NODS-00

COPY 19 OF 20 COPIES

INFO OCT-00 ADS-00 /000 W

-----804077 171710Z /46

R 171708Z MAY 82 ZFF4
FM AMEMBASSY PARIS
TO SECSTATE WASHDC 6034

~~SECRET~~ PARIS 17467

NODIS

EYES ONLY FOR EAGLEBURGER

DEPT PASS NSC EYES ONLY FOR CLARK

E.O. 12065: RDS 1 5/18/01

TAGS: MILI, MARR, FR

SUBJ: AMBASSADOR'S FURTHER DISCUSSION WITH MOD HERNU

REF: PARIS 14194

1. (S - ENTIRE TEXT)

2. MOD CHARLES HERNU TELEPHONED URGENTLY SAYING IN RESPONSE TO THE MATTER RAISED IN PARAS TWO AND THREE REPTEL, HE HAS BEEN INSTRUCTED BY MITTERRAND TO SAY "IT WOULD NOT CAUSE ANY INCONVENIENCE" TO MITTERRAND IF PRESIDENT REAGAN WISHED TO DISCUSS THESE ISSUES.

3. EMBASSY COMMENT: WE TAKE THIS AS A SIGNAL THAT, SHOULD THE PRESIDENT WISH TO DISCUSS THE POSSIBILITY OF INCREASED BILATERAL DEFENSE COOPERATION, MITTERRAND WOULD BE PREPARED TO RESPOND.
GAILBRAITH

DECLASSIFIED

NLRRM07-081*47360

BY CA NARA DATE 4/29/10

~~SECRET~~

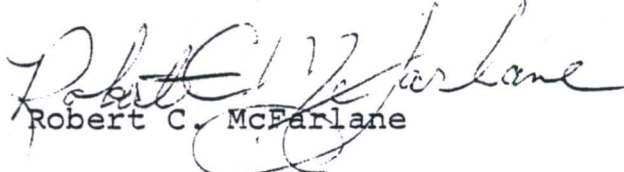
NODIS

May 20, 1982

MEMORANDUM FOR LAWRENCE J. BRADY
Assistant Secretary for Export Administration
U.S. Department of Commerce

SUBJECT: Cray Corporation License Applications for
Two Cray Computers for France

This is to confirm NSC concurrence with Commerce Department approval of export licenses for two Cray computers to France (case 607714 for Groupement d'Exploitation de Techniques Informatiques Avancees and case 615548 for the French Atomic Energy Commission).


Robert C. McFarlane



UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

May 20, 1982

Mr. Edward McGaffigan
Assistant Director for International Affairs
OSTP
Room 360
Old Executive Office Building
Washington, D.C. 20500

Dear Mr. McGaffigan:

As we discussed in our telephone conversation on 19 May 1982, we would appreciate NSC's concurrence with the Commerce approval of the following two Cray cases for France, as with the two Control Data cases for France that Mr. McFarlane addressed in his 3 May 1982 memorandum to Assistant Secretary Brady:

Case 607714 for the Groupement d'Exploitation de Techniques Informatiques Avancees.

Case 615548 for the French AEC.

DOD and State have approved both cases. DOE approved the first and deferred to NSC on the second, citing NSDM 294.

We would appreciate your concurrence as soon as possible in order to forestall a substantial potential financial loss to Cray.

Sincerely,

Brenda Forman
Director
Policy Planning Division
Office of Export Administration



THE WHITE HOUSE
WASHINGTON

May 3, 1982

CHRON FILE

MEMORANDUM FOR Lawrence J. Brady
Assistant Secretary for
Export Administration
U.S. Department of Commerce

SUBJECT: Control Data Corporation License Applications
for Two Cyber 750 Computers for the French
Atomic Energy Commission

This is to confirm NSC approval for the export of two Control
Data Cyber 750 computers for the French Atomic Energy
Commission, as requested in your letter of April 29, 1982.


Robert C. McFarlane

NATIONAL SECURITY COUNCIL

ACTION

April 30, 1982

MEMORANDUM FOR ROBERT C. MC FARLANE

SIGNED

FROM:

GUS WEISS *Gus Weiss*

SUBJECT:

Control Data Corporation License Applications
for Two Cyber 750 Computers for the French
Atomic Energy Commission

Attached at Tab I is a memorandum for your signature responding to the memorandum from Larry Brady on the license applications for Cyber 750 computers for the French Atomic Energy Commission (Tab II).

Note that I took it upon myself to give verbal approval to this export to Vince DeCain after discussing the matter with Norm. State and Defense have no problems.

RECOMMENDATION

That you sign the memorandum at Tab I to Larry Brady.

Approve _____

Disapprove _____

Attachments

Tab I Memo to Brady
Tab II Memo fr Brady, Apr 29, 82

WITHDRAWAL SHEET

Ronald Reagan Library

Collection Name

EXECUTIVE SECRETARIAT, NSC: COUNTRY FILE

Withdrawer

SMF 12/20/2007

File Folder

FRANCE (5/17/82-6/2/82)

FOIA

S2007-081

NOUZILLE

Box Number

13

46

<i>ID</i>	<i>Document Type</i>	<i>No of</i>	<i>Doc Date</i>	<i>Restric-</i>
	<i>Document Description</i>	<i>pages</i>		<i>tions</i>
47361	MEMO	1	5/20/1982	B1
	MCGAFFIGAN TO MCGAFFIGAN RE EXPORT OF CRAY COMPUTERS TO FRANCE			

Freedom of Information Act - [5 U.S.C. 552(b)]

B-1 National security classified information [(b)(1) of the FOIA]

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B-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]

B-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]

B-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.



April 29, 1982

MEMORANDUM FOR: Bud McFarland
Deputy Assistant to the President
for National Security Affairs
National Security Council

FROM: Lawrence J. Brady *LJB*
Assistant Secretary for
Export Administration

SUBJECT: Control Data Corporation License Applications for
Two Cyber 750 Computers for the French Atomic
Energy Commission

I recently wrote you asking approval for the above two cases.

Control Data Corporation has now petitioned the Department of Commerce to bring into compliance the processing time limits for these two license applications. This is a formal petition filed pursuant to section 10(j) of the Export Administration Act. That section requires that processing of an application be brought into conformity with the processing time limits of the statute. Failure to bring the application into conformity permits the applicant to bring an action in an appropriate district court to obtain appropriate relief.

These applications already substantially exceed the processing time limits under the statute. Therefore, we need your decision on these two cases by close of business April 30, 1982.



15
153

National Security Council
The White House

Package # _____

	SEQUENCE TO	HAS SEEN	ACTION
John Poindexter	<u>1</u>	<u>JP</u>	<u>_____</u>
Bud McFarlane	<u>2</u>	<u>M</u>	<u>A</u>
Jacque Hill	<u>_____</u>	<u>_____</u>	<u>_____</u>
Judge Clark	<u>_____</u>	<u>_____</u>	<u>_____</u>
John Poindexter	<u>_____</u>	<u>_____</u>	<u>_____</u>
Staff Secretary	<u>3</u>	<u>_____</u>	<u>D</u>
Sit Room	<u>_____</u>	<u>_____</u>	<u>_____</u>

I-Information A-Action R-Retain D-Dispatch

DISTRIBUTION

cc: VP Meese Baker Deaver

Other _____

COMMENTS

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

RECEIVED 20 MAY 82 12

TO MCFARLANE

FROM MCGAFFIGAN *smf*
12/20/07

DOCDATE 20 MAY 82

FORMAN, B.

20 MAY 82

KEYWORDS: EXPORT CONTROLS

COMPUTERS

FRANCE

SUBJECT: APPROVAL OF EXPORT OF CRAY COMPUTERS TO FRANCE

ACTION: FOR SIGNATURE

DUE: 20 MAY 82 STATUS X FILES

FOR ACTION

FOR CONCURRENCE

FOR INFO

MCFARLANE

COMMENTS

REF#

LOG 8202351 8203219 NSCIFID

(C /)

ACTION OFFICER (S)	ASSIGNED	ACTION REQUIRED	DUE	COPIES TO
	<i>C Spa</i>	<i>Mcfarlane</i>	<i>sgl</i>	<i>index, mc</i>

DISPATCH

148 9/20 *Handed to McGaffigan*
of his reg

FILE *Pa* (C) *ms*

~~SECRET~~

WHITE HOUSE SITUATION ROOM

47362

17

PAGE 01 SECSTATE WASHDC 0982 DTG: 220217Z MAY 82 PSN: 038973
SIT254 DATE 06/02/82 TOR: 142/0234Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: MCF WHLR JP VP SIT EOB
EOB:
WHSR COMMENT: NODIS

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUEHC #0982 1420232
O 220217Z MAY 82 ZFF,
FM SECSTATE WASHDC

TO AMEMBASSY PARIS IMMEDIATE 4828

INFO WHITE HOUSE IMMEDIATE 7579
BT

~~SECRET~~ STATE 140982
NODIS
E. O. 12065: RDS-1, 5/21/02 (BURT, RICHARD) EUR
TAGS: EEWT, ESTC, COCOM, FR
SUBJECT: COMPUTERS FOR FRANCE
REF: PARIS 17538 (NODIS)
EF: PARIS 17538 (NODIS)

1. }-ENTIRE TEXT.
2. YOU MAY INFORM FRENCH THAT LICENSE FOR EXPORT OF CRAY I IS BEING ISSUED BY DEPT OF COMMERCE TODAY (MAY 21).

HAIG

DECLASSIFIED
NLRR 107-081#47362
BY CW NARA DATE 4/29/10

~~SECRET~~

~~SECRET~~

WHITE HOUSE SITUATION ROOM

47363

18

PAGE 01 PARIS 8066 DTG: 221231Z MAY 82 PSN: 039487
SIT559 DATE 06/03/82 TOR: 142/1318Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: MCF WHLR JP VP SIT EOB
EOB:
WHSR COMMENT:

PARIS 8066

DTG: 221231Z MAY 82 PSN: 039487

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUFHFR #8066 1421231
O 221231Z MAY 82 ZFF-4
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6365

DECLASSIFIED
NLRR 007-081 #47363
BY ca NARA DATE 4/29/10

~~SECRET~~ PARIS 18066

NODIS

DEPARTMENT PASS TO NSC

E.O. 12065: RDS-1 5/22/02 (GALBRAITH, EVAN G) OR-M

TAGS: PEPR, FR, NU

SUBJECT: FRENCH POLICY ON NICARAGUA

REF: PARIS 17215

1. ~~S~~ ENTIRE TEXT.

2. WHEN I MET WITH PRESIDENTIAL ADVISOR JACQUES ATTALI ON MAY 22 TO DISCUSS ASPECTS OF THE VERSAILLES SUMMIT (SEPTEL), I RAISED THE NICARAGUA ISSUE, SAYING THERE IS A REAL "MALAISE" AMONG U.S. OFFICIALS OVER FRENCH POLICY TOWARD NICARAGUA. WE FEEL THE FRENCH ARE OUT OF STEP WITH THE REST OF THE FREE WORLD AND THIS IS CAUSING GREAT IRRITATION IN WASHINGTON. I CAUTIONED ATTALI THAT, WITH THE FRENCH INVITATION TO ORTEGA, THERE ARE THOSE WHO HAVE "JUST ABOUT HAD IT" WITH THE FRENCH STUBBORN REFUSAL TO ACCEPT THE FACTS REGARDING THE SANDINISTAS. I EMPHASIZED THIS IS TAKEN VERY SERIOUSLY AT THE HIGHEST LEVELS OF OUR GOVERNMENT.

3. I ADDED THAT THE CURRENT DIFFERENCE OF OPINION OVER THE FRENCH COMMITMENT ON ARMS DELIVERIES HAS EXACERBATED THE SITUATION. ATTALI SAID HE WOULD TRY TO RESOLVE THE ISSUE OF A TRUE SUSPENSION OF ARMS DELIVERY VERSUS A

MESSAGE (CONTINUED):

SHORT TERM DELAY. HE PROMISED TO GET BACK TO ME WITH A DEFINITIVE FRENCH GOVERNMENT POSITION.

4. IN CLOSING THE DISCUSSION, I NOTED THAT OUR BUREAUCRACY HAD NOT BEEN WITHOUT FAULT IN CONTRIBUTING TO THE DELAY IN LAUNCHING THE ASSESSMENT IN NICARAGUA, BUT THAT BOTH SIDES MUST NOW MAKE AN EFFORT TO GET THIS PROCESS BACK ON TRACK.

5. ATTALI KNOWS OF NO PENDING VISIT BY CASTRO, BUT WE WILL CONTINUE TO PROBE ELSEWHERE.
GALBRAITH

~~SECRET~~

~~CONFIDENTIAL~~
WHITE HOUSE SITUATION ROOM

47364

19

PAGE 01
SIT950

PARIS 8107
DATE 05/24/82

DTG: 241342Z MAY 82 PSN: 041652
TOR: 144/1445Z

DISTRIBUTION: REPT /001

WHTS ASSIGNED DISTRIBUTION:

SIT: WPC MCF WHLR JP VP SIT EOB
EOB:
WHSR COMMENT: CHECKLIST

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUFHFR #8107 1441342
O 241342Z MAY 82
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6390

~~CONFIDENTIAL~~ PARIS 18107
EXDIS

E. O. 12065: GDS 5/24/88 (GALBRAITH, EVAN G.) OR-M
TAGS: ECON, EFIN, FR
SUBJECT: ATTALI'S COMMENTS ON VERSAILLES SUMMIT AND
- - SOVIET EXPORT CREDITS

1. (C - ENTIRE TEXT.)

2. IN A DISCUSSION ON MAY 22, SUMMIT PERSONAL REPRESENTATIVE JACQUES ATTALI TOLD ME THAT PRESIDENT MITTERRAND WAS "TERRIFIED" OF ANY SHOW OF DISUNITY AT THE VERSAILLES SUMMIT. EVEN IF THERE IS DISAGREEMENT ON ANY OF THE ISSUES, IT WILL HAVE TO BE PAPERED OVER, SAID ATTALI.

3. TURNING TO THE ISSUE OF EXPORT CREDITS TO THE SOVIET UNION--PAYE AND SOME OF HIS AIDES CAME OUT OF ATTALI'S OFFICE JUST BEFORE I WENT IN--ATTALI SAID THAT IT IS NOT TRUE THAT FRANCE IS OPPOSED TO ANY CHANGE. HE ADDED THAT PAYE WOULD BE SENDING A LETTER TO BUCKLEY INDICATING FRENCH WILLINGNESS TO NEGOTIATE ON SOME OF THE ISSUES. ATTALI CAUTIONED THAT FRANCE CANNOT BE ALONE AND THAT ANY AGREEMENT MUST BE FAIR TO FRANCE AND FRENCH EXPORTS AND MUST NOT FAVOR THE GERMANS OR OTHERS. HE POINTED OUT THAT EVERY TIME THE CONSENSUS INTEREST RATES HAVE GONE UP, GERMAN BUSINESS HAS INCREASED, AND THEREFORE, THE FRENCH COULD NOT AGREE TO A CONSENSUS INTEREST RATE INCREASE.

MESSAGE (CONTINUED):

THE FRENCH WOULD BE WILLING TO DISCUSS OTHER ASPECTS, SUCH AS INCREASED INSURANCE COSTS.

4. ATTALI SAID THE FRENCH-SOVIET PROTOCOL DID PREVENT FRENCH ACTION IN CERTAIN AREAS, FOR EXAMPLE, IN HIS OPINION, THE FRENCH COULD NOT DEAL WITH LENGTH OF MATURITY. ATTALI SAID THE FRENCH WERE INCENSED AT OUR EFFORTS TO GET A COPY OF THE PROTOCOL, WHICH HE SAID HAD BEEN EXPLAINED AT GREAT LENGTH TO THE U. S.

5. IN CONCLUSION, ATTALI COMMENTED THAT THE FRENCH DO NOT WANT A FINANCIAL COCOM. NEITHER DO THEY WANT FAILURE AT THE VERSAILLES SUMMIT.
GALBRAITH

DECLASSIFIED
NLRR 107-081 #47364
BY Cal NARA DATE 4/29/10

~~CONFIDENTIAL~~

~~CONFIDENTIAL~~
WHITE HOUSE SITUATION ROOM

47365

20

PAGE 01 PARIS 8330 DTG: 251617Z MAY 82 PSN: 043601
SIT617 DATE 05/26/82 TOR: 145/1817Z

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WHSR COMMENT: F Y I

MESSAGE ANNOTATIONS:

NO MESSAGE ANNOTATIONS

MESSAGE:

PARIS 8330

DTG: 251617Z MAY 82 PSN: 043601

IMMEDIATE
DE RUFHFR #8330 1451617
O 251617Z MAY 82
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6497

~~CONFIDENTIAL~~ PARIS 18330

EXDIS

FOR SECRETARY HAIG AND NSC ADVISOR CLARK FROM THE
AMBASSADOR

WHITE HOUSE FOR DEEVER

E.O. 12065: RDS-1 - 5/25/02 (GALBRAITH, EVAN G.) OR-M

TAGS: OVIP (REAGAN, RONALD)

SUBJECT: AMBASSADOR'S OBSERVATIONS ON THE PRESIDENT'S
CALL ON PARIS MAYOR CHIRAC

1. (ENTIRE TEXT)

2. AS FINAL PREPARATIONS ARE BEING MADE FOR THE PRESIDENT'S CALL ON PARIS MAYOR JACQUES CHIRAC, I WANT TO UNDERLINE A FEW POINTS CONCERNING THIS ESSENTIALLY CEREMONIAL EVENT.

3. IT MUST BE CLEAR IN EVERYONE'S MIND THAT THE PRESIDENT IS CALLING ON CHIRAC IN THE LATTER'S ROLE AS MAYOR OF PARIS. THE PRESIDENT NEVER CALLS ON LEADERS OF THE POLITICAL OPPOSITION, AND THE FACT THAT CHIRAC IS ONE OF MITTERRAND'S MOST VISIBLE AND OUTSPOKEN POLITICAL ENEMIES IS PURELY COINCIDENTAL. WE MUST DO EVERYTHING POSSIBLE TO STRESS THAT THE PRESIDENT IS MAKING THE TRADITIONAL CALL ON THE MAYOR TO PAY HIS RESPECTS TO THE PEOPLE AND CITY OF PARIS. HE IS NOT REPEAT NOT CALLING ON A POLITICAL LEADER TO EXCHANGE VIEWS ON MATTERS OF POLICY.

MESSAGE (CONTINUED):

4. RECOGNIZING THE TRADITIONAL AND CEREMONIAL ASPECT OF THIS CALL, MITTERRAND RATHER GRUDGINGLY AGREED TO LOOK THE OTHER WAY. IF WE ALLOW THIS EVENT TO ASSUME POLITICAL PROPORTIONS, HOWEVER, CHIRAC WILL EXPLOIT IT TO THE HILT AND WILL DO HIS BEST TO GIVE THE IMPRESSION THAT THE AMERICANS ARE FOR HIM AND AGAINST MITTERRAND AND THE SOCIALISTS. WERE THAT TO HAPPEN, IT WOULD HAVE A NEGATIVE EFFECT ON OUR RELATIONS WITH FRANCE. WE SHOULD DO EVERYTHING TO STRESS THE CEREMONIAL ASPECTS OF THIS EVENT AND DO NOTHING TO GIVE CHIRAC A POLITICAL BOOST AT MITTERRAND'S EXPENSE.

5. IN THIS REGARD, THE COMPOSITION OF THE GROUP THAT ACCOMPANIES THE PRESIDENT ON HIS CALL WILL BE CLOSELY SCRUTINIZED BY MITTERRAND AND THE FRENCH PRESS. IT SHOULD DEMONSTRATE THE PURELY PROTOCOLARY AND CEREMONIAL NATURE

OF THE CALL AND SHOULD NOT REPEAT NOT INCLUDE HIGH-LEVEL POLICY OFFICIALS. I STRONGLY RECOMMEND, THEREFORE, THAT THE GROUP ACCOMPANYING THE PRESIDENT CONSIST ONLY OF A SENIOR WHITE HOUSE AIDE WHO IS NOT RESPONSIBLE FOR FOREIGN AFFAIRS, AND MYSELF.

6. THIS MESSAGE HAS BEEN CLEARED WITH THE WHITE HOUSE ADVANCE TEAM. GALBRAITH

DECLASSIFIED

NLRD MD7-081 # 47365
BY CU NARA DATE 4/29/10

~~CONFIDENTIAL~~

SECRET

WHITE HOUSE SITUATION ROOM

47366

21

PAGE 01 PARIS 8552
SIT366 DATE 06/02/82

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MESSAGE:

IMMEDIATE
DE RUFHFR #8552 1461623
O 261623Z MAY 82
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6624

~~SECRET~~ PARIS 18552

NODIS

DEPT PASS NSC

E. O. 12065: RDS-1, 3 5/26/02 (GALBRAITH, EVAN G.) OR-M

TAGS: PEPR, NU, FR

SUBJECT: FRENCH POLICY TOWARD NICARAGUA

REF: PARIS 18066

1. (S - ENTIRE TEXT.)
2. JACQUES ATTALI TOLD ME ON MAY 25 THAT THE CLARIFICATION OF FRENCH POLICY ON ARMS DELIVERIES TO NICARAGUA WHICH HE PROMISED IN REFTEL WOULD BE CONVEYED BY FOREIGN MINISTER CHEYSSON, PERHAPS DIRECTLY TO SECRETARY HAIG.
3. I RECOMMEND THE SECRETARY BE PREPARED TO DISCUSS THIS QUESTION WITH CHEYSSON WHEN THEY MEET IN PARIS NEXT WEEK, BEARING IN MIND MANAGUA 2348.
GALBRAITH

DECLASSIFIED

NLRR 1107-081 #47366

BY CA NARA DATE 4/29/0

~~SECRET~~

SECRET

WHITE HOUSE SITUATION ROOM

47367

22

PAGE 01 SECSTATE WASHDC 5325 DTG: 270350Z MAY 82 PSN: 045968
SIT232 DATE 06/02/82 TOR: 147/0401Z

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NO MESSAGE ANNOTATIONS

MESSAGE:

IMMEDIATE
DE RUEHC #5325 1470357
O O 270350Z MAY 82 ZFF6
FM SECSTATE WASHDC

TO AMEMBASSY PARIS NIACT IMMEDIATE 5137

INFO WHITE HOUSE IMMEDIATE 7599
BT

~~SECRET~~ STATE 145325

NODIS
E. O. 12065: RDS-1 5/26/01 (EAGLEBURGER, LS)
TAGS: PPDC, FR, US
SUBJECT: MESSAGE TO PRESIDENT MITTERRAND FROM PRESIDENT REAGAN.

1. FOLLOWING IS TEXT OF LETTER FROM PRESIDENT TO PRESIDENT MITTERRAND. EMBASSY SHOULD DELIVER LETTER AT EARLIEST POSSIBLE TIME MAY 27.

2. BEGIN TEXT:
--HIS EXCELLENCY
--FRANCOIS MITTERRAND
--PRESIDENT OF THE FRENCH REPUBLIC
--ELYSEE PALACE
--PARIS

--DEAR FRANCOIS: MY MARCH 7 LETTER TO YOU EXPRESSED THE SERIOUS CONCERN I FEEL OVER THE DANGER WHICH A CONTINUATION OF PREVIOUS PRACTICES IN THE MATTER OF WESTERN OFFICIAL CREDITS AND CREDIT GUARANTEES FOR THE SOVIET

MESSAGE (CONTINUED):

UNION POSES FOR OUR COLLECTIVE SECURITY AND FINANCIAL INTERESTS. SINCE THAT TIME, UNDER SECRETARY OF STATE JIM BUCKLEY HAS BEEN WORKING WITH REPRESENTATIVES OF YOUR GOVERNMENT AND THE OTHER SUMMIT PARTICIPANTS TO REACH AN AGREEMENT WHICH WOULD DIMINISH THAT DANGER. IN A RELATED AREA, WE ARE ALSO ANXIOUS TO DEVELOP AGREED MEASURES WHICH WOULD ENHANCE EUROPE'S ENERGY SECURITY AND LESSEN THE POTENTIAL FOR UNDUE DEPENDENCY ON SOVIET SUPPLIES.

3. OUR EFFORTS TO RESTRAIN THE EXTENSION OF CREDITS TO THE USSR ARE CONSISTENT WITH SEEKING A UNIFIED ALLIED POSITION ON THE SANCTIONS IMPOSED AGAINST THE SOVIET UNION FOLLOWING THE DECLARATION OF MARTIAL LAW IN POLAND. WE CONTINUE TO MAINTAIN THAT THE NECESSARY PRECONDITIONS FOR A RETURN TO MORE NORMAL COMMERCIAL RELATIONS WITH THE USSR

AND POLAND ARE THE LIFTING OF MARTIAL LAW, THE RELEASE OF POLITICAL PRISONERS, AND THE REESTABLISHMENT OF A DIALOGUE BETWEEN THE GOVERNMENT, SOLIDARITY AND THE CHURCH. REGRETTABLY THESE DEVELOPMENTS HAVE NOT TRANSPIRED AND THE OPPOSITE TREND MAY IN FACT BE THE CASE. I CONTINUE TO HOPE THAT THE AGREEMENT AMONG THE ALLIES NOT TO UNDERCUT EACH OTHERS' SANCTIONS DURING THIS DIFFICULT PERIOD WILL BE OBSERVED.

4. AGAINST THIS BACKGROUND, JIM BUCKLEY REPORTED TO ME THAT HIS MEETING IN PARIS ON MAY 14 WAS A DISAPPOINTMENT DUE TO THE UNEXPECTEDLY NEGATIVE POSITION TAKEN BY YOUR GOVERNMENT. I WOULD NOT BE FRANK IF I WERE TO GLOSS OVER THE MAJOR DIFFICULTIES I BELIEVE THE WEST WILL CONFRONT IF WE FAIL TO DEAL EFFECTIVELY WITH THESE ISSUES. AT THE SAME TIME, I MUST STRESS THE NEGATIVE EFFECT IN MY OWN COUNTRY SHOULD AN APPEARANCE OF ALLIANCE DISUNITY IN THIS SENSITIVE AREA PREVAIL. SINCE 1974 THE U.S., FOR ITS PART, HAS REFUSED TO SUBSIDIZE OR GUARANTEE CREDITS TO THE SOVIETS, A POLITICAL DECISION WHICH HAS MEANT CONSIDERABLE SACRIFICE TO AMERICAN COMMERCIAL INTERESTS. WHILE AMERICANS ARE FULLY PREPARED TO MAKE THESE SACRIFICES IN THE CONTEXT OF OUR MUTUAL SECURITY, THEY WILL PROPERLY VIEW WITH CONCERN ACTIONS WHICH CAN BE INTERPRETED AS UNFAIR TO THEM AT A TIME WHEN THEY ARE SHOULDERING GREATLY INCREASED EXPENDITURES ON BEHALF OF OUR COMMON DEFENSE.

SECSTATE WASHDC 5325 DTG: 270350Z MAY 82 PSN: 045968
MESSAGE (CONTINUED):

5. A SUBSEQUENT MEETING IN WASHINGTON LAST WEEK OF TECHNICAL EXPERTS DEMONSTRATED THAT A BALANCED EFFECTIVE AGREEMENT IS WITHIN THE LEGAL AND TECHNICAL CAPABILITIES OF THE PARTICIPATING COUNTRIES PROVIDED THE POLITICAL WILL EXISTS. MY PURPOSE IN WRITING TO YOU TODAY IS THEREFORE TO EXPRESS MY STRONG HOPE THAT WHEN JIM BUCKLEY MEETS TOMORROW IN PARIS WITH HIS COUNTERPARTS, YOUR GOVERNMENT WILL HELP PROVIDE THIS ESSENTIAL ELEMENT OF POLITICAL WILL AND ENABLE US TO DEMONSTRATE ALLIANCE SOLIDARITY AT VERSAILLES ON AN ISSUE OF GRAVE IMPORTANCE FOR US ALL. IF A SATISFACTORY AGREEMENT IS NOT CONCLUDED IN ADVANCE OF THE SUMMIT, HOWEVER, I INTEND TO CONTINUE THE DISCUSSION AT THAT TIME.

6. I LOOK FORWARD TO SEEING YOU IN PARIS NEXT WEEK.
SINCERELY, RON. END TEXT. EAGLEBURGER

SECSTATE WASHDC 5325 DTG: 270350Z MAY 82 PSN: 045968

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NLRR M07-081 #47367
BY cu NARA DATE 4/29/10

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47368

WHITE HOUSE SITUATION ROOM

PAGE 01 PARIS 8788
SIT341 DATE 06/02/82

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PARIS 8788

DTG: 271810Z MAY 82 PSN: 049040

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23

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DE RUFHFR #8788 1471810
MCN NAR
O 271810Z MAY 82 ZFF-4
FM AMEMBASSY PARIS

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NLRR 107-081 #47368
BY NARA DATE 4/29/10

TO SECSTATE WASHDC IMMEDIATE 6724

~~SECRET~~ PARIS 18788

EXDIS

C O R R E C T E D C O P Y (DOWNGRADING FROM NODIS TO EXDIS PER
STATE 147952)

EO 12065: RDS-1 05/27/82 (MARESCA, JOHN J.)OR-M

TAGS: PEPR, AO

SUBJECT: NAMIBIAN NEGOTIATIONS: WALTERS MISSION

REF: STATE 145178

1. ~~SECRET~~ - ENTIRE TEXT

2. MESSAGE CONTAINED IN REFTEL CONVEYED TO ANGOLAN
CHARGE SALVATERRA, AFTERNOON MAY 27. HE SAID HE
WOULD CONTACT LUANDA AT ONCE AND SAID HE WOULD CALL
EMBOFF END OF MORNING MAY 28 WITH REPLY. (N.B.
AMBASSADOR DE ALMEIDA IS CURRENTLY IN LUANDA AND
SCHEDULED TO RETURN TO PARIS OVER THE WEEKEND.)

3. PER TELCON WITH AF/S, EMBOFF IS ALSO TRYING,
THROUGH GUY PENNE, TO MAKE CONTACT WITH MINISTER OF
PLAN LOPO DO NASCIEMENTO. PENNE HAS AGREED TO LET
THE MINISTER KNOW OF EMBOFF'S INTEREST IN SEEING HIM.
HOWEVER, PENNE DOES NOT WANT TO CONTACT HIM UNTIL
HE HAS A RESPONSE FROM PRESIDENT MITTERRAND REGARDING
THE MEETING REQUESTED BY THE ANGOLAN. NASCIEMENTO
WILL ONLY BE IN PARIS A SHORT TIME BEFORE GOING ON TO

MESSAGE (CONTINUED):

BERLIN. HE HAS TOLD PENNE HE COULD RETURN HERE AROUND
JUNE 12 IF AN IMMEDIATE APPOINTMENT WITH MITTERRAND
IS NOT POSSIBLE.

GALBRAITH

NOTE BY OC/T: MSG DOWNGRADED FROM NODIS TO EXDIS PER
STATE 147952

~~SECRET~~

SECRET

WHITE HOUSE SITUATION ROOM

47369

24

PAGE 01 PARIS 9011
SIT773 DATE 06/03/82

DTG: 291018Z MAY 82 PSN: 049620
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WE ALSO POINTED TO OUR PROPOSED SALE OF TRANSPORT
PLANES TO IRAQ.

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O 291018Z MAY 82 ZFF-4
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6881

~~SECRET~~ SECTION 01 OF 02 PARIS 19011
MODIS
FOR THE SECRETARY; NSC FOR JUDGE CLARK
E.O. 12065: RDS-1 5/28/82 (GALBRAITH, EVAN G.) OR-M
TAGS: PEPR, FR, OVIP (REAGAN, RONALD)
SUBJECT: THE PRESIDENT'S LUNCHEON WITH MITTERRAND ON
JUNE 3

1. ~~SECRET~~ - ENTIRE TEXT.

2. I BREAKFASTED WITH ELYSEE SECGEN BEREGOVY MAY 28
TO DISCUSS SUBJECTS WHICH MIGHT BE RAISED DURING THE
PRESIDENT'S LUNCH WITH MITTERRAND JUNE 3. MITTERRAND'S
FOREIGN POLICY ADVISOR (VEDRINE) AND DCM WERE ALSO
PRESENT. THE FOLLOWING ISSUES WERE MENTIONED:

3. FALKLANDS: BEREGOVY SAID SCHMIDT WAS BECOMING
IMPATIENT WITH THE CONTINUED CONFLICT AND WAS CONCERNED
ABOUT EFFECTS ON GERMAN EXPORTS TO LATIN AMERICA. (SIC).
BEREGOVY ASSERTED THAT SCHMIDT WANTS A SOLUTION TO
THE FALKLANDS CRISIS PRIOR TO THE BONN SUMMIT. THE
PRESIDENT'S MEETING WITH MITTERRAND WOULD BE USEFUL
FOR DISCUSSING "WHAT TO SAY TO MRS. THATCHER" ON
THIS SUBJECT. BEREGOVY INDICATED THAT THE FRENCH
ARE KEEPING COUNT OF THE NUMBER OF EXOCET MISSILES
IN ARGENTINA'S POSSESSION, AND HAVE STOPPED EXPORTS
OF EXOCETS TO LATIN AMERICAN COUNTRIES (THE FRENCH

MESSAGE (CONTINUED):

PRESS MAY 27 REPORTED THAT A DELIVERY OF EXOCETS FOR
PERU HAD BEEN STOPPED IN LE HAVRE FOR "TECHNICAL
REASONS"). BEREGOVY SAID EXPORT CONTRACTS ON
EXOCETS INCLUDE NO-THIRD-COUNTRY TRANSFER CLAUSES
BUT SUCH TRANSFERS ARE DIFFICULT TO CONTROL.

4. PERSIAN GULF WAR: BEREGOVY, WHO HAD JUST RETURNED
FROM A SPECIAL MISSION TO KUWAIT, SAID THE FRENCH WERE
VERY CONCERNED ABOUT THE IRAN-IRAQ WAR, AND THIS WOULD
CERTAINLY COME UP BETWEEN THE TWO PRESIDENTS.
BEREGOVY REPORTED THAT SOME PERSIAN GULF STATES
BELIEVED THERE WAS A TACIT US-SOVIET AGREEMENT TO
DESTABILIZE THE AREA, AND THAT THIS EXPLAINED ISRAELI
ARMS SHIPMENTS TO IRAN. WE NOTED THAT OUR RECENT
EFFORTS TO PROMOTE MEDIATION OF THE WAR TENDED TO
CONTRADICT THE IDEA THAT WE WISHED DESTABILIZATION.

5. OIL PRICES: BEREGOVY THOUGHT THERE SHOULD BE A
DISCUSSION, EITHER BETWEEN THE PRESIDENTS OR AMONG
EXPERTS, OF THE OIL PRICE SITUATION AND PARTICULARLY
THE POSSIBLE EFFECT ON PRICES IF THE IRAN-IRAQ WAR
WERE TO END AND THOSE COUNTRIES WERE TO SIGNIFICANTLY
INCREASE EXPORTS. IN BEREGOVY'S VIEW SUCH A DEVELOP-
MENT WOULD ADD TO LOWERING OF OIL PRICES WORLD-WIDE,
HURTING THE ARABS.

6. EAST-WEST RELATIONS: BEREGOVY NOTED THAT US AND
GOF WERE IN AGREEMENT ON EAST-WEST STRATEGIC ISSUES
BUT NOT ON EAST-WEST COMMERCIAL RELATIONS (E.G. EXPORT
CREDIT ISSUE AND, IN SOME SPECIFIC CASES, ON TECHNOLOGY
TRANSFER). HE EXPRESSED HOPE THAT THE PRESIDENT WOULD
HAVE FURTHER INFORMATION FOR MITTERRAND ON PROSPECTS
FOR NEGOTIATIONS WITH THE USSR (INF AND START).

7. CENTRAL AMERICA: BEREGOVY RECOGNIZED THIS WAS
A POINT OF CONTENTION BETWEEN US AND FRANCE AND THAT
IT COULD COME UP.

8. MID-EAST TERRORISM: BEREGOVY SAID FRENCH HAD A
"SERIOUS TRAIL" WHICH INDICATED THAT THE LATEST
TERRORIST ATTACK AGAINST THEIR EMBASSY IN BEIRUT
WAS CARRIED OUT BY THE AMAL ORGANIZATION, WITH BACK-

MESSAGE (CONTINUED):

ING BY IRANIAN SHIITES. BEHIND THIS, BEREGOVY SPECU-
LATED, WAS THE RELIGIOUS FANATICISM OF KHOMEINI AND
HIS FOLLOWERS. WHILE ADMITTING HIS OPINIONS, LIKE
OTHER VERSIONS OF WHO WAS RESPONSIBLE, WERE REALLY
ONLY SPECULATION, BEREGOVY SAID CARLOS WAS RESPON-
SIBLE FOR RECENT TERRORIST ATTACKS WITHIN FRANCE ITSELF.
HE SAID GISCARD'S GOVERNMENT HAD HAD A TACIT AGREE-
MENT WITH CARLOS UNDER WHICH TERRORISTS WOULD BE
TREATED WITH LENIENCY AND FRENCH TARGETS SPARED.
BUT CURRENT GOF HAD CAUGHT TWO OF CARLOS' ASSOCIATES
IN FLAGRANT DELIT. NOW PERHAPS CARLOS WAS PRESSING
FOR SOME KIND OF UNDERSTANDING WITH MITTERRAND GOVERN-
MENT.

9. US ECONOMIC POLICY: BEREGOVY SAID THAT AT SOME
POINT IT WOULD BE NECESSARY TO DISCUSS THE EFFECTS
OF US ECONOMIC POLICIES ON EUROPE. HE SAID US COULD
NOT EXPECT ALLIES TO REMAIN FAITHFUL IF US ECONOMIC
POLICIES WERE RUINING THEIR ECONOMIES. BEREGOVY
SAID FRENCH WERE NOT "OBSESSED" WITH US INTEREST
RATES OR OTHER SPECIFIC POINTS, BUT WOULD SAY FIRMLY
THAT THERE MUST BE MORE MUTUAL COMPREHENSION IN

PARIS 9011

DTG: 291018Z MAY 82 PSN: 049620

DECLASSIFIED

NLRR M07-081 # 47369
BY Cd NARA DATE 4/29/10

SECRET

~~SECRET~~

WHITE HOUSE SITUATION ROOM

25

PAGE 01 PARIS 9011
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O 291018Z MAY 82 ZFF-4
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 6882

~~S E C R E T~~ SECTION 02 OF 02 PARIS 19011
NODIS

FOR THE SECRETARY; NSC FOR JUDGE CLARK
ECONOMIC POLICIES.

10. (FORMER VICE PRESIDENT MONDALE TOLD ME THAT, IN HIS MEETING WITH MITTERRAND MAY 28, THE FRENCH PRESIDENT REPEATEDLY STRESSED THE NEED FOR A SHARED POLITICAL WILL AMONG THE MAJOR INDUSTRIALIZED COUNTRIES, IN ORDER TO DEVELOP BETTER GENERAL COORDINATION OF ECONOMIC POLICIES. WE NOTE THIS WAS ALSO MITTERRAND'S PRINCIPAL THEME IN HIS MAY 28 INTERVIEW WITH EIGHT U. S. JOURNALISTS.) GALBRAITH

~~SECRET~~

~~CONFIDENTIAL~~
WHITE HOUSE SITUATION ROOM

47370

26

PAGE 01 SECSTATE WASHDC 8995 DTG: 301921Z MAY 82 PSN: 051384
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DE RUEHC #8995 1502013
O O 301921Z MAY 82 ZFF4
FM SECSTATE WASHDC

TO AMEMBASSY PARIS NIACT IMMEDIATE 5423
AMEMBASSY BONN NIACT IMMEDIATE 1005
AMEMBASSY LONDON NIACT IMMEDIATE 5400
AMEMBASSY ROME NIACT IMMEDIATE 4531
AMEMBASSY OTTAWA NIACT IMMEDIATE 7677
AMEMBASSY TOKYO NIACT IMMEDIATE 6951

INFO AMEMBASSY BRUSSELS IMMEDIATE 0103
USMISSION USNATO IMMEDIATE 0215
BT

~~C O N F I D E N T I A L~~ STATE 148995
EXDIS - BRUSSELS ALSO FOR USEC, PARIS ALSO FOR USOECD
E.O. 12065: RDS-3 5/29/82 (HAIG, ALEXANDER M., JR.)
TAGS: EWIN EEWT UR
SUBJECT: BUCKLEY MISSION; LETTER FROM SECRETARY HAIG TO
FOREIGN MINISTER
DELIVER TO DUTY OFFICER ASAP

1. ~~C~~ ENTIRE TEXT.

2. EMBASSIES ARE REQUESTED TO DELIVER FOLLOWING LETTER
FROM SECRETARY HAIG TO FOREIGN MINISTER AT EARLIEST
POSSIBLE OPPORTUNITY (OVER WEEKEND IF FEASIBLE, OR OOB
MONDAY MORNING AT LATEST).

3. DEAR (FILL IN AS APPROPRIATE):

MESSAGE (CONTINUED):

-- I AM QUITE CONCERNED ABOUT PROSPECTS FOR A FULLY
SUCCESSFUL VERSAILLES SUMMIT AFTER HEARING UNDER SECRETARY
BUCKLEY'S REPORT OF THE MAY 27 MEETING ON THE ISSUE OF
RESTRAINING WESTERN OFFICIAL CREDITS AND-CREDIT GUARANTEES
TO THE USSR. MY GOVERNMENT REGARDS AGREEMENT ON THIS ISSUE
AS VITAL IN THE OVERALL CONTEXT OF WESTERN FINANCIAL AND
STRATEGIC INTERESTS, AND A NECESSARY OUTCOME AT VERSAILLES
TO DEMONSTRATE TO THE SOVIETS OUR UNITY ON EAST/WEST
RELATIONS.

-- THE EXPERTS WHO MET ON MAY 20 AND 21 HAVE REPORTED THAT
AN AGREEMENT IN WHICH THE BURDEN WOULD BE SHARED EQUITABLY

IS TECHNICALLY FEASIBLE. IT IS NOW UP TO OUR GOVERNMENTS
TO TAKE THE NECESSARY POLITICAL STEPS TO BRING SUCH AN

AGREEMENT INTO BEING.

-- IN LIGHT OF DETERIORATING ECONOMIC CIRCUMSTANCES
AND THE NEED TO ENSURE THAT OUR ECONOMIC POLICIES TOWARD
THE SOVIET UNION ARE CONSISTENT WITH OUR OVERALL ECONOMIC,
POLITICAL, AND STRATEGIC OBJECTIVES, WE SEEK AGREEMENT
TO THE FOLLOWING:

-- A) THE SUMMIT NATIONS WILL ADOPT A SYSTEM OF RE-
STRAINTS ON OFFICIALLY-SUPPORTED OR GUARANTEED CREDITS
THAT IS DESIGNED TO RAISE THE COST OF FUTURE GOVERNMENT-
BACKED LENDING CLOSER TO PREVAILING MARKET RATES THEREBY
REVERSING THE NET FINANCIAL FLOW BETWEEN THE SOVIET
UNION AND THE WEST.

-- B) TO THIS END, THE APPROPRIATE MINISTERS OF THE
SUMMIT NATIONS WILL BE DIRECTED TO BEGIN WORKING TO-
GETHER IMMEDIATELY ON APPROPRIATE MECHANISMS TO ACHIEVE
THESE OBJECTIVES IN A MANNER THAT WILL ASSURE EQUITABLE
BURDENSARING AMONG THEM (THE FRAMEWORK OF A PROTOCOL
SUBMITTED BY THE UNITED STATES MAY PROVIDE A USEFUL
GUIDE).

-- C) THE PARTICIPATING NATIONS WILL MEET AT LEAST EVERY
SIX MONTHS TO MONITOR PERFORMANCE ON THE BASIS OF RELE-
VANT CREDIT INFORMATION TO BE EXCHANGED AMONG THEM, AND
WILL MAKE SUCH ADJUSTMENTS AS MAY BE REQUIRED TO ACHIEVE
THE CREDIT RESTRAINT OBJECTIVES.

SECSTATE WASHDC 8995 DTG: 301921Z MAY 82 PSN: 051384
MESSAGE (CONTINUED):

-- UNFORTUNATELY, ONLY ONE COUNTRY PRESENT AT THE
MAY 27 MEETING INDICATED THAT THE POLITICAL DECISION TO
GO FORWARD ON A RESTRAINT MECHANISM HAD BEEN MADE. I
HOPE WE CAN WORK TOGETHER TO MAKE THE NECESSARY PROGRESS
ON THIS QUESTION AND THUS ACHIEVE A SUCCESSFUL OUTCOME
AT THE SUMMIT.

SINCERELY,

/S/ ALEXANDER M. HAIG, JR. END TEXT. HAIG

SECSTATE WASHDC 8995 DTG: 301921Z MAY 82 PSN: 051384

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NLRR MD7081 #47370
BY CL NARA DATE 4/29/10

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WHITE HOUSE SITUATION ROOM

47371

27

PAGE 01 PARIS 9232
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MESSAGE:

IMMEDIATE
DE RUFHRA #9232 1531111
O 021109Z JUN 82 ZFF-4
FM AMEMBASSY PARIS

TO SECSTATE WASHDC NIACT IMMEDIATE 7026

~~SECRET~~ SECTION 01 OF 02 PARIS 19232
NODIS - FOR THE SECRETARY FROM CHESTER CROCKER
DEPARTMENT PLEASE PASS TO AMEMBASSY LILONGWE, NIACT
IMMEDIATE, FOR AMBASSADOR WISNER
E.O. 12065: RDS-1 6/2/02 (CROCKER, CHESTER) OR-M
TAGS: PEPR, WA, US
SUBJECT: BONN CROCKER-NUJOMA MEETING

1. ~~S~~ - ENTIRE TEXT.

2. MY MEETING WITH SWAPO PRESIDENT SAM NUJOMA, RIGHT AFTER GENSCHER'S OWN SESSION, ACCOMPLISHED ITS MINIMUM OBJECTIVE OF ESTABLISHING A MORE POSITIVE, LESS SUSPICIOUS ATMOSPHERE BETWEEN US. IN A BRIEF ONE-ON-ONE AT THE OUTSET, SAM WAS AT PAINS TO APOLOGIZE FOR STANDING ME AND MY FRENCH COUNTERPART UP IN LUANDA TWO MONTHS AGO. HE TOOK NOTE OF MY ASSURANCES THAT THE USG AND THE CG WERE NOT CONSPIRING WITH THE SAG TO DENY SWAPO A FAIR DEAL. SAM THEN REPEATEDLY ASSURED ME THAT THE WEST HAD NO REASON TO FEAR SWAPO'S GOALS FOR AN INDEPENDENT NAMIBIA. THERE WOULD BE NO FOREIGN BASES, NO ILL-TREATMENT OF THE WHITE MINORITY, AND NO ARBITRARY PROPERTY SEIZURES.

3. IN ADDITION, I BELIEVE WE MADE SOME HEADWAY IN GETTING SAM TO BACK OFF RIGID PUBLIC POSITIONS ON PHASE I AND II ISSUES. WHILE BLAMING THE SAG FOR ALL CURRENT AND PAST PROBLEMS IN THE NEGOTIATIONS, HE URGED US TO CONTINUE

MESSAGE (CONTINUED):

OUR EFFORTS AND REPEATEDLY PROMISED SWAPO FLEXIBILITY ON THE "REMAINING ISSUES." ON THE OTHER HAND, WE CANNOT PREDICT WHETHER THE RELATIVELY UPBEAT, REASONABLE LINE TAKEN BY SAM AND HIS PRIVATE SECRETARY WILL BE REFLECTED IN PUBLIC STATEMENTS OR IN SUBSEQUENT NEGOTIATIONS.

4. I EMPHASIZED THE NEED TO ESTABLISH A CLIMATE OF CONFIDENCE AND A MORE RELIABLE MEANS OF COMMUNICATIONS IN THE INTERESTS OF ACCELERATED PROGRESS. SAM LISTENED CAREFULLY AS I THREE TIMES RECOUNTED THE RESULTS OF OUR GENEVA, PARIS AND LUXEMBOURG MEETINGS AND UNDERScoreD THE "HISTORIC OPPORTUNITY" NOW BEFORE US. SWAPO CLEARLY EXPECTED GENSCHER AND ME TO PRESS THEM ONCE AGAIN TO ACCEPT THE MIXED ELECTORAL SYSTEM FOR PHASE I. UPON RECOGNIZING THAT THIS WAS NOT OUR PURPOSE, SAM EXPRESSED CONCERN ABOUT DEFERRING THE ELECTORAL ISSUE ON

THE GROUNDS THAT THIS WOULD GIVE THE SAG AN "UNRESOLVED ISSUE" TO MANIPULATE DURING PHASE III. I TOLD HIM THAT THERE WAS NO CHOICE BUT TO DECLARE PHASE I COMPLETE WITHOUT THE ELECTORAL SYSTEM, AND THEN TO LET THE SAG'S ADMINISTRATOR GENERAL AND THE UN SPECIAL REPRESENTATIVE WORK OUT AN ACCEPTABLE SYSTEM ON THE UNDERSTANDING THAT IT WOULD NOT BE THE MIXED SYSTEM. SAM WAS PLEASED TO HEAR THAT WE WOULD TAKE THIS LINE BUT WAS UNHAPPY ABOUT DEFERRING IT TO PHASE III. WE AGREED TO EXPLORE RESOLVING IT IN THE SAME TIMEFRAME AS THE PHASE II ISSUES--E.G., PRIOR TO THE BEGINNING OF IMPLEMENTATION. SWAPO REITERATED ITS STRONG PREFERENCE FOR PROPORTIONAL REPRESENTATION, BUT DID NOT RULE OUT A CONSTITUENCY SYSTEM IF IT COULD BE ORGANIZED WITHOUT LOSS OF TIME.

5. I TOLD SAM WE WOULD SOON PRESENT PROPOSALS ON PHASE II. I DID NOT GO INTO SUBSTANCE ON THEM IN BONN. HE AT FIRST SAID THESE WERE "IRRELEVANT" AND "NON-ISSUES" INVENTED BY THE SAG. I RECOUNTED OUR LONG AND ARDUOUS DIALOGUE WITH THE SAG, AND STRESSED THE PROGRESS WE HAVE MADE RECENTLY, TAKING FULL CREDIT FOR THE SAG'S RECENT FLEXIBILITY. THIS SOFTENED SAM, WHO SIMPLY PROMISED TO BE FLEXIBLE WHEN THE UN SECRETARIAT PRESENTED ITS FINAL VIEWS ON THESE ISSUES. THIS FORMULA IS HELPFUL IN THAT WE WILL BE BETTER ABLE TO SELL OUR COMPROMISE IDEAS THROUGH THE UN STAFF WITHOUT HAVING TO TABLE DETAILED CG PROPOSALS WHICH WOULD OFFER SWAPO'S COMMUNIST ADVISORS MANY OPENINGS FOR BLOCKING US.

MESSAGE (CONTINUED):

6. SAM ASKED US TO CONSIDER HIS PROPOSAL FOR A GENEVA-STYLE CONFERENCE TO DEAL WITH ALL ISSUES FACE-TO-FACE. I DID NOT RULE OUT PROXIMITY TALKS IF PROPERLY PREPARED, BUT WAS NEGATIVE ON GENEVA. HE BACKED OFF AND EXPRESSED A WILLINGNESS TO WORK THROUGH ANY MEANS THAT PROMISED EARLY PROGRESS. BY THE END OF THE DAY, SWAPO'S EARLIER NASTY COMMENTS ABOUT THE PHASED APPROACH HAD FALLEN TO ONE SIDE, AND SAM AND HIS COLLEAGUES WERE JOKING ABOUT "PHASE SIX".

7. COMMENT. THIS WAS A PRODUCTIVE EXERCISE IN COMMUNICATION AND BUILDING ATMOSPHERICS. SAM APPEARED RECEPTIVE TO MY SUGGESTION THAT WE REFRAIN FROM SHRILL PUBLIC RHETORIC AND CONCENTRATE ON DISCRETE COMMUNICATION. I URGED THAT HE BEHAVE WITH SOME SENSITIVITY TO THE SAG'S OWN DOMESTIC CONCERNS. HE SEEMED TO GET THE MESSAGE THAT FORCING THE SAG TO MAKE CONCESSIONS PUBLICLY WOULD BE COUNTERPRODUCTIVE, BUT STRESSED SWAPO'S MANY

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TO SECSTATE WASHDC NIACT IMMEDIATE 7027

~~SECRET~~ SECTION 02 OF 02 PARIS 19232
NODIS

FOR THE SECRETARY FROM CHESTER CROCKER
DEPARTMENT PLEASE PASS TO AMEMBASSY LILONGWE, NIACT
IMMEDIATE, FOR AMBASSADOR WISNER
CONCESSIONS OVER THE YEARS. WE'LL SEE. END COMMENT.

8. DEPARTMENT PLEASE PASS TO FRONT LINE, CONTACT GROUP,
USUN, AND SOUTH AFRICA, AS APPROPRIATE.
GALBRAITH

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SECRET
WHITE HOUSE SITUATION ROOM

47372

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PAGE 01 PARIS 9252 DTG: 021344Z JUN 82 PSN: 054791
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O 021344Z JUN 82
FM AMEMBASSY PARIS

TO SECSTATE WASHDC IMMEDIATE 7052

SECRET SECTION 01 OF 02 PARIS 19252
NODIS

FOR THE SECRETARY FROM AMBASSADOR GALBRAITH
E.O. 12065: RDS-1,3 6/1/02 (GALBRAITH, EVAN G.) OR-M
TAGS: OVIP (SHULTZ, GEORGE)
SUBJECT: SHULTZ MISSION: MEETING WITH PRESIDENT
- - MITTERRAND
REF: A. STATE 141664, B. PARIS 18055

1. (S - ENTIRE TEXT.)

2. NOW THAT GEORGE SHULTZ HAS REPORTED TO YOU AND THE PRESIDENT ON HIS TRIP, I AM SENDING TO YOU MY REPORT OF HIS MEETING WITH PRESIDENT MITTERRAND ON MAY 11.

3. SUMMARY: GEORGE SHULTZ AND I MET WITH PRESIDENT MITTERRAND FOR ABOUT AN HOUR AND A HALF AT THE ELYSEE PALACE ON MAY 11. GEORGE SAID HE SOUGHT ON BEHALF OF THE PRESIDENT TWO THINGS, PRESIDENT MITTERRAND'S OVERALL VIEWS AND PRIORITIES ON THE UPCOMING VERSAILLES SUMMIT AND COMMENTS ON THE VARIOUS ITEMS ON THE AGENDA. PRESIDENT MITTERRAND SPOKE AT GREAT LENGTH, GIVING FIRST A SUMMARY OF THE SITUATION IN FRANCE, BEFORE TURNING TO THE SUMMIT. HE TOUCHED ON THE FOLLOWING MATTERS. END SUMMARY.

4. FRANCE HAS DELIBERATELY DECIDED TO GO FOR GROWTH BY INCREASED GOVERNMENT EXPENDITURE TO INCREASE CONSUMP-

MESSAGE (CONTINUED):

TION. THIS CREATES RISK OF INFLATION BUT MITTERRAND FEELS THAT INFLATION CAN OTHERWISE BE RESTRAINED. HE ESTIMATES A GROWTH THIS YEAR OF TWO-THREE PERCENT.

5. FRANCE IS UNDERTAKING VARIOUS SOCIAL CHANGES WHICH FRANCE MUST DO. HOWEVER, THE WEST SHOULD NOT BE UPSET OR DISCOURAGED BY THIS DOMESTIC FRENCH POLICY BECAUSE FRANCE REMAINS OUR STAUNCH ALLY AND THERE IS NO REASON WHY ITS POLITICS CANNOT CONTINUE TO HARMONIZE WITH THE WEST IN MATTERS OF TRADE AND INVESTMENT. ONE WILL SOON BE ABLE TO JUDGE IF THE SOCIAL CHANGES WORK FOR FRANCE BUT IN ANY CASE THERE SHOULD BE NO ADVERSE EFFECT ON FRANCE'S POSITION AS A MEMBER OF THE WESTERN ALLIANCE.

6. FRANCE'S PRINCIPAL PROBLEMS TODAY ARE INFLATION AND UNEMPLOYMENT. THE MITTERRAND GOVERNMENT INHERITED A HIGH

DEGREE OF INFLATION (14 PERCENT) AND TO GET IT DOWN WILL TAKE YEARS. HE SEES IT AT 12.5 PERCENT TODAY. FRANCE CANNOT AFFORD, EITHER POLITICALLY OR ECONOMICALLY, A CRASH PROGRAM OF BRINGING INFLATION DOWN QUICKLY. UNEMPLOYMENT IN FRANCE IS STABILIZED AT ABOUT TWO MILLION BUT THE UNEMPLOYMENT THROUGHOUT EUROPE IS EXCESSIVE AND CLOSE TO BEING EXPLOSIVE. FRANCE ALSO HAS A SUBSTANTIAL PROBLEM WITH ITS BALANCE OF PAYMENTS AND ITS HIGH DEGREE OF INFLATION AGGRAVATES THIS PROBLEM BY INCREASED IMPORTS. FRANCE WISHES TO REASSERT ITSELF IN ITS OWN MARKET AND MITTERRAND COMMENTED THAT FRENCH ECONOMIC GROWTH WAS NOT INTENDED FOR THE PURPOSE OF RENDERING A SERVICE TO OTHERS.

7. IN ORDER TO LIMIT INFLATION THEY HAVE PUT A LIMIT ON THE BUDGET DEFICIT OF 3 PERCENT OF THE GROSS NATIONAL PRODUCT. BY BUDGET HE MEANS BOTH THE GOVERNMENT AND SOCIAL SECURITY BUDGETS. (HE EXPLAINED HOW FRANCE HAS TWO BUDGET SYSTEMS AND HOW THE SOCIAL SECURITY SYSTEM WORKS.) THE 1983 BUDGET WILL BE MORE RESTRICTIVE THAN THE '82 BUDGET AND HE HOPES TO BRING INFLATION DOWN TO THE 9 PERCENT LEVEL IN '83. THEY HAVE A PROBLEM HOWEVER IN DEALING WITH WAGE NEGOTIATIONS WHICH WILL BE AN IMPORTANT FACTOR IN THEIR FIGHT AGAINST INFLATION FOR WAGE EARNERS USUALLY SEEK A RAISE TWO-THREE PERCENT ABOVE THE INFLATION RATE.

8. INVESTMENT IS CRUCIAL TO FRANCE IN ORDER TO REMAIN COMPETITIVE BUT THE PRIVATE SECTOR IN FRANCE HAS NEVER

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MESSAGE (CONTINUED):

BEEN A SIGNIFICANT SOURCE OF INVESTMENT. MOST OF IT HAS COME FROM THE PUBLIC SECTOR. THE PUBLIC SECTOR BEGAN TO BECOME IMPORTANT WITH THE NATIONALIZATION OF THE SNCF IN 1936 FOLLOWED BY THE NATIONALIZATION IN 1945 BY GENERAL DE GAULLE OF THE GAS, ELECTRICITY AND COAL INDUSTRIES AND LARGE BANKS. MITTERRAND DECIDED TO INCREASE THE NATIONALIZED SECTOR BOTH IN INDUSTRY AND BANKING AND INTENDS TO USE THE NATIONALIZED INDUSTRIES AS A VEHICLE FOR A BOLD INVESTMENT POLICY. HE IS AWARE THAT THE NATIONALIZED INDUSTRIES IN ITALY HAVE BEEN A FAILURE BUT FEELS THAT FRANCE IS DIFFERENT AND THAT ITS EXPERIENCE WITH NATIONALIZED INDUSTRIES SUCH AS RENAULT AND ELF HAS BEEN SUCCESSFUL. HE DOES NOT INTEND TO GO ANY FURTHER THAN HE HAS, THUS AVOIDING REASON FOR PEOPLE TO COMPLAIN OR TO FEAR TO INVEST. FRANCE MUST BE READY TO COMPETE IN WORLD MARKETS AND HE IS CONVINCED IT WILL BE ABLE TO DO SO THROUGH THE LEADERSHIP OF ITS NATIONALIZED INDUSTRIES.

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TO SECSTATE WASHDC IMMEDIATE 7053

~~SECRET~~ SECTION 02 OF 02 PARIS 19252
NODIS
FOR THE SECRETARY FROM AMBASSADOR GALBRAITH

9. PROTECTIONISM IS ALWAYS A PROBLEM AND ONE MUST CONTINUE TO FIGHT AGAINST IT. HE FEELS THAT FRANCE CANNOT RELY ON PROTECTIONISM AND HE WISHES TO RECONQUER THE DOMESTIC MARKET FOR FRENCH MADE GOODS BY COMPETITIVE MEANS. THE COMMON MARKET MECHANISM PROVIDES A SYSTEM BY WHICH THE MEMBER COUNTRIES CAN RESOLVE PROBLEMS ABOUT THE SALE OF EACH OTHERS GOODS WITHIN THE MARKET. CITING AS AN EXAMPLE THE SHIPMENTS OF ITALIAN WINES INTO FRANCE, HE POINTED OUT THE COMMON MARKET DECIDED THE MATTER TO THE REASONABLE SATISFACTION OF BOTH FRANCE AND ITALY.

10. GROWTH IS ESSENTIAL FOR FRANCE BUT IT MUST BE REASONABLE AND SELECTIVE. FRANCE SHOULD AVOID ENCOURAGING GROWTH IN SECTORS THAT ARE NOT WORTHY OF IT. THE STEEL INDUSTRY IS NOT WORTH A GREAT DEAL OF FUTURE INVESTMENT; BUT THE MACHINE TOOL INDUSTRY SHOULD RECEIVE CONSIDERABLE AMOUNT OF INVESTMENT. THE EXPANSION OF THE USE OF ROBOTS MUST BE ACCEPTED. ALTHOUGH THIS WILL REPLACE HUMAN BEINGS IT WILL SAVE FRENCH INDUSTRIES, THE LOSS OF WHICH WOULD CAUSE MORE UNEMPLOYMENT THAN THAT GIVEN UP TO ROBOTS.

11. HE REPEATED THAT INFLATION WOULD MOVE PROGRESSIVELY DOWNWARD FROM THE 14 PERCENT LEVEL TO THE 5 PERCENT LEVEL

MESSAGE (CONTINUED):

OVER A PERIOD OF YEARS BUT THAT FRANCE COULD NOT AFFORD TO STOP ITS INDUSTRIES (#) FASTER.

12. MITTERRAND EXPRESSED HIS DETERMINATION TO ARM FRANCE AGAINST THE SOVIET THREAT, CITING HIS GOVERNMENT'S DEVELOPMENT OF THE NETURON BOMB, BALLISTIC MISSILE SUBMARINES, THEIR INCREASED DEFENSE BUDGET, AND THEIR RENEWED EFFORT TO PREVENT TRANSFERS OF TECHNOLOGY BY THE INCREASED USE OF COCOM.

13. HE REPEATED HIS SEARCH FOR INTELLIGENT GROWTH. FRANCE WAS MAKING A BET ON THE FUTURE. TO DO THIS THEY MUST INCREASE THEIR EXPENDITURE ON RESEARCH AND DEVELOPMENT. MITTERRAND HAS A RATHER LOW REGARD OF ENGLAND'S ABILITY TO DEAL WITH ITS PROBLEMS BUT HE DID ACKNOWLEDGE

THEY SPENT MORE THAN FRANCE ON RESEARCH AND DEVELOPMENT.

14. THE FLUCTUATIONS IN THE DOLLAR HAVE HURT FRANCE AND CAUSED IT TO SPEND A GREAT DEAL OF ITS RESERVES DEFENDING THE FRANC.

15. FRANCE'S DEPENDENCE ON SOVIET GAS IS SMALL, AMOUNTING ONLY TO 5 PERCENT OF ITS TOTAL ENERGY USES BY 1990. THE GAS PURCHASE CONTRACT IS IN FRENCH FRANCS AND CONSEQUENTLY LESS BURDENSOME TO FRANCE. HE WAS AWARE BUT NOT CONCERNED THAT THE SOVIET UNION WOULD EARN FOREIGN CURRENCY BY THE DEVELOPMENT OF THE PIPELINE. COMMENT: MITTERRAND'S UNDERSTANDING OF THE GAS CONTRACT IS INACCURATE AND DIFFERS FROM INFORMATION GIVEN BY GAZ DE FRANCE PRESIDENT IN REFTEL B.

16. THE VERSAILLES SUMMIT SHOULD BE:

- A. NON-CONFRONTATIONAL,
 - B. NOT USED TO ANTAGONIZE ANY OF THE PARTICIPANTS, AND
 - C. SHOULD DEMONSTRATE UNITY.
- HE IS CONCERNED THAT JAPAN MUST BE MADE TO OPEN UP ITS MARKETS BUT ADVISED AGAINST GANGING UP ON JAPAN AT THE MEETING.

17. FRANCE AND OTHER WESTERN COUNTRIES SHOULD NOT SUBSIDIZE THE SOVIET UNION BY ITS CREDITS BUT ON THE OTHER HAND FRANCE MUST NOT BE EXPECTED TO FOREGO ITS NORMAL ECONOMIC RELATIONS WITH THE SOVIET UNION. HE SAID THIS

MESSAGE (CONTINUED):

TRADE CANNOT BE CAST ASIDE.
GALBRAITH

PARIS 9252

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