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BRITISH EMBASSY,  
PARIS.

R 21 April 1971

Dear Denis,

UK - EEC Negotiations

1. Our negotiations are clearly approaching a critical phase. I have tried to set out in schematic form in the enclosed memorandum what seem to me to be the principal factors affecting the political climate here so far as our candidature is concerned. I have also tried to suggest how the French see the negotiations and what they are currently thinking about the main issues outstanding in the negotiations.
2. The picture as I see it is this. Pompidou has never been - and is not now - enthusiastic about our entry. (Enthusiasm is anyway not part of his make-up.) He probably does not believe that the present Community will disintegrate if we do not join it. He is not scared of German pressure and believes that Italians always have their price. He would no doubt admit that, in the event of failure, the Community would stagnate for a time. But so what? Pompidou is no European visionary panting for political unification. He is a cautious, hard-bargaining, reticent Auvergnat with limited imagination and no talent for grandeur. He has got the all-important finance agreement under his belt and has reached agreement with Brandt on the beginnings of an economic and monetary union (including a useful medium-term support facility) without having had to pay for it in terms of commitment to supranationalism. Nevertheless I remain convinced, for the reasons given in the enclosed paper, that he accepts that on balance it is right and necessary that we should come in: and he foresees a very unpleasant time ahead for him and for France if he can be blamed for keeping us out.

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Sir Denis Greenhill, KCMG, CBE,  
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3. In these circumstances I am sure that it is right for the Prime Minister to think in terms of a personal meeting with the President - at the right moment (which looks like being late May) and on condition that the French help - particularly at the May Ministerial meeting - to create the right setting.

4. There are three reasons for this judgment. The first is that I believe there is a deal to be struck. The second is because I am convinced that this is the only way in which a deal can be struck. The third is because, if no such meeting were to take place, posterity would surely judge us harshly for not taking the risk.

5. The French (from the President down) are waiting for us to make the move - partly no doubt for reasons of national pride, but also because nobody here seriously believes that the centuries-old hatchet of Anglo-French animosity can be buried by remote control in Brussels.

6. But the French are realists. Whilst Pompidou wants the Prime Minister to come to Paris, he knows full well that he will not go to Canossa. This means that there must be a favourable build-up to the meeting and not a crisis. This is a card which can only be played once - for success or failure. As Lloyd George rightly said, it is dangerous to try to cross a chasm in two jumps. Hence the gap between our respective positions on the main negotiating issues must have narrowed before the two leaders meet. This means that reasonable progress must be made at the Ministerial meeting in May and I believe Pompidou realises this. He has indicated that he wants the artichoke prepared, but not stripped, before being served to the Prime Minister and himself. It remains to be seen whether the cooks in the Quai d'Orsay have been given or have got the message.

7. What about the leaves on the artichoke? It is not for me to suggest from here how far we could

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or should go. The enclosed paper shows what I think are the hard elements in the French position and where there may be give. From this post I find it difficult to believe that we shall be able to arrive at a package deal with the French unless we are prepared to move on Community finance, to concede the principle of full Community preference from the start and to enter into some kind of undertaking in principle with regard to the future of sterling. In return, the French will clearly have to move on finance, on sugar and a long way indeed on New Zealand. Such a give and take could only be reached in a package deal and it is in these terms that Pompidou is thinking.

8. So much for the artichoke. What about the sauce? I know that the Prime Minister does not intend that his dialogue with the President be confined solely to the issues outstanding in the negotiations. He certainly has his own ideas about the wider aspects. Three obvious points occur to me:

(a) the Prime Minister will wish to stress that joining the economic community is for us the beginning of a road which must lead to closer political - and eventually defence - collaboration for Europe, as also to the emergence of a Europe which will be far more independent of the United States - politically, financially and industrially - than is the case to-day;

(b) it would also be wise to reassure Pompidou that we share his view of the essential rôle of the nation state: and that, like him, we wish to move pragmatically in the creation of new institutions. In this context I would expect the President to raise the question of the de facto rule of decision by unanimity: and he would hope to be assured that we shall not seek to challenge it;

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SECRET



(c) culture. We have somehow got to help Pompidou over the language hump. We can enlarge on this nearer the time.

9. To sum up, I believe that there is room for a deal which will open the door of Europe to us. I also believe that the only people who can unlock the door to us are the French. Whilst they do not enjoy isolation (in the way that the General did), the French still do not expect any serious pressure from their partners. They believe that in the last resort the Germans will acquiesce in what they decide and that the Italians can be fixed. The Belgians they patronise, and the Dutch they admire but disregard. So it comes down to an Anglo-French understanding. Finally, until Pompidou has heard himself from the Prime Minister what are the limits beyond which we cannot and will not go, there remains a real risk that he will simply misjudge both how high he can set the hurdle and what a deal with us would really involve for France. If that happened, history would have gone by default.

Yours ever

Christopher.



## THE POLITICAL CLIMATE

1. This is still on the whole favourable to the successful conclusion of the negotiations with us, though not by any wide margin.
2. The President continues to state categorically in private conversations - and not only with British visitors - that he genuinely wants the negotiations to succeed. The French Government says the same thing in its public ministerial speeches. In both cases the statements are invariably qualified by the reservation that Britain must accept all the rules and not expect any special treatment extending beyond a strictly defined transitional period. These professions of good will may, of course, be no more than dust thrown in the eyes of the outside world. But their effect on public and political opinion in France (where 64% of those canvassed in the most recent public opinion poll expressed themselves in favour of British accession) has been such that the French Government would be discredited if it now placed itself in the position of opposing Britain's entry other than in clear defence of some vital French interest. Public opinion is not expecting another French veto and the present French Government does not give the impression of having any stomach for one.
3. This cautious readiness to do a deal with Britain (largely on French terms, of course) is in keeping with President Pompidou's more realistic appraisal of the French role in the world as compared with the quixotic visions of his predecessor. (The Algerian debacle must again have reminded him both of the strict limits of French power and of the dangers of putting off decisions). There is little doubt that the President would regard with concern the prospect of renewed and increasing bitterness between France and Britain - with its spillover on relations within the EEC.
4. A third plus from our point of view is the President's concern about the policies which an ever more powerful Germany may be tempted to pursue, particularly when Chancellor Brandt is no longer at the helm. In this context he sees Britain's presence inside the Community as offering a healthy counterweight to increasing German dominance. But this consideration is muted by his high regard for - and good personal relations with the Chancellor - as well as by the nagging fear that once inside the Community Britain might increasingly gang up with Germany in order to put the French in their place.
5. A final factor which undoubtedly operates in our favour is the marked feeling here that the present British Government is one that the French can do business with (in contrast to its predecessor), and the widespread admiration felt for the courageous way in which the Prime Minister is tackling Britain's basic economic and social problems.
6. At the same time there are a number of other political factors that have so far operated directly or indirectly to our disadvantage. These flow from the President's refusal hitherto to authorise any significant movement in the French position.



The anti-British, and in some cases pro-Soviet, bias of parts of the Quai d'Orsay - especially in the Economic Directorate headed by M. Brunet (who plays a leading part in our negotiations) - have taken full advantage of this: which helps to explain the generally unhelpful, if not actually hostile, attitude adopted in the last few months by the French negotiators in Brussels. From the Quai d'Orsay have re-emerged one after the other all the old stage props from the era of M. Couve de Murville: the Trojan horse, the danger of a new iron curtain in Europe if the Community enlarges and consolidates itself, the price which the Americans will exact for acquiescence in the increased discrimination against them implicit in enlargement, the need to make suitable arrangements with the neutrals before any final settlement can be reached with us, the inevitable disappearance of the French language in what would become an English speaking Community, and the likelihood of the latter degenerating into an Atlantic free trade zone. These prejudices are entrenched in the Quai: elsewhere, including the Elysée, they are apprehensions.

7. As far as the President himself is concerned, a significant handicap is his preoccupation with the French internal scene and the extent to which he tends to judge things in terms of domestic politics. Although French opinion as a whole is substantially in favour of our accession, Pompidou has his Enoch Powells and Allauns to contend with - enlargement is not a popular issue either with the Gaullist ultras or with the Communists. It is arguable that President Pompidou exaggerates the capacity of both these elements to cause mischief. But from our point of view what matters is that he does regard them as forces to be reckoned with: and this reinforces his instinctive caution.

/Community 8. Another inhibiting factor is the President's lack of any deep European vision. The existing/is a convenient and profitable arrangement: he wants a European Europe and recognises that greater cohesion (though not integration) will be needed to achieve this. But above all he is convinced of the need for France herself to remain "independent". This is indeed one of the few principles which motivate his foreign policy.

9. Although the President believes that the British attitude towards Europe has evolved considerably, he is not wholly convinced that we are yet free of our instinctive and deep-seated attachments to the outside world and are prepared wholeheartedly to throw in our lot with Europe. Our proposals on Community finance and our desire to preserve intact existing arrangements with New Zealand and the Commonwealth sugar producers play on this doubt. He is critical of the status of sterling as a reserve currency which he sees alternately as bestowing an unfair advantage on us and at the same time as constituting a liability which he is reluctant to see introduced into the Community. The President is also known to be deeply concerned about the future of the French language, an apprehension which is accentuated by the fact that he is no linguist himself.

10. Finally, President Pompidou is known to feel apprehensive about



the possibility of our reopening the question of majority voting. He is afraid that we shall bring with us a number of client states servile to our wishes, and that in addition the Dutch and others amongst the Six will tend to gravitate into our orbit. This makes him fear for the fragility of the 1966 Luxembourg armistice (on unanimity), and doubly hesitant about agreeing to review clauses, whether in respect of New Zealand, or sugar, or our contribution to the Community budget.

#### THE NEGOTIATIONS SEEN THROUGH FRENCH EYES

11. The French public are much less worked up about the negotiations than are the British. To the extent that he follows what goes on in Brussels the French man-in-the-street sees it as an interesting battle of wits between two well matched players. There is very little awareness, except among a restricted inner circle, of what is at stake, and few people in France (and President Pompidou is not amongst them) believe that the Community will disintegrate if either party to the negotiations decides at the end of the day that the terms available are unacceptable.

12. With very few exceptions the French - both inside and outside the Administration - are genuinely puzzled by the frequent British complaint that they give no sign of really wanting us. It is fundamental to the French approach that we are demandeurs and gestures of spontaneous good will towards the other party do not exist in the French negotiating repertoire. The French have never believed in the possibility of short and sharp negotiations and have never been prepared to leave secondary issues for settlement after accession. This is a marriage contract in which the business side has to be settled between the lawyers before the ceremony.

13. The French are well aware of our difficulties with public and parliamentary opinion, and the pressure this puts us under to get a quick settlement. It would be untrue to their character if they did not see in this a strengthening of their bargaining position.

14. There is a growing conviction, both inside and outside the Administration, that the major problems which remain to be settled will only find their solution in the catalyst of a personal meeting between the President and the Prime Minister. Amongst the President's advisers it has been said more than once recently that what goes on in Brussels is of secondary importance. This is not because anyone believes that the Prime Minister and the President will wish to negotiate together on technical matters. It stems rather from the belief that solutions to such problems will not be found by the experts until clear political directives are given: and that this in turn will not happen until each side is convinced of the sincerity of the other's intentions i.e. until the British are convinced that the French are not simply out to strip them bare (as General de Gaulle put it) and the French



are persuaded that the British are really prepared to put both feet in Europe (as Pompidou puts it).

## THE FRENCH ATTITUDE TO THE MAIN NEGOTIATING ISSUES

### Community Budget

15. Our present proposal (3% rising to 15%) is regarded by Frenchmen of all shades of opinion as wholly unacceptable. The total transfer of levies from the first day is a fundamental requirement in French eyes and it is not believed that 3% would even cover this element, let alone any fraction of the other two elements of *ressources propres*. Whilst there is give in the French position on these latter two components they are rigid in regard to levies: and any equivocation on our part in this respect directly feeds the suspicion that we still have not fully accepted the Common Agricultural Policy and its financial consequences.

16. Our proposed breakout point of 15% is similarly regarded with suspicion - especially by the President. I believe the French can be brought to accept a period of correctives provided that it allowed for a reasonable rate of regression and led us after 8 years to a figure near our probable final commitment. They understand why we need a modest starting point, but find it hard to understand why after 5 years we wish virtually to flatten out the rate of climb. They are deeply suspicious that, if we rise no higher than 16%, we shall find ourselves obliged when the time comes - even if this is not our present intention - to plead incapacity to accept *ressources propres*. This would bring the entire agricultural finance package back on to the Community table and this is not a risk which the French are prepared to run.

17. There have been various unofficial indications that the French may be thinking in terms of a starting figure for the UK contribution of about 8%. They will undoubtedly open the bidding in double figures, though they have never seriously believed in the viability of the Commission's first alternative of 21.5%.

### NEW ZEALAND

18. The French have begun to recognise that, quite apart from the intrinsic merits of the case, New Zealand is an emotional and psychological problem in Britain and that they will have to show some give on this or incur responsibility for a breakdown.



19. Apart from the die-hards in the Quai d'Orsay many officials concerned with the New Zealand problem are prepared to acknowledge in private that a cut-off after 5 years is an unreasonable proposition and are beginning to talk in terms of a possible prolongation of guaranteed access until, say, 1980 (in line with their proposals for Commonwealth sugar). French experts recognise that alternative outlets are few (though Japan and China are still mentioned as possibilities), but they contend that New Zealand will not even try to diversify her economy for as long as there is talk of long-term guaranteed access. They profess to believe that world demand for dairy products may well rise and that there may consequently be space in an enlarged Community for a continuing supply of New Zealand butter: but they nevertheless insist, both on principle and for the practical reason mentioned above, that any arrangement made today for New Zealand must be degressive in quantity and limited in time.

20. The question of continued guaranteed access for New Zealand butter presents a genuine political problem for the French Government. Apart from the instinctive opposition from the farming Community to any such arrangements, there is very little public sympathy in France for New Zealand's case. The New Zealand farmer is widely thought to be much better off than his French counterpart and few Frenchmen are yet convinced that there would in practice be much room in the British market for both New Zealand and Community producers, especially in view of the likelihood of UK demand contracting as the prices of butter rise.

#### SUGAR

21. The French accept that they will have to make room in the Community for continuing imports of Commonwealth sugar: but for how much and for how long? It irritates them that their partners should advocate guaranteed access at special prices for Commonwealth sugar when they refused it - in the Yaoundé context - to other primary products (e.g. ground-nuts) essential to the economy of former French African territories. Furthermore they argue that the current Yaoundé Agreement will fall due for renewal in 1975 just when guaranteed access for Commonwealth sugar producers would come into operation. The original African associates, they contend, will certainly then demand parity of treatment with the Caribbean producers. This will cost the European Development Fund a great deal of money: shall we be prepared to pay our share?

22. Nevertheless, the French are at pains to give the impression that sugar cannot be allowed to become an insuperable problem. They will not insist on the Community defining its post-1974 sugar policy before enlargement, and are clearly prepared to agree to guaranteed access beyond their present offer, but will try hard to relate it to some form of ceans test i.e. to the degree of dependence on sugar of each Commonwealth country, as also to extract a promise of comparable treatment for their own client states.



## COMMUNITY PREFERENCE

23. There has been some lessening of tension here on this issue pending the outcome of the technical discussions. French insistence on full preference from the outset remains as firm as ever, but it seems to be increasingly believed that we will agree to this once the technical problems (which are admitted to exist) have been resolved.

## STERLING

24. The French have three main considerations in mind on this issue. The first - and this is in particular true of President Pompidou - is that they genuinely believe that it would be contrary to the interests of the Community to incorporate sterling just as it is - with its debts, balances and reserve role. Secondly, they realise that, if they want to see something done about these problems, this is their last and only chance: once we were in the Community it would be impossible to exercise any effective pressure upon us. They fear that the recurrent crises of sterling would then completely pre-empt the Community's medium term support facility, to the detriment of other possible users such as the French, and force us to seek constant derogations (import restrictions etc) and perhaps also to devalue. Thirdly, they believe that many of their doubts about sterling are shared by others in the Community and that they can safely open up this issue (though they would have preferred the Germans to do it for them) without incurring the risk of further isolating themselves.

25. What do they expect from the negotiations and/or discussions on this subject? They are likely to press very hard for the early - if not immediate - abolition of the preferential access to the London capital market now enjoyed by the Commonwealth. Although there may be some give in their attitude on this score towards under-developed Commonwealth countries they feel that countries like Australia can perfectly well cover their financial needs in the American or Japanese money markets.

26. As regards the balances and the reserve role, there is no serious French tendency to maintain that these problems can be resolved either within the Community framework alone or within the time span of the negotiations. It is also doubtful whether they have yet thought through in any depth the problem of precisely how to bring about a change in the present situation. Nevertheless it seems highly probable that they will seek to extract from us - in the context of the negotiations - a firm agreement in principle that it is our irrevocable intention, first, to prevent any further build-up of the balances and, secondly, gradually to run them down. It seems unlikely that the French will try to frustrate the renewal of the Basle Agreements. But the President certainly wishes to get from us a commitment, prior to our membership, about the long term future of the balances. He is convinced that the present status of sterling compels us, whether we like it or



not, to keep closely in step, financially and therefore politically, with the Americans.

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