

- (c) It is the Community's opinion that the accession of new members will lead to the enlarged Community having new responsibilities towards developing countries, which it will have to meet in appropriate ways.

With this in view, the enlarged Community must be ready to continue its policy of association, both as regards the existing associated African and Malagasy States and for the benefit of the independent African countries of comparable structure and level of development which request association with a view to promoting their economic and social development.

The enlargement of the Community and, with it, the possible extension of the policy of association should not lead to a weakening of relations with the present associated States.

The terms and conditions of association with all these African countries could be defined during negotiations which might take place at the same time as the renegotiations with the States at present associated with the Community, which are to be held as from 1 August 1973.

In connection with the new responsibilities of the enlarged Community to which I have just referred, it would also be desirable for the Six and the Applicant States to consult each other, preferably in the initial stage of the negotiations, with a view to adopting a joint position on the problem of generalised preferences.

.../...



When, during the course of the negotiations we reach the most important problems concerning relations with the Commonwealth, we will suggest guidelines as regards Commonwealth countries other than the African countries which I have mentioned.

- (d) The Community is prepared to open discussions with the European States which are members of EFT, but which have not applied for Membership of the Community, with a view to seeking possible solutions to the problems raised by enlargement, and thus to enable these States to contribute to the construction of Europe.

With reference to these discussions, I would remind you that it follows from the decisions taken at The Hague that it is not possible to conceive of an enlarged Community except in equality of rights and obligations of all the Member States.

The Community could agree to discussions starting in the autumn with a meeting at ministerial level with any of these countries which so desire.

The agreements concluded with these countries would be binding on the enlarged Community. It will therefore be necessary to seek appropriate formulae which will enable the States which have applied for Membership to be associated in due course with the preparation and conclusion of these agreements.

.../...



The Community considers that it would be desirable, for practical reasons and in the interest of all the countries concerned, for these agreements to come into force at the same time as the accession treaties.

- (e) The Community is aware that the applications for membership raise both problems peculiar to each of the Applicant States and problems which will have to be examined jointly.

The organisation of the negotiations must therefore take this situation into account, it being understood that, during the first stage in any case, most of the work will have to be done on a bilateral basis.

This situation raises the problem of providing each of the Applicant States with adequate information on the progress being made in the other negotiations.

The Community proposes to put forward appropriate suggestions to this end at a later date, so that the exchange of information and the necessary consultations take place to the satisfaction of all concerned.

- (f) The statement which I have just made on the Community's position is not exhaustive and does not therefore touch on all the problems which will arise during the negotiations. I am thinking here, in particular, of the questions raised by the Treaty establishing the European Atomic Energy Community and the Treaty establishing the European Coal and Steel Community, and also of the discussions which we shall be having with the United Kingdom on certain special questions relating to the economic, monetary and financial problems connected with accession.

The Community will have the opportunity to set out its views on these questions, in more detail during

.../...



the negotiations.

- (g) Finally, the Community will employ a uniform negotiating procedure at all levels and for all questions. This time, therefore, the negotiations will take place in the framework of a Conference between the Communities and the States which have applied for Membership of the Communities.

#### IV. CONCLUSIONS

Your Excellencies, Ladies and Gentlemen and dear colleagues,

The work which we are undertaking today is of considerable importance for the destiny of Europe.

It is arousing among our peoples an interest and a hope which we must not, which we cannot, disappoint.

If we have the political aims of the Treaties, the development of the Communities, so much at heart it is because we have the profound conviction that the European Communities have been the original nucleus around which European unity has taken shape, has burgeoned and will continue to grow unchecked in the future.

The enlargement of the Communities which we all wish to achieve together will give new dimensions and new possibilities to the undertaking which we have successfully brought thus far.

.../...



At present, we can only glimpse these prospects of future developments. But we must ensure that they trace a picture of the Europe of the future which will be attractive to our peoples, presenting not only a vision of increased prosperity, but also of human, social and cultural values.

Your Excellencies, Ladies and Gentlemen and dear colleagues, I have presented to you some of our reflections at this initial stage of our work.

I am certain that our views, together with the declarations which you may wish to make, can constitute a good start for the negotiations which are commencing under such excellent auspices.

The task which awaits our negotiators is vast; the problems which they will have to solve are numerous and complex. But their efforts, and ours, will be sustained by a common political will to spare no effort to reach agreement in the shortest possible time.

The Community will do everything in its power to achieve this end.

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CONFIDENTIAL

*European Policy*  
(EEC 1+5)

14 April 1971

You wrote to me on 2 April about whether President Pompidou made any reference to sterling when he saw the Prime Minister in Paris at the time of General de Gaulle's funeral. I have mentioned this to the Prime Minister, who had no recollection of President Pompidou having referred to sterling.

*PJSM*

C.C.C. Tickell, Esq., M.V.O.,  
Chancellor of the Duchy of Lancaster's Office.

CONFIDENTIAL



PRIME MINISTER

## SHAPE OF THE FINAL PACKAGE IN THE EEC NEGOTIATIONS

In my minute of 26 March I promised you a separate minute about the sort of package which we might expect to emerge from a successful negotiation. I attach a short paper accordingly.

The memorandum covers the five main remaining issues. There are other questions which could give trouble: association for the Commonwealth countries in the Caribbean; some of the financial aspects of our membership of the Coal and Steel Community and the European Investment Bank (which may have to be settled in the context of Community finance) and animal health. And we are deliberately leaving over for settlement if possible after the main package problems arising from the Community's fisheries policy and provision for the Channel Islands and the Isle of Man.

I must emphasise that this is very much a personal assessment which covers the interests of a number of my colleagues whom I have not consulted. I have however shown the paper to the Foreign and Commonwealth Secretary whose comments I attach below. The paper is inevitably speculative and the position will develop over the next few weeks, particularly at the May Ministerial Meeting.

/More detailed



Copy No 1 of 10

More detailed work on the shape of the final package is going ahead in a small group of officials. But I have given instructions that this work is not to be brought to completion for the moment, because of the risk of a leak. I am sending copies of this with enclosure to the Foreign and Commonwealth Secretary.

G.R.

(GEOFFREY RIPPON)



SHAPE OF THE FINAL PACKAGE IN THE EEC NEGOTIATIONS

The final settlement is likely to contain five main elements.

2. Those of most importance to British economic interests will be the level of our contributions to the Community budget during the transitional period, and any undertakings we may make in respect of sterling. The elements of most political importance are probably satisfactory arrangements for New Zealand dairy products and sugar from the developing Commonwealth countries. The element of agricultural transition and Community preference has been made into a major issue by the French, but from our point of view it is primarily a bargaining counter.

3. Below are notes about the present position and likely outcome on each of the five elements. We shall probably have to move from our original proposals to a greater or less extent on Community finance, Community preference, New Zealand dairy products and Commonwealth sugar, but in my view it would be politically easier to do so on the first two than on the last two. Sterling comes into a category of its own: although not properly part of the negotiation certain commitments on our part will be crucial to the result.

/COMMUNITY FINANCE



COMMUNITY FINANCE

Present Position

4. We have accepted the Community's direct income system. Our proposals for the transitional period are based on the assumption that the proportion of the Community's expenditure applied to agriculture will not significantly vary, and that British receipts would amount to about 6% of the whole. On that hypothesis we have proposed paying 3% in year one, rising by equal stages to 15% in year five, and subsequently to 15.9% in year eight by applying the Community's present system of correctives. We have also sought agreement that if unacceptable situations were to arise, the Community would find solutions.

5. The Community has not pronounced on the British proposals, but the Commission has made two sets of comments. In the first it challenged our assumption that future expenditure on agriculture would occupy the same proportion of the budget as it does now. It emphasised how difficult it was to quantify expenditure five years ahead, and suggested as alternative assumptions that the proportion spent on agriculture might fall to 60% or even 40%. If Britain received 20% of non-agricultural disbursement, she would receive between 12½% and 15% of the Community budget.



6. In its paper entitled the Vue d'ensemble the Commission suggested two alternative ways of integrating the candidate countries into the financial system. Under the first Britain would pay about 21.5% of the budget from the start; under the second there would be a gradual assumption of the burden: the Commission suggested as a hypothesis that in the first year we should pay between 10% and 15% and in the fifth year between 20% and 25%. Although the Community has not pronounced on either of these suggestions, it agreed after the Ministerial meeting on 2 February, that a graduated approach should be adopted and that there should not be too big a jump at any stage of the process (but there is dispute between the French and the Five about whether the first contribution should be included).

7. The position of the Commission has somewhat changed since the production of the Vue d'ensemble, and it is considering a variety of ideas. A point of importance is that, with the support of all the Six, it would like us to pay 90% of our levy income from the day we join. This would by itself require us to make an initial contribution of just over 5%. Each of the Five seems to have its own ideas: the best from our point of view would envisage an initial British contribution of 5% rising to around 22%; but most would expect us to start at 8% and move up to around 25% at the end of the process. The French have supported the Commission's idea of full assumption of the burden from the start, ie an initial payment of 21.5%, but have admitted privately that they might agree to something like the Commission's second idea, ie beginning at around 10% and rising to around 25% over five years.

/The Shape of the



The Shape of the final package

8. There are many variations. Their value to us, particularly in the later stages, is bound to depend on the size and shape of the Community's budget. In this respect the Commission's belief, admittedly speculative, that our receipts should at the end of the transitional period be in the realm of 12½% - 15% instead of 6% is of political value. It is important for us to have good percentage limitations in the early years before the dynamic stimulus of entry has taken effect and the shape of the Community budget is changed to our advantage.

9. I suggest it might be possible to secure agreement on the following basis:-

(a) an initial contribution of 6% rising by three percentage points a year to 18% in the fifth year: followed by a rise of one percentage point a year during three years of correctives to 21%; we might, under pressure agree to a rise of two instead of one percentage points a year during the period of correctives, ie bring the total up to a maximum of 24%; or

(b) some other combination of the variables - starting point: linear or parabolic progression to the fifth year contribution; length of and progress in corrective period - which would lead to much the same total contribution over the period under (a) above, but differently organised.

/NEW ZEALAND



NEW ZEALAND

Present Position

10. We have proposed that New Zealand should be able to export present quantities of butter and cheese to an enlarged Community for five years, with a review to provide for continuing any definite arrangements thereafter. We have warned the New Zealanders that we are unlikely to obtain this.

11. The Five and the Commission would be ready to allow access for diminishing quantities of New Zealand butter and cheese over a five year period subject to special arrangements designed to guarantee the sale of those quantities. In the fifth year these would be between 45% and 62% of current levels in terms of milk equivalent, with a much higher proportion for butter than for cheese. New Zealand would have better chances of disposing of the latter in the Community or elsewhere without a guarantee. The Five and the Commission also advocate Community participation in a world agreement on dairy products and would be ready to examine any New Zealand problems should a satisfactory world agreement not be obtainable. Present indications are that they would not agree to New Zealand getting a higher price for these diminishing quantities of butter and cheese.

12. The French view is that an appropriate solution would be full third country treatment for New Zealand after the transitional period, in the last year of which they would like New Zealand's outlets for both butter and cheese to be reduced to about 20% of present quantities. There are signs that they might be prepared to contemplate a transitional period somewhat longer than five years to this end, and they are not unsympathetic to the idea of seeking a world dairy agreement.



13. New Zealand could probably be brought to accept diminishing quantities to 60% of the present total in the fifth year but she would expect her income to be maintained and there to be provision for a review or some continuing arrangements after the first five years. We could not expect the New Zealand Government to go far in expressing public approval even of this sort of settlement.

The Shape of the Final agreement

14. This could take two forms:-

(a) degressivity to not less than 50% of present quantities at the end of five years, with some recognition that without a world agreement on dairy products the Community might have to reconsider its position (but the Community would be unlikely to give any binding commitment to do so); or

(b) degressivity to zero at the end of eight or ten years and no assurance regarding New Zealand thereafter.

15. I prefer (a) but it could be argued for (b) that once we were in the Community we might be able to secure a more favourable arrangement. Politically any reference to zero would be very difficult to sell but there might be attractions for New Zealand in the longer period.

16. In either case it might be possible to maintain something like present quantities for the first two years of the transitional period. There is no sign at present of the Community agreeing to maintain New Zealand's receipts by according higher prices, though some receipts above the level of current prices might be negotiated.



TOP SECRET

Copy No 1 of 10

17. One of the thoughts we must have in mind is that we might be prepared at the end of the day to continue buying limited quantities of New Zealand dairy products and to pay whatever third country levy on them then applied, although it would be hard, even if not impossible, to dispose of such quantities on our markets without breaking Community rules.

/SUGAR

TOP SECRET



SUGAR

Present Position

18. All parties agree that the existing Commonwealth Sugar Agreement (CSA) commitments should be fulfilled until the end of 1974, provided we continue to restrain our own sugar-beet production.
19. Thereafter we have proposed that the enlarged Community should provide an outlet for present quantities of sugar (1,370,000 tons) imported from the developing CSA producers at current prices, and that these arrangements should be subject to periodic review.
20. The Five and the Commission would probably agree to provide on a continuing basis a market for at least one million tons. The Germans and the Dutch would be prepared to go higher. They would probably agree to maintain current earnings of the countries in question by paying a higher price for reduced quantities; and would accept periodic review.
21. The French have not so far gone beyond proposing a market for quantities degressive to "at least 500,000 tons". This has been generally regarded as a negotiating tactic (the French themselves privately admit it). Their position regarding the maintenance of income is not clear.
22. The developing Commonwealth sugar producing countries want guaranteed sales for both quantity and price. Cane sugar production has to be planned some years ahead, and the necessary finance depends on adequate assurances regarding future markets.

/The shape of



The Shape of the final agreement

23. This could take two forms:

(a) a guaranteed market for at least one million tons, with correspondingly higher prices and periodic review; some parallel arrangements, or assurances, for guaranteed markets at guaranteed prices for exports of some tropical products of particular interest to the French African associates; and a decision now that British beet sugar production should not rise much above its present comparatively low level; or

(b) a general assurance, not related to specific figures for quantities or prices, but undertaking that the enlarged Community would accord after 1974 a reasonable market and comparable advantages to the Commonwealth countries concerned, perhaps with some parallel assurance regarding some products of interest to the French African associates.

24. I am personally convinced that (a) is the approach for which we must go if we are to satisfy public opinion here and in the Commonwealth countries concerned. Theoretically (b) could be held better to safeguard our own interests since one of the few ways in which we could significantly reduce the foreign exchange cost of membership would be by increasing our domestic sugar production.

/AGRICULTURAL TRANSITION



AGRICULTURAL TRANSITION AND COMMUNITY PREFERENCE

Present Position

25. We have proposed moving to Community prices and levies in six moves spread over five and a half years. Moves in the agricultural field should ordinarily take place at the beginning of crop years. We therefore propose the last move at the beginning of the crop year 1978-79. We have proposed gradual introduction of Community preference and degressive levy quotas to phase out third country suppliers' guaranteed markets of bacon butter, cheese and sugar, and parallel arrangements for apples and pears.

26. The Community has proposed five moves in four and a half years; full Community preference from the moment of our entry; and remedial action in the event of disruption of trade with third countries (although the Community has only foreseen difficulties for suppliers of bacon, butter, sugar, and certain fruits and vegetables). The Community has not agreed to advance provision for phasing out third country suppliers.

The Shape of the final Agreement

27. The French attach importance to full Community preference from the start. It may not be as big an advantage to them as they think. We shall be able to get something in return for granting it but not very much.

28. We therefore probably face a choice between:  
(a) granting full Community preference from entry as the general rule in return for the orderly phasing out of third country suppliers



in a few cases, together with movement to Community prices and levies in six moves over five and a half years;

(b) accepting the Community's proposals on Community preference and price movements, and remedial action in the event of disruption, in return for a more satisfactory settlement on one of the other major issues than we might otherwise get.

29. (b) would mean trouble with domestic horticultural interests, and would expose Australia particularly to the risk of damage by the abrupt loss of her market here for sugar, butter and cheese. But if we were prepared to face these consequences (and the problems it would pose to third countries would be problems which the Community as a whole would have to meet under the Community's suggestion for remedial action) our interest probably lies in course (b).

/STERLING



STERLING

Present Position

30. We do not know what the French want to make of this issue. So far they have raised:

(a) the future of the reserve currency role of sterling, and the need to begin to reduce the level of sterling balances over the transitional period;

(b) our recourse to articles 108 and 109 of the Treaty of Rome as a result of balance of payments difficulties arising from the operations of the sterling area;

(c) immediate abolition on entry of discrimination in favour of Australia, New Zealand and South Africa in the field of capital movement.

31. The Five generally will want to avoid the Community undertaking alone to bear the burden of financing a rundown of the sterling balances, but would probably otherwise accept whatever we and the French were able to agree. The Commission in this field will be at least as difficult as French and in some sense seems to be acting for them.

The Shape of the Final Agreement

32. This will probably contain the following elements:

(a) a commitment (possibly in the form of a Declaration annexed to our Treaty of Accession) that we would be prepared on signature of the Treaty to start discussions with the Community with a view to

/making new



making new arrangements (probably going wider than the Community) for funding or finding means to reduce the sterling balances, or for insulating the enlarged Community in some way from the consequences of fluctuation in their level; and an undertaking that meanwhile we would limit their increase;

(b) a declaration limiting the call which we can make on Articles 108 and 109 as a result of the operations of the sterling area pending a successful settlement regarding sterling balances;

(c) a commitment to abolish discrimination between the rest of the EEC and Australia, New Zealand and South Africa in respect of direct investment on entry and in respect of other capital movements by the end of the five year transitional period. We may have to settle for three rather than five years in the latter respect. This commitment could involve the imposition of exchange control vis-à-vis the developed sterling area, but of course no commitment could be given in advance on this point.



COMMENTS OF THE FOREIGN AND COMMONWEALTH SECRETARY ON THE  
PAPER ENTITLED:

"SHAPE OF THE FINAL PACKAGE IN THE EEC NEGOTIATIONS"

My comments on Mr Rippon's paper on a first and rather hurried reading are these:

- (i) Financial Contribution. I would think that we could move to the 5-6% involved in accepting a transfer of 90% of the levies or by some other combination of contributions. But the Chancellor of the Exchequer would clearly have his view.
- (ii) New Zealand. I do not think that either of the proposals at present put forward is politically saleable. I do not feel that in the fifth year we could ask New Zealand to go below 70% of current levels in terms of milk equivalent. Even at that I feel we should have to be positive about calling a world dairy conference and indicate that failing world agreement the Community would itself review the matter. We may have to resort to Mr Rippon's final suggestion and buy some New Zealand butter ourselves. It would be useful to have estimates as to what that could mean for them and for us.
- (iii) Sugar. I agree with Mr Rippon's (a) in paragraph 6, i.e. a guaranteed market for at least 1 million tons.

(iv)/



- (iv) Community preference. I think we can probably wear this, but it may make an already difficult political exercise much more so. So far the farmers are not united. This might bring them together in opposition.
- (v) Sterling. This should not, I think, be too difficult to handle if the French will allow it to be discussed by a body other than the Commission.

A D-H

8 April 1971



PRIME MINISTERc.c. Mr. Moon

You said that you would like to send a message to Monsieur Pompidou following your visit to Bonn. I doubt if you would want to give too obvious an impression of reporting to Pompidou your talks with Brandt. But the latest talk between Mr. Scames and Monsieur Jobert (reported in telegram 374 of 27 March) takes ideas for a meeting between you and Pompidou a long stage further and provides in itself a reason for a personal message from you to Pompidou. The attached draft, which is a joint effort by Peter Moon and me, tries to combine the two threads. We have drawn extensively on a draft message prepared by the Foreign and Commonwealth Office, which did not include any material based on the Bonn talks.

If you think that the draft is on the right lines, Peter Moon will clear it with the Foreign and Commonwealth Office and Sir William Nield, and then let you have a final version for approval early next week.

RWA

8 April 1971



DRAFT MESSAGE TO POMPIDOU

Her Majesty's Ambassador has reported to me the conversation which he had with Monsieur Jobert on 27 March. Since then I have been to Bonn and talked with the Federal Chancellor. I thought that I should now let you know my own thinking.

In my talks with the Federal Chancellor we covered a very wide range of subjects, but we spent most of our time on the major issues affecting Europe, and especially on East-West relations and the enlargement of the EEC. I think it is fair to say that both of us were acutely conscious of the relationship between these two questions and its broad political significance. In a word, if ~~the powers of Western Europe are to derive the benefits~~ <sup>as a whole is</sup> ~~and to avoid the possible dangers which could arise from the Ostpolitik, the negotiations with the Russians will need to be conducted with great determination and patience, and from a position of the greatest possible degree of strength and unity among the Western European powers.~~

It was against this political background that we discussed the question of enlargement of the EEC. Both of us were profoundly conscious that we had here an opportunity of a major contribution to greater European ~~strength and unity~~ <sup>on cohesion,</sup> and that, if the opportunity was missed, other events would not stand still, and we could not count on avoiding loss of ground ~~in the broad political field of East-West relations~~ while we waited for the opportunity to recur.



I should now greatly welcome the prospect of visiting Paris for discussions with you. I hope that our conversations would be wide-ranging, but I should particularly like to concentrate on these two main issues of East-West relations and enlargement of the EEC; and I should like to think that at our meeting you and I could lay the foundations for agreement on the main outstanding issues remaining on the table in Brussels. It remains my belief that we should aim at completing agreement on these issues before the summer break, and that a successful outcome on this could do more than anything else for the ~~strength and unity~~<sup>cohesion</sup> of Western Europe.

→ I am much of your view that the right time for us to meet could be after the May Ministerial meeting in Brussels. I would hope that there would be progress to report from that Ministerial meeting on at least some of the outstanding issues, which would create the right atmosphere for our talks and make our task easier. [I also believe that, after the last two meetings at which there has been little progress to report, public opinion <sup>here</sup> [in all our countries] would be discouraged if there was nothing to show.]

I also believe that, if we are to make the most of our own meeting, the ground could with advantage be prepared in advance. I therefore suggest that one or two officials from here should visit Paris discreetly later this month or early next month, who could, with our Ambassador, go over the ground with your people and lay



the foundations for our meeting. Alternatively we should of course be very happy to see some of your people here, and we shall have an opportunity for talks when Maurice Schumann visits London.

I should be grateful to know what you think of these ideas. It is perhaps better not to try to fix dates at this stage, but some time towards the end of May would be a possible period for me to come to Paris should we both decide that this would be right. Meanwhile, we would propose to say nothing at all publicly about this possibility.

Issues affecting Europe and, in particular, the enlargement of the E.E.C. and the future of relations between East and West.

I found that on East/West questions there was a broad measure of agreement between us. We were both clear of the need for great determination and persistence in negotiations with the Russians; and also of the need to negotiate, so far as possible, from a position of Western strength. We thought that Russian behaviour in the Berlin Talks was still the best indicator of their readiness for progress towards wider contacts.

I told Herr Brandt of our continuing hope that the main issues in the E.E.C. negotiations could be completed before the summer break and of my belief that a substantial reduction of these negotiations would be more than



DRAFT MESSAGE FROM THE PRIME MINISTER TO PRESIDENT POMPIDOU

I thought I should let you have a short account of my talks with Herr Brandt in Bonn on 5/6 Apr. and of my thoughts following my visit.

In our discussions we covered a very wide range of subjects. These included the Middle East and the problems of the Mediterranean, the difficulties which face all of us over oil supplies and a number of other economic and technological questions.

But we naturally spent most time on the major issues affecting Europe and, in particular, the enlargement of the E.E.C. and the future of relations between East and West.

I found that on East/West questions there was a broad measure of agreement between us. We were both clear of the need for great determination and patience in negotiations with the Russians; and also of the need to negotiate, so far as possible, from a position of Western strength. We thought that Russian behaviour in the Berlin Talks was still the best indicator of their readiness for progress towards wider detente.

I told Herr Brandt of our continuing hope that the main issues in the E.E.C. negotiations could be completed before the summer break and of my belief that a successful conclusion of these negotiations would do more than



anything else to strengthen the unity of Western Europe. I said that I thought the negotiations which had progressed a long way should not be allowed to lose their momentum. While not under-estimating the extent of the problems which remain, I believe that if they are taken together, solutions can be found.

I was encouraged that Herr Brandt also felt that with further determined negotiation in May and June it should be possible to arrive at the goal. I mentioned to him my readiness to come to Paris to see you if this would be helpful; there are a number of important matters besides the question of our entry into the Communities which we might usefully discuss. Herr Brandt welcomed this idea.

I do not know what your feelings are, but it is my view that it would be important for the success of a meeting between us that there should have been further visible progress at the Ministerial meetings in Brussels arranged for the middle of May. Otherwise I think that in this country there would be public disappointment which could make our task more difficult.

I believe also that there would be great advantage if there could be meetings between our officials to go over the ground in advance. I would be very glad to send one or two British officials discreetly to Paris for this purpose towards the end of this month, or to receive your people here.



I should be grateful to know what you think of these ideas. It is perhaps better not to try to fix dates at this stage, but some time towards the end of May would be a possible period for me to come to Paris should we both decide that this would be right. Meanwhile, we would propose to say nothing at all publicly about this possibility.

Am.



No message to President Pompidou  
looked at the Brandt visit.

MR. ARMSTRONG

be with little to policy & things  
at our meeting on Friday 23<sup>rd</sup> April.

AA<sup>20/4</sup>

I was not very happy with my draft to M. Pompidou.  
Given French policies I think it is very difficult to  
write a message to President Pompidou about the Prime  
Minister's talks with Hr. Brandt which will be helpful  
towards the main purpose of starting the process for  
a meeting with President Pompidou towards the end of  
May.

Your revised draft, which puts some of the most  
delicate points with considerable bluntness, seems  
to me to risk doing serious damage. I came to the  
view that the draft should be on the lines of the  
attached ~~minutes~~ to this Minute.

Am.

8 April 1971



I have just returned from seeing Hr. Brandt in Bonn. In our talks we covered a very wide range of subjects but we spent most of our time on the major issues affecting Europe and especially the problem of the enlargement of the EEC.

I mentioned to Hr. Brandt that I was hoping to have the chance of meeting you in the near future and he welcomed this warmly. Christopher Soames has reported to me his talks with M. Jobert, and I thought I should now let you know my own thinking.

I believe that there would be advantage if we could soon discuss together, not only the question of enlargement of the EEC but a whole range of matters. Subject to your views, I think the right time for us to meet could be after the May Ministerial meeting in Brussels. I would hope that .....  
→



CONFIDENTIAL  
B.F. 49/4/71

EEC Part 5

8 April 1971

You sent to Peter Moon on 8 April two draft guidance telegrams about sterling.

The Prime Minister is not very happy with the drafts. He thinks that we really need to think more fully through our position and tactics on this issue before we say very much more on the subject. That would, of course, involve urgent official study, and you may think that that should now be put in hand with a view to reporting to Ministers directly after the Easter Recess.

In the meantime, it would be better not to issue any guidance. If guidance has to be issued, the Prime Minister's main comment on the drafts was on paragraph 2 of the second telegram. In his view this does not make it sufficiently clear that sterling is not in our view a matter that should be considered as part of the negotiations; and it does not make sufficiently clear the point agreed by the Federal Chancellor that this was a subject which necessarily had to be discussed with the highest degree of security and secrecy.

I am sending a copy of this letter to Bill Ryrle.

(sgd) R.T. ARMSTRONG

C.C.C. Tickell, Esq., M.V.O.,  
Office of the Chancellor of the Duchy of Lancaster.



CONFIDENTIAL



Chancellor of the Duchy of Lancaster

Robert Armstrong.  
you will wish to  
see this.

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

8 April 1971

Dear Peter

Am.

8/4

- 2x

Armstrong wrote to Graham on 29 March to let us know that the Prime Minister wished to be consulted in advance about any statements or reactions by the Foreign and Commonwealth Office or by the Treasury on the question of sterling in the European negotiations. It was agreed last week by officials from the Departments principally concerned that it would be right to send guidance to posts as soon as possible after the Prime Minister's visit to Bonn.

I enclose copies of two draft guidance telegrams. The first is based on a part of the brief prepared for the Prime Minister's use in Bonn, the second as is made clear, is based on FCO advice to the Prime Minister, cleared with the Treasury for his use in answering supplementary parliamentary questions.

You may feel that the drafts do not cover any new ground, and therefore there is no need to bother the Prime Minister with them. But I send them over in case you think he would wish to see them before despatch. We should like to get them off today if possible.

I am sending a copy of this letter to Bill Ryrie.

Yours sincerely

C.C.C. Tickell

(C.C.C. TICKELL)  
Private Secretary

P.J.S. Moon Esq.,

CONFIDENTIAL



SECURITY CLASSIFICATION

Top Secret  
Secret  
Confidential  
Restricted  
Unclassified

PRIORITY MARKINGS

Flash }  
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Priority }  
Routine }

(Date) \_\_\_\_\_

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PRIVACY MARKING

In Confidence  
GUIDANCE

En Clair.  
Code  
Cypher

[Security classification]  
—if any \_\_\_\_\_

[Privacy marking]  
—if any \_\_\_\_\_

[Code word—if any] \_\_\_\_\_

Draft Telegram to:—

No. \_\_\_\_\_

(Date) \_\_\_\_\_

And to:—

Addressed to \_\_\_\_\_

telegram No. \_\_\_\_\_ (date) \_\_\_\_\_

And to \_\_\_\_\_

repeated for information to \_\_\_\_\_

Saving to \_\_\_\_\_

Repeat to:—

ECONOMIC AND MONETARY QUESTIONS IN THE CONTEXT  
OF EEC ENTRY

Saving to:—

Distribution:—

Copies to:—

My telegram No 64 Guidance of 19 March and Codel Brussels telegram no 246 of 7 April (not to all). Now that the Community has set up an ad hoc group for the discussion of economic and monetary questions and dates for its first meetings have been fixed, (for 16 and 21 April) the main points to make in any discussion with officials of Community Governments are in paragraphs 2-5 below.

2. We are glad that the ad hoc group is to meet so soon. It is in everyone's interest to carry the discussions forward as quickly as possible.

3. We hope that the group will make contact with us very soon. We are very ready to co-operate. There may well still be misunderstanding on the Community side about some /aspects

NOTHING TO BE WRITTEN IN THIS MARGIN



NOTHING TO BE WRITTEN IN THIS MARGIN

aspects of the sterling question. It would be a waste of everyone's time for the Six to hold discussions among themselves at length without benefit of the information we could provide.

4. If there should be any delay or if any Community Government should feel that they want extra information on a bilateral basis, we should be glad to try to help. But we must obviously avoid crossing wires with the work of the ad hoc group.

5. You should also reiterate the importance of keeping the discussions of the ad hoc group confidential.



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**GUIDANCE**  
Draft Telegram to:—

No. \_\_\_\_\_

(Date) \_\_\_\_\_

And to:—

Addressed to \_\_\_\_\_

telegram No. \_\_\_\_\_ (date) \_\_\_\_\_

And to \_\_\_\_\_

repeated for information to \_\_\_\_\_

Saving to \_\_\_\_\_

Repeat to:—

ECONOMIC AND MONETARY QUESTIONS

Saving to:—

My immediately preceding guidance telegram. You should take the line in paras 2 - 4 below if the relevant points are raised.

2. Reports of Giscard's remarks on the 30 March

Distribution:—

We are not responsible for press reports of what M. Giscard said. Capital movements are already being dealt with in the negotiations. The future of sterling, however, involves many interested parties. It is certainly not a matter which could be determined within the time scale of the negotiations.

Copies to:—

3. The distinction between negotiations and discussions

/This was

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This was a distinction which the Community themselves made in their opening statement on the 30 June. We are not concerned with the semantics of the matter. We are quite prepared to accept any reasonable proposals for the handling of economic and monetary issues which the Six may want to discuss.

#### 4. Economic and Monetary Union

Her Majesty's Government like their predecessors, have welcomed the Community's long-term objective of economic and monetary union. The agreements on the first steps reached by the Community in February should enable us to play a full part in determining further developments if we join. The Six Ministers have taken no firm or final decisions about how monetary union might be attained. Thus the future of sterling in such a union is very much a matter for later discussion.



FM PARIS 271515Z

J E D I P

S E C R E T

TO IMMEDIATE F C O TELNO 374 OF 27 MARCH 1971.

PERSONAL FOR SECRETARY OF STATE (COPY PERSONAL FOR PRIME MINISTER)

I CALLED ON THE SECRETARY-GENERAL AT THE ELYSEE ON 27 MARCH. I LED OFF BY REMARKING TO JOBERT THAT THE LAST MINISTERIAL MEETING DID NOT GET VERY FAR, TO WHICH HE REPLIED "WELL, WE DID NOT EXPECT IT TO, DID WE?" I SAID IT WAS NEVERTHELESS IMPORTANT THAT THE IMPRESSION SHOULD SOON BE GIVEN OF MOVEMENT AND GOOD FAITH RATHER THAN OF STAGNATION AND BITTERNESS: HOW DID HE SEE THINGS GOING BETWEEN NOW AND THE NEXT MINISTERIAL MEETING AND IN PARTICULAR WHAT DID HE SEE BEING RESOLVED THEN.

2. JOBERT REPLIED THAT THE VITAL MEETING WOULD BE THE TALK BETWEEN THE PRESIDENT AND THE PRIME MINISTER. I ASKED WHAT THE PRESIDENT'S THOUGHTS WERE AS TO THE TIMING OF THIS: JOBERT SAID THAT THE PRESIDENT'S CHOICE WAS THE END OF MAY BUT THAT HE WANTED TO UNDERLINE HOW IMPERITIVE IT WAS TO KEEP THIS SECRET.

3. I ASKED JOBERT WHAT HE THOUGHT WOULD HAPPEN BETWEEN NOW AND THE END OF MAY AND HE SAID THIS DEPENDED VERY MUCH ON WHAT THE PRIME MINISTER AND M. POMPIDOU THOUGHT OUGHT TO BE KEPT FOR DECISION BY THEMSELVES. THE PRESIDENT'S VIEW WAS THAT ALL THE MAIN SUBJECTS WERE ALREADY PRETTY WELL RIPE FOR DISCUSSION BY THEM AND IT WAS IMPORTANT NOT TO REMOVE TOO MANY LEAVES OF THE ARTICHOKE BEFORE THEIR TALK TOOK PLACE. HE THOUGHT THAT IN THE MAY MINISTERIAL MEETING AGREEMENT COULD BE REACHED ON THE PRINCIPLES WHICH WOULD GOVERN THE FIXING OF OUR CONTRIBUTION TO COMMUNITY FINANCE AND ALSO THAT THE COMMUNITY PREFERENCE PROBLEM COULD PROBABLY BE RESOLVED. I REPLIED THAT THE FIRST WAS A NATURAL, BUT WHERE THE SECOND WAS CONCERNED I WAS NOT SURE THAT THIS WAS ALL THAT EASY FOR US. MR. HEATH MIGHT THINK THAT THIS WAS SOMETHING FOR HIM AND THE PRESIDENT TO FINALISE. I SAID SURELY SUGAR COULD BE RESOLVED IN BRUSSELS. JOBERT SAID THAT NO, HE THOUGHT IT WAS BETTER TO LEAVE THAT FOR THE SUMMIT TALK. (I PRESUME THAT M. POMPIDOU IS PREPARED TO BE MORE LENIENT ON SUGAR THAN ON BUTTER AND THAT HE WANTS TO KEEP THE TWO TOGETHER AS A PACKAGE.)

S E C R E T

/4. I ASKED



4. I ASKED WHETHER THE PRESIDENT HAD CONSIDERED HAVING THE TALK BEFORE THE MAIN MINISTERIAL MEETING IN BRUSSELS. JOBERT REPLIED THAT THIS WAS AN ALTERNATIVE BUT THEY THOUGHT IT LESS ADVANTAGEOUS. AS HE SAW IT, WE WANTED A PRETTY COMPLETE PACKAGE BEFORE THE END OF JUNE. IF THE PRIME MINISTER AND PRESIDENT MET AS EARLY AS APRIL, THERE WOULD BE TWO MONTHS LEFT DURING WHICH OFFICIALS WOULD TRY TO RE-OPEN MATTERS WHICH HAD BEEN DECIDED IN PARIS AND THIS WAS A DANGER WHICH SHOULD NOT BE RUN. THE BEST SOLUTION IN HIS VIEW WAS TO HAVE A MEETING MORE OR LESS AS LATE AS POSSIBLE AND HE JOBERT TOOK IT AS READ THAT ONCE THEY MET, THEY WERE QUOTE CONDEMNED TO SUCCEED UNQUOTE. THERE COULD THEN BE WHATEVER MINISTERIAL MEETINGS WERE NECESSARY IN BRUSSELS IN JUNE TO PUT THE SEAL ON WHAT HAD BEEN AGREED IN PARIS.

5. I SAID THAT I THOUGHT IT WOULD BE NECESSARY TO HAVE TWO DAYS OF MEETINGS AND JOBERT AGREED. I ADDED THAT I THOUGHT THE PRIME MINISTER WOULD LIKE TO TAKE ADVANTAGE OF THE MEETING TO RAISE SOME WIDER TOPICS OF WORLD AFFAIRS WITH THE PRESIDENT AND THAT I THOUGHT HE ENVISAGED IT AS BEING MORE THAN JUST A HAGGLE OVER DETAIL. JOBERT REPLIED THAT HE KNEW THE PRESIDENT WOULD WELCOME THIS. WE AGREED THAT I SHOULD NOW TAKE THE PRIME MINISTER'S MIND ON (A) THE TIMING OF HIS MEETING WITH THE PRESIDENT AND (B) THE AMOUNT OF PROGRESS HE WOULD LIKE TO SEE IN BRUSSELS IN ADVANCE OF THEIR MEETING (SHOULD HE AGREE THAT THE END OF MAY BE RIGHT).

6. I ASKED JOBERT HOW HE SAW PROGRESS BEING MADE ON MATTERS AFFECTING STERLING WHICH THE FRENCH GOVERNMENT HAD NOW RAISED. HE CONFIRMED THAT M. GISCARD WOULD BE GOING TO BRUSSELS ON 30 MARCH TO GIVE THE EXPOSE OF FRENCH THOUGHT ON ALL THIS. HE PRESUMED THE PRIME MINISTER AND PRESIDENT WOULD WANT TO TALK ABOUT IT. I SAID THAT WAS ALL VERY FINE AND LARGE AND I WAS SURE THEY WOULD. BUT WOULD NOT SOME WORK NEED TO BE DONE ON IT BETWEEN THE END OF MARCH AND THE END OF MAY? M. SCHUMANN HAD TOLD ME THAT HE FORESAW SOME PRIVATE DISCUSSIONS AMONG MINISTRIES OF FINANCE OF THE SIX DURING THE MONTH OF APRIL AND THAT THEIR FINANCE MINISTERS WOULD DISCUSS IT AGAIN WHEN THEY MET AT HAMBURG AT THE END OF APRIL. JOBERT REPLIED THAT YES, HE SUPPOSED THIS WAS WHAT PROBABLY WOULD HAPPEN. I SAID THAT THERE WERE NOT MANY PEOPLE IN BRITAIN WHO KNEW THE FULL RAMIFICATIONS OF THE PROBLEMS OF THE STERLING AREA, LET ALONE ON THE CONTINENT. PERHAPS IT WOULD BE A GOOD IDEA IF SOME PRIVATE /DISCUSSIONS



S E C R E T

DISCUSSIONS TOOK PLACE WITH US ALSO DURING APRIL. JOBERT REPLIED THAT THAT SEEMED VERY SENSIBLE. HE IMAGINED ANYWAY THAT THE FRUITS OF THE DISCUSSIONS AMONG THE SIX WOULD BE DISCUSSED WITH US IN BRUSSELS AT THE MAY MINISTERIAL MEETING. HE AGREED, HOWEVER, THAT IT WOULD BE LUDICROUS TO ENVISAGE ANY TALKS OF A SENSITIVE NATURE TAKING PLACE IN BRUSSELS.

7. AS I GOT UP TO LEAVE. JOBERT REPEATED TWO POINTS TO ME: FIRSTLY THAT THERE WAS NO DOUBT IN HIS OR THE PRESIDENT'S MIND THAT WHEN THE MEETING WITH THE PRIME MINISTER TOOK PLACE, IT WAS IMPERATIVE THAT IT SHOULD SUCCEED: AND SECONDLY QUOTE TOO MANY LEAVES SHOULD NOT BE REMOVED FROM THE ARTICHOKE BEFORE THESE TALKS UNQUOTE.

SOAMES

/COPIES SENT TO NO 10 DOWNING STREET/

P R I S E C



P. g. S. Moan Esq.

IMMEDIATE

SECRET

COPY NO. 10.

ER CAT A.

FM PARIS 021825Z

S E C R E T

TO IMMEDIATE F C O TELNO 395 OF 2 APRIL.

YOUR TELNO 228: MEETING WITH POMPIDOU.

I SAW JOBERT AND SPOKE ON THE LINES OF PARA 2 OF YOUR TELEGRAM.

2. AS REES-MOGG IS HAVING AN AUDIENCE WITH PRESIDENT POMPIDOU ON 3 APRIL, I TOLD JOBERT THAT I HOPED THE PRESIDENT WOULD THINK IT RIGHT NOT TO TALK TO HIM ABOUT THE POSSIBILITY OF A TOP-LEVEL MEETING. JOBERT REPLIED THAT I NEED HAVE NO FEAR. INDEED WHEN DR. LUNS HAD RAISED THE SUBJECT WITH THE PRESIDENT ON 1 APRIL, ALL THAT HE HAD SAID WAS THAT IT MIGHT WELL PROVE THAT IT WOULD BE GOOD FOR HIM TO HAVE A TALK WITH THE PRIME MINISTER SOMETIME BUT THAT NOTHING HAD BEEN ARRANGED. THIS WAS THE LINE WHICH THE PRESIDENT WAS TAKING AND INTENDED TO TAKE WITH ANYONE WHO RAISED THIS MATTER WITH HIM. THIS ENABLED ME TO SAY THAT THE PRIME MINISTER WOULD TAKE VERY MUCH THE SAME LINE WHEN HE WAS IN BONN NEXT WEEK IN THAT HE WOULD BE SPEAKING AS IN PARAGRAPH 3 OF YOUR TELEGRAM UNDER REFERENCE.

3. I ASKED JOBERT WHETHER IN THE EVENT OF THE LATTER PART OF MAY BEING CHOSEN, THERE WERE ANY PARTICULAR DATES AROUND THAT TIME WHICH THE PRESIDENT COULD NOT MANAGE. HE LOOKED AT THE DIARY AND TOLD ME THAT ON 24TH, 25TH AND 26TH THE PRESIDENT WOULD AS WE KNEW BE IN BRUSSELS, AND ON THE 27TH HE HAS A CONSEIL DE MINISTRES IN THE MORNING AND IS SPENDING THE AFTERNOON AT THE PARIS AIR SHOW. BUT HE IS COMPARATIVELY FREE ON EITHER SIDE OF THOSE DATES.

4. I WILL BE COMING OVER ON 7 APRIL TO A DINNER TO WHICH THE PRIME MINISTER HAS KINDLY INVITED ME. I WAS PLANNING TO COME BACK ON A LUNCHTIME PLANE ON THE 8TH IN THE HOPE THAT I COULD SEE YOU THAT MORNING TO HEAR HOW YOUR MINDS WERE MOVING FOLLOWING ON THE BONN VISIT. WOULD THIS BE CONVENIENT?

SOAMES

P R I S E C:

8888

SECRET



Copy on European  
Policy P65

SECRET

Prime Minister

#233



Chancellor of the Duchy of Lancaster

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

7 April 1971

Dear Peter,

VISIT BY THE PRIME MINISTER TO PARIS

Your letters of 31 March and 1 April recorded the outcome of the Prime Minister's consideration last week of the question of a meeting between him and President Pompidou. It was left that the Prime Minister would give further thought to the matter in the light of the results of his visit to Bonn.

... 2. In considering new instructions to HM Ambassador in Paris, the Prime Minister may like to see the two attached draft telegrams, which have been approved by the Chancellor of the Duchy. Mr. Rippon has asked me to explain his thinking on three of the points in the telegrams.

3. The instruction to Mr. Soames is in the form of a message from the Prime Minister to President Pompidou. We suggest this for two reasons. Now that M. Jobert has made specific proposals as regards the timing of a meeting between the Prime Minister and President Pompidou (Paris telegram no. 374) and we have reached the stage of wanting to specify conditions, it might be wise to commit President Pompidou personally and more formally to the answers. Secondly, it seems desirable to formalise Mr. Soames's instructions on this occasion.

/4.

P. J. S. Moon, Esq.,  
10 Downing Street.

SECRET



SECRET

4. Mr. Rippon feels strongly that any meeting between the Prime Minister and Pompidou should be carefully prepared bilaterally with the French. It might be dangerous for the Prime Minister to commit himself finally to a meeting with President Pompidou until he was satisfied that the meeting had reasonable prospects of a successful outcome, and would not become the occasion for President Pompidou to try to play the Prime Minister along by delaying decisions to a further and later meeting. We could only be reasonably sure about this if we had the opportunity to explore in some detail with the French in a discreet way what they themselves were looking for as a result of the meeting. Mr. Rippon thinks that this exploration should be conducted by one or two officials from London, assisted by the Ambassador. Without such preparation Mr. Rippon does not believe that it would be possible for the Prime Minister to reach reasonably satisfactory conclusions on the main outstanding questions in a meeting lasting only two days.

5. Finally there is the difficult question of the May Ministerial meetings in Brussels. We do not want the Prime Minister's meeting with President Pompidou to take place against the background of crisis in Brussels. On the other hand we do not want to abandon the May Ministerial meetings in Brussels. We should be able to use them and their timing in relation to a subsequent meeting with President Pompidou to push the French towards some valuable progress in Brussels in the middle of May. Mr. Rippon does not think that we can now decide precisely where progress might be made at the mid-May Ministerial meeting in Brussels and the reference to this in the draft message is therefore put tentatively.

SECRET



SECRET

6. It appears from what the French Ambassador said to the Foreign and Commonwealth Secretary this morning (you have seen a copy of the outward telegram) that the French are themselves aware of the need to make some progress in May and expect the Six to come up with some common proposals to put to us. But they do not necessarily accept the importance of actually reaching some further agreement in May.

7. I am sending copies of this letter with enclosures to Nicholas Barrington and to Peter Thornton at the Cabinet Office.

*Yours sincerely*

(C. C. C. TICKELL)

Private Secretary

*C. C. C. Tickell*

SECRET



Registry No.  
DEPARTMENT

\* Date and time (G.M.T.) telegram should  
reach addressee(s) \_\_\_\_\_

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Top Secret  
Secret  
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PRIORITY MARKINGS

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Immediate }  
Priority  
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(Date) \_\_\_\_\_

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**SECRET**

PRIVACY MARKING

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*En Clair,  
Code  
Cypher*

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—if any] \_\_\_\_\_

SECRET

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[*Code word—if any*] \_\_\_\_\_

*Draft Telegram to:—*

PARIS

*No.* \_\_\_\_\_

*(Date)* \_\_\_\_\_

*And to:—*

*Addressed to* \_\_\_\_\_ PARIS

*telegram No.* \_\_\_\_\_ *(date)* \_\_\_\_\_

*And to* \_\_\_\_\_

*repeated for information to* \_\_\_\_\_

*Repeat to:—*

*Saving to* \_\_\_\_\_

My telegram no. .... /of 1 April/

Meeting with Pompidou

*Saving to:—*

The Prime Minister has now considered further the question of meeting President Pompidou. My immediately following telegram contains the text of a message from the Prime Minister to President Pompidou. I should be grateful if you would deliver it to M. Jobert if possible before the Easter holiday.

*Distribution:—*

PRISEC

*Copies to:—*

2. If M. Jobert raises with you the question of dates, you should say that it is perhaps a little early to think of fixing precise dates; but that the Prime Minister would in principle be able to visit Paris in the last week of May or the first week of June except for .....

but that we suppose that of the two President Pompidou would prefer the first week of June because of his visit to Belgium in the previous week

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*Code*  
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[Security classification  
—if any]

SECRET

[Privacy marking  
—if any]

[Code word—if any]

Addressed to PARIS

telegram No. (date)

And to

repeated for information to

Saving to

My immediately preceding telegram  
Meeting with Pompidou.

Following is text of message: Begins.

Her Majesty's Ambassador has reported to me  
the conversation which he had with M. Jobert on  
27 March and your view on the timing of a meeting  
between us.

2. I have considered this most carefully and  
would like now to let you know my own thinking. I  
would greatly welcome the prospect of visiting Paris  
and of discussing with you questions of common  
interest. I am sure that you would want, as I would,  
our conversations to be wide ranging and I should  
much welcome the benefit of your views on world prob-  
lems. But it would also be right, as M. Jobert has  
suggested, that you and I should lay the foundations  
for agreement on the main outstanding issues remain-  
ing on the table in Brussels regarding the  
enlargement of the European

/Communities

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Draft Telegram to:—  
PARIS

No.

(Date)

And to:—

Repeat to:—

Saving to:—

Distribution:—

PRISEC

Copies to:—



SECRET

Communities. If we ~~can~~<sup>could</sup> do this, I am sure the negotiations in Brussels ~~can~~<sup>could</sup> then proceed to success.

As I see it these issues are the essentially transitional arrangements to bring Britain into the Community's direct incomes system; the application of Community preference by Britain in the agricultural field; arrangements for imports of sugar from the poor developing Commonwealth countries; and arrangements for New Zealand butter and cheese. There are also the questions which the French Government has raised regarding sterling.

I think you will agree that it would be very important for the success of our own meeting that ~~some real~~<sup>substantial</sup> and visible progress should be made on at least some of these issues at the Ministerial meeting arranged in Brussels for the middle of May. I also hope that this meeting will be able to record agreement on the reaffirmation of the Community's Declaration of Intent of 1963 for the independent Commonwealth countries of the Caribbean, together with Mauritius, Fiji, Samoa and Tonga. Some success at the Brussels meeting is, I believe the least that public opinion in all our countries would expect after the recent disappointments. This would create the right atmosphere and lighten our task when we meet.

Clearly it will be necessary to prepare the ground very carefully, if, as I believe, our purpose should be to achieve a full measure of agreement on the

/outstanding

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SECRET

questions when we meet, ~~so that the outcome in Brussels can be assured~~. Our own future relations and Europe's future may depend upon it. I therefore suggest that one or two British officials should visit Paris discreetly at the end of April or the beginning of May to go over the ground with your people and lay the foundations for our meeting. Alternatively we should of course be very happy to see some of your people here. If necessary they could meet again nearer the time, and of course we shall have the benefit of the talks which will take place here when Maurice Schumann visits London.

I should be glad to know what you think of these ideas. Perhaps it might be best not to fix final dates for our meeting, while planning provisionally that it should take place in late May or early June, and that there should in the meantime be no public announcement.

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CONFIDENTIAL

FM F C O 071225Z

CONFIDENTIAL.

TO IMMEDIATE PARIS TELNO. 246 OF 7 APRIL.

THE FRENCH AMBASSADOR'S CALL.

AS YOU KNOW, I INVITED THE FRENCH AMBASSADOR TO SEE ME ON HIS RETURN FROM PARIS.

COURCEL CALLED TODAY AND AFTER DISCUSSING THE MIDDLE EAST AND BERLIN, ASKED TO SPEAK TO ME PRIVATELY ABOUT EUROPE, ON WHICH HE SAID HE WAS EXPRESSING HIS OWN PERSONAL VIEWS. HE ASKED THAT WHAT FOLLOWED SHOULD IN CONSEQUENCE BE RESTRICTED TO THE MINIMUM NUMBER OF PEOPLE ON OUR SIDE.

2. COURCEL SAID THAT HE HAD FOUND THE ATMOSPHERE IN PARIS A GOOD DEAL MORE ENCOURAGING THAN SAY THREE MONTHS AGO. ALL HE SPOKE TO, INCLUDING THE PRESIDENT, WANTED TO SEE A "HAPPY ENDING". THE FEELING WAS THAT TO DRAW MATTERS OUT IN LONG DEBATE WAS NOT DESIRABLE AND THAT THERE OUGHT TO BE PROGRESS IN MAY. AT THE MAY MINISTERIAL MEETING IT SHOULD BE POSSIBLE FOR THE SIX TO PUT FORWARD CERTAIN PROPOSALS TO BRITAIN. THESE WOULD NOT BE ON A TAKE IT OR LEAVE IT BASIS, BUT PROPOSALS FOR OUR COMMENTS AND CONSIDERATION.

3. HE SAID HE WAS NOT GOING TO COMMENT ON THE OUTSTANDING ITEMS, ALTHOUGH HE SAID IN PASSING THAT HE COULD NOT SEE A COMPROMISE ON BUTTER BEYOND THAT PROPOSED BY THE FRENCH. HE FELT THAT THE NECESSARY THING IN RESPECT OF FRENCH OPINION WAS FOR BRITAIN TO CARRY CONVICTION THAT WE ACCEPTED THE PHILOSOPHY OF THE COMMUNITY. WE HAD TO ERADICATE AN IMPRESSION THAT WAS WIDESPREAD THAT WE WERE ONLY PUTTING A TOE IN THE WATER. I MENTIONED THE CONSIDERABLE PROOFS WE HAD ALREADY GIVEN IN THIS RESPECT.

- /4. I ASKED

CONFIDENTIAL



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4. I ASKED IF THE QUESTION OF A MEETING BETWEEN THE PRIME MINISTER AND PRESIDENT POMPIDOU WAS DISCUSSED IN PARIS. COURCEL HEDGED BUT SAID THAT HIS OWN FEELING WAS THAT THIS WAS BOUND TO HAPPEN, BUT IT WAS IMPORTANT TO SEE THE MAY MEETING THROUGH BEFORE IT WAS ARRANGED. IF THE SIX WERE ABLE TO MOVE TOGETHER ON PUTTING PROPOSALS TO US THEN THERE WOULD BE A CLIMATE IN WHICH A MEETING WOULD BE NATURAL WITHOUT ANY IMPRESSION OF CONFRONTATION.

5. THE AMBASSADOR SEEMED ANXIOUS TO CONVEY THE IMPRESSION THAT NEITHER THOSE IN PARIS NOR HE HIMSELF WERE BEING NEGATIVE IN ALL THIS.

DOUGLAS-HOME

PRISEC



COVERING SECRET

~~21~~ 22



Chancellor of the Duchy of Lancaster

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

P.A.

M.

7/4

R 6 April 1971

Dear Peter, on return

I think you may be interested to see the attached record of one or two points which came up during the Chancellor of the Duchy's visit to Italy. Perhaps the most interesting point was made by Signor Ducci (Director General at the Italian Ministry of Foreign Affairs) about the future location of the Community's Institutions (see paragraph 4).

Yours sincerely

C. C. C. Tickell

(C. C. C. TICKELL)  
Private Secretary

P. J. S. Moon, Esq.,  
10 Downing Street

COVERING SECRET



Mr. Statham

MR. RIPPON'S VISIT TO ITALY

You will have seen the records of the various conversations which the Chancellor of the Duchy had with Italian Ministers during his visit to Rome on 29 March. I add the following snippets of information in case they are of any interest.

2. At lunch Signor Corttafavi (Head of the Private Office of the Minister of Foreign Affairs) asked me about the prospects for a meeting between President Pompidou and the Prime Minister. I said that there had been a lot of talk in the press about this, but with goodwill we could easily conclude the negotiations in Brussels. What would the Five think about such a meeting? Signor Corttafavi consulted Signor Bombassei (Italian Permanent Representative in Brussels), and both said very positively that the Five would welcome not only such a meeting, but any settlement that might emerge from it. Signor Corttafavi even sketched out a scenario for Mr. Heath. He said that Mr. Heath might ask M. Pompidou bluntly whether he wanted us in or not, because the British could not waste any more time. I said I doubted if this would be the way to tackle M. Pompidou (whose reply to such a tactic could well be imagined). After lunch Mr. Rippon and I went off to call on Professor Serafini of the Italian Council of European Municipalities. Professor Serafini also raised the possibility of a meeting between President Pompidou and the Prime Minister, and said that public opinion in the Five "would not understand and would certainly resent" an Anglo/French settlement.

SECRET

/At dinner



SECRET

3. At dinner Signor Gaja (Secretary General of the Ministry of Foreign Affairs) spoke about the attitudes of the Italian and French Communist Parties towards the enlargement of the Community. Taking up what President Saragat had said to Mr. Rippon earlier about President Tito's support for enlargement, Signor Gaja said that the Yugoslavs were not alone in the Communist world in this respect. The Chinese had recently indicated the same thing. They thought a united Western Europe would be the best means of resisting Soviet as well as American imperialism.

4. At the same dinner Signor Ducci (Director General at the Ministry of Foreign Affairs) spoke to me about the location of the Community's institutions. He said it was now too late to move the economic apparatus from Brussels, but to keep the French happy any new political institutions which might be set up could go to Paris. As for London, which was at the back of the firing line, there would be strong arguments for locating future defence institutions there.

5. After dinner Signor Francisci di Baschi (responsible for Economic Affairs at the Ministry of Foreign Affairs) expressed what I believe are his well known views on sterling.

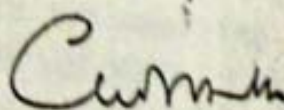
/He said

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# SECRET

He said that we would be well advised to devalue sterling by a sizeable amount in between signature and ratification of the instrument of accession to the Community. If only we could make up our minds to do this now, we could adopt more flexibility in deciding the percentage of our contribution to the Community budget during the transitional period.



(C.C.C. TICKELL)

5 April 1971

Copied to:

Private Secretary

Mr. Daunt

Sir C O'Neill

Mr. Ford

Mr. Robinson

Mr. Cable

Mr. Drinkall

Mr. Burges Watson

HM Representatives:

Rome

UKDEL EEC

Paris

The Hague

Luxembourg

Bonn

Brussels

# SECRET



IMMEDIATE

EN CLAIR

FM BONN 031300Z

UNCLASSIFIED

TO IMMEDIATE FCO TELEGRAM NO.477 OF 3 APRIL, INFO PRIORITY TO THE HAGUE, BRUSSELS, CODEL BRUSSELS, ROME AND LUXEMBOURG.

EEC ENTRY NEGOTIATIONS: BRANDT INTERVIEW WITH WEST GERMAN RADIO ON 3 APRIL.

THE FOLLOWING IMMEDIATE FOR PRIME MINISTER'S OFFICE.

IN THE CONTEXT OF THE COLOMBO AND HEATH VISITS TO BONN HERR BRANDT WAS ASKED ABOUT THE PRESENT STATE OF BRUSSELS NEGOTIATIONS, FRENCH DIFFICULTIES AND WHAT THE GERMANS COULD DO TO ENSURE THAT ENLARGEMENT DID NOT FAIL. THE SIGNIFICANT EXTRACTS FROM HIS REPLY ARE:-

"I AM NOT UNDER THE IMPRESSION THAT ONE SHOULD DRAMATISE THE DIFFICULTIES WHICH ARE PERTINENT TO THE POSITION IN BRUSSELS. AS A RESULT OF THE DIRECT EXCHANGE OF VIEWS WHICH I HAVE HAD WITH THE FRENCH PRESIDENT DURING THE LAST FEW DAYS, I HAVE BECOME CONVINCED THAT NOTHING THERE HAS CHANGED WHAT WE DISCUSSED IN JANUARY AND THAT SEVERAL POINTS, IN WHICH PEOPLE IMPUTE AN INFLEXIBLE FRENCH ATTITUDE, ARE BEING APPROACHED THERE IN A CONSTRUCTIVE WAY."

"TO THE QUESTION WHAT CAN WE DO ? AT ALL EVENTS WE WOULD NOT WISH TO UNDERTAKE ANYTHING SPECTACULAR. RATHER WE MUST RECOGNISE THAT WE CAN ONLY REACH A RESULT WHEN WE ARRIVE AT A COMMON POSITION AMONG THE SIX PRESENT EEC PARTNERS, BUT AT THE SAME TIME A POSITION TO WHICH THE BRITISH CAN AGREE. WE CANNOT ACHIEVE ANYTHING BY PRESSURE.... OR BY SAYING THAT WE SHOULD TAKE OVER THE REINS.... THE DECISIVE POINT IS THAT WE REACHE A COMMON BASIS WITH THE SIX, TOGETHER WITH THE COMMISSION. AND IN MY OPINION THIS WILL HAPPEN IF THE NEGOTIATIONS CONTINUING IN MAY ARE CONDUCTED SERIOUSLY.....

2. ON THE QUESTION OF A (NEXT THREE WORDS UNDERLINED) WEST EUROPEAN SUMMIT BRANDT SAID:-

"I DO NOT WISH TO EXCLUDE THIS, BUT I DO NOT WISH TO CREATE



THE IMPRESSION AT THIS JUNCTURE THAT I AM ANNOUNCING (ALT. PROCLAIMING) SUCH A SUMMIT CONFERENCE. MANY PEOPLE ARE INCLINED TO EXPECT MORE FROM CONFERENCES THAN ONE OUGHT. BASICALLY, MUCH DEPENDS ON THE PREPARATION WORK. BUT I DO NOT IN ANY CASE WISH TO CONTRADICT THE THOUGHT WHICH PROMPTED YOUR QUESTION. THERE IS MUCH TO BE SAID FOR THE IDEA THAT WHEN THE BASIC DECISIONS ON ENLARGEMENT HAVE BEEN TAKEN, THE RESPONSIBLE HEADS OF GOVERNMENT SHOULD MEET, NOT ONLY TO DISCUSS EEC QUESTIONS IN THE NARROW SENSE, BUT ALSO HOW THE POLITICAL INFLUENCE OF A UNITING EUROPE CAN BE FELT MORE STRONGLY AND EFFECTIVELY IN THE WORLD." ENDS.

JACKLING

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TO IMMEDIATE FCO TELEGRAM NO.476 OF 3 APRIL, INFO PRIORITY  
TO CODEL BRUSSELS, AND PARIS.

FOLLOWING IMMEDIATE FOR PRIME MINISTER'S OFFICE.

B. B. C. TV INTERVIEW WITH BRANDT.

UNDERSTAND THAT BBC TV WILL NOT DECIDE UNTIL TOMORROW  
(SUNDAY) MIDDAY WHETHER THIS WILL BE BROADCAST ON SUNDAY OR  
MONDAY NIGHTS. THE FEDERAL PRESS OFFICE (AHLERS) HAS DECIDED  
AGAINST RELEASING ADVANCE TEXT UNDER EMBARGO. THE ENGLISH  
TRANSCRIPT BELOW HAS BEEN MADE AVAILABLE IN CONFIDENCE ON  
STRICT UNDERSTANDING THAT ITS CONTENT MUST IN NO CIRCUMSTANCES  
BE REVEALED OR ALLUDED TO OUTSIDE THE OFFICE - EVEN TO BBC  
SOUND CORRESPONDENTS - BEFORE THE BROADCAST. WOULD ALL RECIPIENTS  
OF THIS TELEGRAM PLEASE RESPECT THIS.

TEXT AS FOLLOWS:-

BEGINS.

QUESTION (MR. MCDUGALL): MR. CHANCELLOR, HOW STRONGLY DOES YOUR  
GOVERNMENT OPPOSE THE IDEA OF BRITAIN MAKING ONLY A 3 PERCENT  
STARTING CONTRIBUTION TO COMMON MARKET FINANCE ?

ANSWER: I THINK THERE IS NOT MUCH SENSE IN DISCUSSING  
PERCENTAGES AT THIS TIME. I THINK IT WILL BRING BETTER RESULTS  
TO CONCENTRATE UPON CRITERIA, THOSE CRITERIA WHICH ARE IMPORTANT  
FOR A FINAL ARRANGEMENT, AND THEN RETURN TO THE PERCENTAGES.  
I THINK THIS WILL BE THE PROPER WAY TO HANDLE THE MATTER IN MAY  
WHEN I HOPE WE WILL MAKE PROGRESS IN BRUSSELS.

Q: NOW, WHAT ARE YOU PREPARED TO DO TO HELP BRITAIN TO GET IN ?  
FOR EXAMPLE, ARE YOU PREPARED TO PUT MORE PRESSURE ON FRANCE ?

A: THE WORD "PRESSURE" CAN LEAD TO MISUNDERSTANDINGS. WE ARE  
NOT IN A POSITION WHERE WE CAN USE REAL PRESSURE. WE HAVE TO CON-  
VINCE OUR PARTNERS, WE HAVE TO FIND A COMMON POSITION TOGETHER WITH  
THE PARTNERS OF THE EXISTING EEC AND WITH GREAT BRITAIN AND  
OTHERS WHO ARE PREPARED TO JOIN THE COMMUNITY. BUT THERE SHOULD  
BE NO DOUBT THAT WE HAVE MADE OUR POSITION VERY CLEAR VIS-A-VIS  
OUR FRENCH NEIGHBOURS AND FRIENDS. AND THERE IS NO DOUBT, I MEAN  
APART FROM ALL THESE IMPORTANT PRACTICAL QUESTIONS, THAT A FAILURE  
OF THE NEGOTIATIONS ON BRITISH ENTRY WOULD LEAD TO A VERY

/SERIOUS

RESTRICTED



SERIOUS SITUATION FOR THE EXISTING EEC AND THE POLITICAL SITUATION IN WESTERN EUROPE. AND THERE IS NO DOUBT THAT OUR FRENCH PARTNERS UNDERSTAND THIS. IN ANY CASE, WE WILL MAKE IT VERY CLEAR.

Q: NOW, IN VIEW OF BRITAIN'S MANY ECONOMIC PROBLEMS, WHY DO YOU THINK BRITAIN WOULD BE AN ASSET TO THE COMMON MARKET ?

A: IF I MAY I WOULD POINT TO THE EXPERIENCE WE HAVE MADE SINCE 1957/58 AFTER THE ROME TREATY HAD BEEN SIGNED. I MEAN IF WE COMPARE FRENCH ECONOMY TODAY WITH WHAT IT WAS AT THAT TIME, OR THE ECONOMIC DEVELOPMENT OF ITALY - ALSO OF WEST GERMANY, OF COURSE, BUT I POINT ESPECIALLY TO FRANCE - THERE IS NO DOUBT THAT FRANCE'S PARTICIPATION IN THE COMMON MARKET HAS BEEN OF GREAT IMPORTANCE TO STRENGTHEN THE FRENCH ECONOMY, THE ITALIAN AS WELL, AND ALSO IT HAS BEEN GOOD FOR THE COMMUNITY AS A WHOLE. I THINK THIS HAS BEEN AN INTERESTING EXPERIENCE.

Q: FRANCE HAS SAID THERE IS A CONTRADICTION BETWEEN BRITAIN BELONGING TO THE COMMON MARKET AND AT THE SAME TIME RUNNING A RESERVE CURRENCY LIKE STERLING. ARE YOU IN SYMPATHY WITH THE FRENCH DETERMINATION TO DISCUSS THIS POINT ?

A: I THINK THIS IS A QUESTION WHICH SHOULD BE DISCUSSED, BUT I DO NOT THINK THAT IT IS A PROBLEM WHICH SHOULD IN AN ARTIFICIAL WAY BE CONNECTED WITH THE PROBLEMS WHICH HAVE TO DO WITH BRITISH MEMBERSHIP IN THE COMMON MARKET, BUT THERE SHOULD BE DISCUSSIONS ON THIS VERY IMPORTANT ISSUE. IT WILL BE A PROBLEM FOR ALL OF US IN THE ENLARGED COMMUNITY, IF AND WHEN THIS COMMUNITY MOVES CLOSER TOWARDS A MONETARY UNION. AS FAR AS I UNDERSTOOD IT, THE BRITISH GOVERNMENT IS PREPARED TO DISCUSS THE PROBLEMS OF AN INTER-RELATIONSHIP BETWEEN THIS SPECIFIC POSITION OF GREAT BRITAIN AND ITS CURRENCY AND PROBLEMS OF THE COMMON MARKET. BUT AS I SAID, I WOULD NOT LIKE TO MAKE IT AN ADDITIONAL PROBLEM WHICH HAS TO BE SETTLED IN ONE WAY OR ANOTHER AND WHICH WOULD CREATE A NEW HINDRANCE FOR THE PROBLEMS WHICH WE HAVE TO ANSWER NOW.

Q: NOW, ON DEFENCE, THERE HAVE BEEN REPORTS THAT THE WEST IS SLIPPING BEHIND THE COMMUNISTS IN GENERAL MILITARY CAPACITY. WHAT DO YOU THINK NATO CAN OR SHOULD DO ABOUT IT ?

A: I THINK WE HAVE DURING THE LAST FEW MONTHS MADE SOME PROGRESS AS FAR AS THE WEST-EUROPEAN SETUP IN NATO IS CONCERNED. I THINK I SHOULD SAY THAT CLOSE COOPERATION BETWEEN THE MINISTERS OF DEFENCE OF GREAT BRITAIN AND OF THE FEDERAL REPUBLIC OF GERMANY

/HAS PLAYED



RESTRICTED

HAS PLAYED A VERY IMPORTANT ROLE IN THIS FIELD. WE SHOULD GO ON STRENGTHENING THIS WEST-EUROPEAN COOPERATION BECAUSE THIS WOULD ALSO CREATE BETTER CONDITIONS FOR OUR AMERICAN ALLIES. WE SHOULD ALSO BE PREPARED ALL THE TIME TO HAVE GOOD MILITARY CONTACT WITH FRANCE, EVEN IF FRANCE DOES NOT BELONG TO THE INTEGRATED SETUP OF NATO, BUT IN A FUNCTIONAL, PRACTICAL WAY TO DEVELOP CLOSER LINKS. THIS, I THINK, BELONGS TO THE MOST IMPORTANT WORK WE CAN DO DURING A FORESEEABLE FUTURE.

Q: NOW, HOW CAN BRITAIN AND GERMANY COOPERATE MORE CLOSELY STILL ON DEFENCE ?

A: ESPECIALLY IN PREPARING THE ROAD FOR THIS WEST-EUROPEAN GROUPING WITHIN NATO. THERE OF COURSE ALSO ARE AREAS WHERE WE CAN BRING OUR ARMAMENT PROGRAMS CLOSER TOGETHER.

Q: NOW, YOUR OSTPOLITIK, OR POLICY OF MAKING FRIENDS WITH THE COMMUNIST COUNTRIES, SEEMS TO HAVE SLOWED DOWN RECENTLY. WHAT MAKES YOU FEEL IT WILL SUCCEED UNLESS THE RUSSIANS SHOW FAR MORE COOPERATION THAN AT PRESENT ?

A: YOU SEE, THE UNITED STATES, IN SPITE OF ALL THE DIFFICULTIES THEY HAVE WITH THE SOVIET UNION, GO ON WITH THE SALT TALKS, THE TALKS ON THE LIMITATION OF STRATEGIC ARMS. YOUR GOVERNMENT, THE BRITISH GOVERNMENT, GOES ON OVER THE YEARS WITH THE DISCUSSIONS IN GENEVA. JUST NOW IT LOOKS AS IF ONE COULD MAKE PROGRESS IN ONE SPECIFIC AREA, THAT OF BANNING BIOLOGICAL ARMS. AND WE SHOULD ALSO IN OUR AREA TRY, WITHOUT ILLUSIONS, TO FIND OUT WHETHER OR NOT IT IS POSSIBLE TO GET A CERTAIN DEGREE OF NORMALIZATION. I THINK WE CAN MAKE PROGRESS BECAUSE THIS IS IN THE INTEREST OF THE SOVIET UNION ALSO TO HAVE MORE COMMUNICATION AND MORE COOPERATION IN VARIOUS FIELDS NOT ONLY WITH THE FEDERAL REPUBLIC BUT ALSO WITH WESTERN EUROPE AND THE EUROPEAN COMMUNITY AS A WHOLE.

ENDS.

JACKLING

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PRIS3C



Mr. Moon  
P. 304 has been



## BRANDT AND COLOMBO WELCOME POMPIDOU'S INITIATIVE

The Federal Chancellor Willy Brandt and the Italian Minister-President Emilio Colombo have discussed very positively the European initiative of the French President Georges Pompidou, which looked forward to the creation of a European Cabinet and the nomination of European Ministers respectively.

2. Government spokesman Conrad Ahlers told the press on Saturday evening, after the concluding round of talks between the two heads of government, that the proposal of Pompidou's would have to be studied very carefully since it raised problems of "government structure" for the countries involved. The Federal Chancellor had suggested that the Permanent Representatives of Governments to the EEC should be given the rank of Minister.

3. The two hour Plenary session in the Cabinet room, which ended the two day German-Italian Summit Meeting was, according to Ahlers, "a useful exchange of views". Defence Minister Helmut Schmidt spoke of the good cooperation of both countries in the field of armaments, in the context of security questions. On the question of the MRCA Project, the joint development of a new military aircraft, both sides declared that in principle they would continue with the project, which would also be discussed with the British Prime Minister Edward Heath during his forthcoming visit to Bonn. However both technical and financial questions would have to be examined in connection with the project.

DPA

3 April 1971



CONFIDENTIAL

Prime Minister

Top copy filed on European Policy  
June, 1970

2 April, 1971.

When M. Monnet called on the Prime Minister on the evening of Wednesday, 31 March, the Prime Minister saw him alone. I understand the discussion did not raise any new points.

On the question of the Prime Minister going to Paris to see President Pompidou, M. Monnet suggested that one possible course might be to tell the French that the Prime Minister was ready to do so if President Pompidou would like him to come and felt that a talk could advance matters. This would put the onus on President Pompidou. In fact the instructions which have recently been sent to Mr. Soames come fairly close to this line.

I am sending copies of this letter to Nicholas Barrington, and to Thornton (Cabinet Office).

(SGD) P.J.S. MOON

C.C.C. Tickell, Esq., H.V.O.,

Office of the Chancellor of the Duchy of Lancaster

CONFIDENTIAL



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Chancellor of the Duchy of Lancaster

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

2 April 1971

*Dear Peter,*

The French Ambassador called on the Chancellor of the Duchy on 26 March and on the Foreign and Commonwealth Secretary on 31 March. On both occasions much of the conversation was about sterling, and each time M. de Courcel said, as evidence of his belief that the French move should not have surprised us, that President Pompidou had raised the subject with the Prime Minister when the latter called on him on 12 November after the Memorial Service for General de Gaulle.

— Paris telegram No 1142 of 12 November 1970, of which I enclose a copy, makes no reference to the subject. We are wondering whether President Pompidou did in fact say something about it which could serve as justification for M. de Courcel's claim. It would be useful for us to know so that Ministers could better cope with any French references to the point in the future.

*Yours sincerely*

*C.C.C. Tickell*

(C.C.C. TICKELL)  
Private Secretary

P.J.S. Moon Esq.,

CONFIDENTIAL



CYPHER/CAT A

SECRET

IMMEDIATE PARIS

TO FOREIGN AND COMMONWEALTH OFFICE

TELEGRAM NUMBER 1142

12 NOVEMBER, 1970.

SECRET 121630Z

FOLLOWING PERSONAL FOR FOREIGN AND COMMONWEALTH SECRETARY  
FROM PRIME MINISTER.

PRESIDENT POMPIDOU HAS BEEN RECEIVING HEADS OF STATE AND  
HEADS OF GOVERNMENT THIS AFTERNOON. I CALLED ON HIM FOR TEN  
MINUTES AT 4 P.M. I STARTED BY EXPRESSING OUR SADNESS AT THE  
OCCASION FOR OUR MEETING.

2. THE PRESIDENT MADE A COMPLIMENTARY REFERENCE TO THE TRIBUTE  
I HAD PAID TO THE LATE GENERAL DE GAULLE ON FRENCH TELEVISION.  
HE THEN REFERRED TO THE CHANGES WHICH HAD TAKEN PLACE, ESPECIALLY  
IN BRITAIN, SINCE WE LAST MET IN THE SPRING. I SAID THAT THE  
BRITISH GOVERNMENT WERE NOW CARRYING OUT THE PROGRAMME I HAD THEN  
OUTLINED TO HIM. THERE WERE NO SHORT CUTS. AMONGST OTHER THINGS  
WE HAD SET IN HAND A MAJOR REFORM OF INDUSTRIAL RELATIONS. THE  
PRESIDENT COMMENTED THAT THIS WAS A COURAGEOUS POLICY. I WENT  
ON TO EXPLAIN OUR POLICIES ON SOCIAL SERVICES, AND REFERRED TO  
THE DISCUSSIONS WE WERE HAVING WITH THE UNITED STATES, ARGENTINA  
AND OTHER GOVERNMENTS ABOUT THE LEVIES WE PROPOSED TO CHARGE ON  
FOOD IMPORTS. THE PRESIDENT SAID THAT HE UNDERSTOOD THAT THE  
UNITED STATES GOVERNMENT WERE MUCH CONCERNED ABOUT THIS.

3. I SAID THAT I WAS GLAD THAT RELATIONS BETWEEN OUR TWO  
COUNTRIES HAD IMPROVED AND THAT WE WERE WORKING TOGETHER IN SO  
MANY FIELDS. WE HAD BEEN IMPRESSED BY M. SCHUMANN'S ADDRESS TO  
THE U.N. ASSEMBLY IN SEPTEMBER. PRESIDENT POMPIDOU ENDORSED  
THESE REMARKS. HE TOO WAS GRATIFIED THAT WE WERE WORKING TOGETHER  
BOTH IN EUROPE AND OUTSIDE. THIS GAVE HIM AS MUCH PLEASURE AS IT  
GAVE US.

SECRET

/4. PRESIDENT



4. PRESIDENT POMPIDOU SAID THAT THE EXIGENCIES OF PROTOCOL PREVENTED HIM PROLONGING OUR TALK. HE HOPED THERE WOULD BE AN OPPORTUNITY FOR A FULLER DISCUSSION BEFORE LONG. HE THEN SAID THAT HE HAD SOMETHING TO SHOW ME. HE PRODUCED FROM A TRAY ON HIS DESK A COPY OF TODAY'S 'LE MONDE' OPENED AT A PAGE BEARING AN ADVERTISEMENT BY 'VOTRE BOAC' HEADLINED 'AMERICA BEGINS IN LONDON ON BOARD A VC 10 OF BOAC'. AFTER A PAUSE I SAID THAT I HOPED TOO THAT WE COULD MEET AGAIN WHEN HE THOUGHT THE TIME APPROPRIATE. I LOOKED FORWARD TO HIS VISITING BRITAIN, AND KNEW THAT THE QUEEN WOULD WELCOME THIS AT THE APPROPRIATE TIME. HE SAID HE WOULD BE PLEASED TO DO SO AND SENT HIS RESPECTFUL GREETINGS TO THE QUEEN. THIS CONCLUDED OUR DISCUSSION.

5. ALTHOUGH THIS WAS A BRIEF ENCOUNTER I WAS STRUCK BY THE CHANGE IN PRESIDENT POMPIDOU'S DEMEANOUR. THERE WAS NONE OF THE SCEPTISM I HAD NOTICED WHEN WE LAST MET IN THE SPRING. AT ONE POINT HE ACKNOWLEDGED THE EUROPEAN ORIENTATION OF OUR POLICIES.

6. WE HAVE AGREED WITH THE ELYSEE THAT NOTHING SHOULD BE DISCLOSED PUBLICLY ABOUT OUR DISCUSSION EXCEPT THAT IT TOOK PLACE.

PLEASE PASS ADVANCE COPY TO 10 DOWNING STREET.

MR. SOAMES

[COPIES SENT TO NO.10 DOWNING STREET]

FILES:

W.EUR.D.  
E.I.D.  
E.C.I.U.  
T.P.D.  
COMMODITIES D.  
A.& T.D.  
PROT.& CON.D.  
P.S. TO C.D.L.  
P.S. TO MR. GODBER  
P.S. TO MR. ROYLE  
P.S.  
P.S. TO P.U.S.  
SIR T. BRIMLOW  
SIR C. O'NEILL  
MR. BENDALL  
MR. FORD  
MR. ROBINSON

S E C R E T

DDDDD



# "L'Amérique commence à Londres en VC10 BOAC."




Pour certains il n'y a qu'une seule compagnie aérienne.

L'Amérique aux mille visages, vous la découvrirez en VC10 BOAC.

Un programme inépuisable qui commencera à Londres. En effet, Londres "la smart" vous accueillera pour une soirée, pour un shopping éclair et sans supplément de tarif aérien. Vous voyagerez sur VC10 avec un personnel stylé, toujours soucieux de prévenir et d'accéder à vos moindres désirs, une cuisine réputée, un avion où tout est conçu, intime, luxueux, avec le confort poussé à l'extrême.

Philadelphie, Boston, Washington, Detroit, Chicago, New York, Los Angeles. Toutes ces grandes villes américaines en VC10 BOAC avec le sourire de l'hôtesse pour vous et la complicité de Londres ! De toutes façons, vous ne résisterez pas... que ce soit à l'aller ou au retour.

 **BOAC**  
prend bien soin de vous.



~~21~~  
21

SECRET

Prime Minister

6

1 April 1971

Prime Minister's Visit to  
Paris

I enclose a copy of a telegram to Paris which has now been approved by the Prime Minister. I should be grateful if you would despatch this immediately.

I am sending copies of this letter, with its enclosure, to McDonnell (Foreign and Commonwealth Office) and Sir William Nield (Cabinet Office).

PJSM

C.C.C. Tickell, Esq., M.V.O.,  
Foreign and Commonwealth Office.

Copies sent to: B.M. Norbury Esq., Cabinet Office  
P.E. Thornton Esq., Cabinet Office

SECRET

Top copy on  
Prime Minister  
April 1971



20M

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FM F C O 011005Z

SECRET

TO IMMEDIATE PARIS TELEGRAM NUMBER 228 OF 1 APRIL.

YOUR TELEGRAM NO 374 : MEETING WITH POMPIDOU.

THE PRIME MINISTER HAS GIVEN FURTHER CAREFUL THOUGHT TO THE IDEA OF MEETING PRESIDENT POMPIDOU, AND HAS CONCLUDED THAT HE WOULD PREFER TO AWAIT THE RESULT OF HIS TALKS WITH CHANCELLOR BRANDT BEFORE DECIDING WHETHER AND WHEN TO DO SO.

2. PLEASE NOW TELL JOBERT THAT YOU HAVE REPORTED TO THE PRIME MINISTER AND MYSELF THE CONVERSATION RECORDED IN YOUR TELEGRAM UNDER REFERENCE, AND SAY THAT THE PRIME MINISTER AGREES THAT IT WOULD BE VALUABLE IF HE AND PRESIDENT POMPIDOU COULD MEET AT A MUTUALLY CONVENIENT TIME. THE LATTER PART OF MAY SEEMS A POSSIBILITY, BUT HE WOULD PREFER TO REFLECT FURTHER BEFORE SUGGESTING DATES.

3. YOU SHOULD REMIND JOBERT THAT THE PRIME MINISTER IS VISITING BONN ON 5-6 APRIL, AND SAY THAT THE SUBJECT OF THE TIMETABLE FOR CONCLUDING THE NEGOTIATIONS IN BRUSSELS, INCLUDING THE POSSIBILITY OF A BILATERAL MEETING WITH THE FRENCH, IS BOUND TO COME UP THEN. THE PRIME MINISTER WOULD PROPOSE TO TELL BRANDT THAT HE WOULD OF COURSE BE READY TO GO TO PARIS IF THIS WOULD CONTRIBUTE IN AN IMPORTANT DEGREE TO ACHIEVING A SUCCESSFUL SETTLEMENT WITH THE COMMUNITY IN BRUSSELS OF THE CONDITIONS FOR OUR ACCESSION. HE WOULD NOT SAY ANYTHING ABOUT DATES.

DOUGLAS-HOME

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P R I S E C

SECRET

Copy on  
Prime Minister  
April 1971



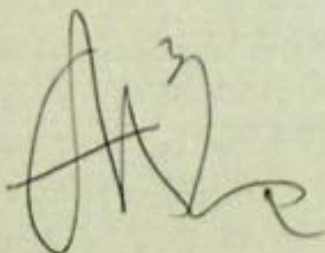
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(1)  
European Policy

Prime Minister

YOUR VISIT TO BONN

EEC NEGOTIATIONS



I understand that you would like a note from me of the main points which, it seems to me, you might try to get across to Brandt during your visit.

The German Attitude

2. The Germans naturally tend to sit on the fence, hoping that time will bring a solution to Anglo/French differences and that the solution will not cost them anything. Brandt has apparently not played much part yet on the German side. Until he does there is little hope of the Germans coming off the fence.

The Importance of Timing

3. The Germans would like to believe that timing is not essential to us. I think the most important single point to get across to Brandt is that we really must break the back of the negotiations by the end of July. It would be best to explain to him frankly the reasons for this, and make the point that if this timetable could be met and reasonable terms negotiated there should be little trouble with our public opinion. Very little remains to be agreed in Brussels. Given the will, it could be settled very quickly. We are not short of time, but of the will to settle. And what evidence is there that the French would be more forthcoming in October-November than in May-June?

/The French

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### The French

4. We do not believe that the French want the negotiations to fail, but we fear they may be miscalculating. In particular they may not appreciate that timing is of the essence, and may envisage playing the negotiations along until the end of the year.

### What can Brandt do?

5. I would be against putting pressure on Brandt to have a showdown with the French. Your line might rather be that we have now begun the final and crucial period of the negotiations in which the leaders on all sides must themselves take over and follow closely the settlement of the few remaining important issues. In addition Brandt could help to get over to Pompidou the consequences of failure, not as a threat but as a political fact in the assessment he will have to make. Failure would have serious implications for German and US policy as well as British policy. Finally Brandt could help to give a lead to the other members of the Community, not to isolate the French, but to bring home to France the consequences of failure, the great benefits to France and particularly her agricultural producers if we join, and the small differences which still divide us.

6. From my recent contacts with Ministers from Community countries, I do not think the very great efforts we have made to move towards the Community are fully appreciated. Apart from our acceptance of the Treaty of Rome, the common agricultural policy and the direct incomes system without qualification,

/there is the



there is the introduction of our interim agricultural levies, the decision on VAT and our current publicity campaign in Britain. I suggest you rub in these points. With the exceptions of New Zealand dairy products and Commonwealth sugar, we are talking only about arrangements for a few transitional years.

### Individual issues

7. I doubt if you will want to get into detailed discussion of the outstanding issues. We have some margin of manoeuvre on Community finance, where the vital and important thing is not to saddle us with burdens in the first years, so that we risk becoming a burden to the rest of the Community later on. We must have honourable settlements for New Zealand and developing Commonwealth sugar, on which the Community's reputation with the rest of the world will be judged. You might urge Brandt not to move closer to the French position on these issues merely for the sake of getting an agreed Community position. Adopting Community positions quite unacceptable to us will make things harder, not easier. If the French are not set on trying to resolve the future of sterling before we join, we think that we can manage the questions they have raised. But we are worried that the French may raise other new questions in this or other fields which would delay a conclusion of the negotiations and so risk bringing about their failure. I would not mention agricultural preference, but if Brandt raises it you would no doubt say that if we could reach a satisfactory settlement on other issues we would do our best to be as forthcoming as possible.

/Summitry and a meeting with Pompidou



Summitry and a meeting with Pompidou

8. We believe that Brandt does not want a summit meeting, but he thinks that it may be necessary if nothing comes out of the May Ministerial meetings in Brussels. There is some evidence that Brandt believes he may have to try to make a decisive intervention if things go badly wrong. It would be useful to know more of his thinking on this. You have already agreed to talk to Brandt about the problem of a bilateral meeting between yourself and Pompidou, which we discussed on 31 March. (Mr. Soames' instructions were to tell the French that "the Prime Minister would propose to tell Brandt that he would of course be ready to go to Paris if this would contribute in an important degree to achieving a successful settlement with the Community in Brussels on the conditions for our accession. He would not say anything about dates.") I think you should also make some reference to the fact that, if you saw Pompidou, the conversations would of course range over a wide area.

9. I am sending a copy of this minute to the Foreign and Commonwealth Secretary.

G.R.

(GEOFFREY RIPPON)  
1 April, 1971



NOTHING TO BE WRITTEN IN THIS MARGIN

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DEPARTMENT

\* Date and time (G.M.T.) telegram should  
reach addressee(s) \_\_\_\_\_

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*Code*  
*Cypher*

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—if any]

SECRET

[Privacy marking  
—if any]

[Co:etword—if any]

Draft Telegram to:—

No. \_\_\_\_\_

(Date) \_\_\_\_\_

And to:—

Addressed to \_\_\_\_\_ PARIS

telegram No. \_\_\_\_\_ (date) \_\_\_\_\_

And to \_\_\_\_\_

repeated for information to \_\_\_\_\_

Saving to \_\_\_\_\_

Repeat to:—

Your telegram no. 374 of 27 March

Meeting with Pompidou

Saving to:—

Please now tell Jobert that you have reported to me and to the Prime Minister the conversation recorded in your telegram under reference, and say that the Prime Minister agrees that it might be valuable if he and Pompidou could meet at a mutually convenient time in the latter part of May. The Prime Minister could manage *some time in the week beginning Monday 24 May.*

Distribution:—

The Prime Minister thinks it would be right to allow two days for the visit.

Copies to:—

2. You should say that we had, as had Jobert himself, seen more advantage in a somewhat earlier meeting. There will be no question of disguising the purpose of a meeting held as late as the end of May; and this timing also poses problems for the

/handling



SECRET

NOTHING TO BE WRITTEN IN THIS MARGIN

handling of the Ministerial meetings in Brussels arranged for 10-12 May. Jobert will no doubt agree that we should so far as possible try together to avoid the meeting between the Prime Minister and Pompidou taking place in an atmosphere of crisis. This would be difficult unless agreement could be reached on some items of major importance at the May meetings in Brussels. It should be made clear to Jobert that we cannot indefinitely face the House of Commons with defensive explanations about the French attitude while we ourselves are making efforts to move towards the Community with our agricultural levy policy, with the introduction of VAT and with a major publicity campaign.

at the May  
meeting in  
Brussels

Do we want at  
this stage to  
be as specific  
as this?

3. You should tell Jobert that it would not be enough for the French to expect to settle Community preference in agriculture and "principles" for Community finance. We must also see progress on the matters that most concern us, namely adequate assurances to New Zealand; and to the poor developing Commonwealth countries on sugar; and the reaffirmation of the Declaration of Intent of 1963 to the Caribbean independent countries, Mauritius, Fiji, Samoa and Tonga. Unless the French are prepared to move to meet us on these points, it might be safer not to run the risk of agreeing a meeting with Pompidou in advance of the May Ministerial meeting.

4. You should confirm that the Prime Minister would wish to take advantage of /the meeting



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the meeting to raise some wider topics of world affairs.

5. Finally, you should remind Jobert that the Prime Minister is visiting Bonn on 5-6 April, and say that the subject of the timetable for concluding the negotiations in Brussels is bound to come up then.

The Prime Minister would propose to tell Brandt that he hopes, after visiting Bonn, soon to be able to visit Paris to see Pompidou and that, if such a meeting could be arranged, it would be his hope that it would contribute in an important degree to achieving a successful settlement with the Community in Brussels of the conditions for our accession.

NOTHING TO BE WRITTEN IN THIS MARGIN



Private Secretary,  
10 Downing Street.

15



*With the compliments of*

THE PRIVATE SECRETARY

*Prime Minister,*

*To see the opening  
section on the SSC negotiations.*

*Ph.*

FOREIGN AND COMMONWEALTH OFFICE  
S.W.1

*1/4*

1 April, 1971



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European Policy  
P65

Extract

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DRAFT RECORD OF A CONVERSATION BETWEEN THE  
 FOREIGN AND COMMONWEALTH OFFICE SECRETARY  
 AND THE FRENCH AMBASSADOR AT THE FOREIGN  
 AND COMMONWEALTH OFFICE AT 10.00 AM ON  
 31 MARCH 1971

Present

The Right Honourable  
 Sir Alec Douglas Home  
 MP KT

HE Baron Geoffroy  
 de Courcel

Mr J A N Graham

Mr C C Wilcock

EEC NEGOTIATIONS

M de Courcel said that he was leaving for  
 Paris later in the day to be there for the  
 visit of Princess Margaret. He would be  
 seeing M Schumann on 1 April and President  
 Pompidou the following day. He had had a talk  
 with the Chancellor of the Duchy of Lancaster  
 on 26 March, and wanted to get the Foreign  
 and Commonwealth Secretary's views on current  
 events before returning to Paris. Sir Alec  
Douglas Home said that it would be a good  
 thing if the EEC negotiations could make  
 progress in May. But progress on many  
 topics was held up, and the introduction of  
 sterling brought in another one. M de Courcel  
 said that none of the topics was particularly  
 difficult by itself. The French/always said  
 that they attached importance to sterling.  
Their view was that the position on sterling  
need not be settled before the negotiations  
ended but that they needed to know how the  
British saw the future of the sterling balances  
and capital flows. Sir Alec Douglas Home  
 said that publicity for the French move on  
 sterling had come at an awkward time, while we

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There could not be  
applied to difficulties  
arising from outside  
the Community

were engaged in renewing the Basle agreements. M de Courcel said that when the Basle agreements were negotiated in 1968, it was not thought that the sterling balances would increase. Since then they had increased by 50%. There could be further increases: how would this fit into the Communities' advance towards economic and monetary union? On capital flows there must be no discrimination: it would not be right to maintain a position in which capital could flow freely from Britain to Australia but not from Britain to members of the European Communities. Sir Alec Douglas Home said that the Six had taken monetary union slowly. They were committed to nothing more than consultation for the next three years. Once we were members, we should be prepared to join in. M de Courcel referred to the provisions for mutual support in articles 108 and 109 of the Treaty of Rome. Sir Alec Douglas Home said that he wished that the question of sterling had not been raised at this time. He had seen Press reports that the French Finance Minister had said on 30 March that the sterling question should be part of the negotiations. M de Courcel said that the French had always said that. The problem was to know what future British policy would <sup>be</sup> on sterling balances. The question of capital flows was already under discussion in Brussels. The French understood that it was not possible to get rid of the sterling area from one day to another, but they must <sup>be certain</sup> know that Britain had made up her mind about



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her future policy. This question need not delay the negotiations, <sup>unless</sup> if France's partners thought that they would be helping Britain by argument as to whether or not ~~this issue~~ <sup>it</sup> was part of the negotiations. ~~this would have the effect of delaying the negotiations.~~ The French had not been able to raise the matter earlier; Britain had only replied to the Commission's questionnaire in mid-February and the French proposals were in effect a comment on the British answers. The French had no intention of introducing a delaying factor into the negotiations. Sir Alec Douglas Home said that the French had never previously made it clear that a decision on this point was a condition precedent to entry. M de Courcel said that in the French view there were three questions: *which the first two were linked:*

- i. ~~what would be~~ future British policy, in particular ~~what~~ <sup>the</sup> measures ~~would be taken~~ <sup>to</sup> to prevent rises in the sterling balances?
- ii. ~~how would~~ <sup>the method of securing</sup> the sterling balances be reduced when the UK became a member of the Communities;
- iii. ~~the question of~~ capital flows, which was already under discussion among experts in Brussels.

The French saw sterling, like New Zealand and sugar, as ~~part of the~~ <sup>one of the problems involved in the</sup> transition from the Commonwealth/Community. ~~to the~~ Mr Rippon had given him the impression that Britain was not disposed to insist on "discussion" as opposed to "negotiations" on sterling. He (M de Courcel) did not think that the



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Commonwealth countries would oppose the reduction of the sterling balances. The French understood that Britain wanted the question discussed with great discretion. The question of sterling should not delay the negotiations or become a ~~some~~ <sup>score</sup> point in them, but it was a matter which President Pompidou had <sup>always</sup> considered important. <sup>The President</sup> ~~when~~

~~Earl~~ <sup>de</sup> M de Courcel had ~~seen~~ <sup>him</sup> President Pompidou a couple of days after the Prime Minister's call on the ~~President~~ following the memorial service for General de Gaulle in November 1970, ~~M de Courcel had asked the President what the two men had discussed.~~

~~The President had said that they had discussed the sterling area.~~ <sup>with Mr Heath.</sup> The French were quite prepared to wait until Britain was a member of the Communities before reduction of the sterling balances ~~XXXXXXXXXXXX~~ began, but they wanted a commitment to their reduction.

Sir Alec Douglas Home said that he was worried by this development, which had come in the middle of negotiations with other members of the sterling area. It had added one more factor to the <sup>EEC</sup> negotiations. He agreed that it could be settled, but he did not think it was essential to do this before May or June, when we hoped to have broken the back of the EEC negotiations.

M de Courcel said he thought it possible to reach agreement by then. He asked what the reason for British insistence on heads of agreement by the summer was. Was it the Party Conferences? Sir Alec Douglas Home said



it was difficult to sell the EEC to the public when one could not tell them anything definite about any of the most important points.

There was a danger of public boredom.

M de Courcel said that he did not think sterling was so complicated a question, and added that the French had formulated their position in moderate terms. There would be delays if difficulties were <sup>made</sup> ~~met~~ about whether there should be "discussion" or "negotiation". He would report to President Pompidou British insistence that the back of the negotiations be broken in the summer. President Pompidou on the other hand had said that the main part of the negotiations ought to be completed "by the autumn". Were the Party Conferences really so important? Sir Alec Douglas Home said that ~~the TUC Congress and the Labour Party~~ <sup>Conservative</sup> ~~Conference~~ were. M de Courcel said that Labour members had told him that it would be easier to get through a motion in favour of the EEC at the Labour Party Conference if the ~~back of the~~ negotiations <sup>had not been</sup> ~~were not~~ broken before then. <sup>by</sup> ~~if it was~~ <sup>no detailed arrangements on the table.</sup> Sir Alec Douglas Home said that the pro-EEC people in the TUC would find it difficult at their Congress if something had not been achieved by the summer. <sup>the Conservative Party Conference</sup> ~~and the same was true~~ <sup>might also be difficult.</sup> ~~of the Conservative Party.~~ M de Courcel concluded this part of the discussion by ~~saying~~ <sup>inferring</sup> that he hoped that sterling would not cause delay in the negotiations. There would be a package deal. He thought that agreement would be reached in May on a method of arriving at the British financial contribution. It might be possible to reach agreement



on the figures as well. Sir Alec Douglas Home  
said that the figures were essential.

M de Courcel said that he had seen reports  
to the effect that M Schumann had said that  
France would be making proposals.

[30 March meeting]



COVERING SECRET

19c



*Chancellor of the Duchy of Lancaster*

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

31 March 1971

*Dear Puhw,*

MEETING WITH PRESIDENT POMPIDOU

I attach a draft telegram to Mr. Soames to reflect the conclusion of the Prime Minister's meeting this afternoon with the Foreign and Commonwealth Secretary and the Chancellor of the Duchy.

*Yours sincerely*

*(C. C. C. TICKELL)*

Private Secretary

P. J. S. Moon, Esq.,  
10 Downing Street.

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cc. C O  
office of Chan. of Duchy

31 March 1971

Visit by the Prime Minister to Paris

The question of the Prime Minister going to Paris to meet President Pompidou was discussed further today, 31 March, with the Foreign and Commonwealth Secretary and Mr. Rippon.

The main point made was that the knowledge that the Prime Minister and the President were going to meet would greatly inhibit any progress at the meetings with the Six in May. If, on the other hand, no announcement was made about a visit to Paris until after the meetings with the Six, time would be very short and it would be more than ever difficult to avoid giving an impression of crisis.

An additional point was that public opinion in the Five would not much like the implication that we were doing a deal directly with the French; just as we did not want to appear to be encouraging the Five to gang up against the French so we should not appear to be going to the French over the heads of the Five.

It was agreed that the best course would be to take no final decision until after the Prime Minister had met Herr Brandt. Meanwhile M. Jobert could be told that the Prime Minister agreed that a meeting with President Pompidou could be valuable at the right time which might be the latter part

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- 2 -


of May, depending on how things went. Mr. Soames should also tell M. Jobert that the Prime Minister would, of course, be discussing with Herr Brandt the timetable for the negotiations of which a possible meeting between the Prime Minister and Pompidou was a part.

I am sending copies of this letter to Tickell and to Sir William Nield.

(SGD) P. J. S. MOON

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J.B.W. McDonnell, Esq.,  
Foreign and Commonwealth Office.





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19A (1)

Prime Minister

MEETING BETWEEN THE PRIME MINISTER AND THE FRENCH PRESIDENT

I sent you a minute about this on 26 March.

In the light of your talk with Christopher Soames and before we meet, you may like to consider the attached draft telegram to Soames.

Clearly a late May meeting would be a difficult operation to handle successfully. There are the following considerations to be borne in mind:

- (i) unless we made progress at the May Ministerial meeting it would be hard to avoid the impression of crisis;
- (ii) the French might use the knowledge of a May Ministerial meeting to see that nothing was agreed in Brussels which they wanted to keep in reserve for Pompidou's meeting with you. You will have noticed Jobert's remark to Soames that too many leaves should not be removed from the artichoke before you meet Pompidou;
- (iii) we should not delude ourselves into supposing that a meeting once agreed could be kept secret for long;
- (iv) any settlement which you reached with Pompidou would, in the circumstances of the end of May, have to cover a good deal of detail. It would also be more open to criticism on the grounds that we were seeking to settle the whole negotiation directly with the French. The Five may now say that they would not resent it

/but

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but their public opinion might well feel differently on the day. This point was made to me in Rome on 29 March;

- (v) it would appear essential that all this thinking will have to be raised in your meeting with Brandt. The timing, therefore, of the instruction to Soames is a matter for careful consideration.

I believe that in your talk with Soames you were inclined against attempting to settle anything on the May meetings in Brussels but to try to "loosen" all or most of the items. I see the attractions of this, but we must beware lest two and a half days of meetings in Brussels without any agreement simply raised new complications and therefore hardened attitudes.

I am sending a copy of this minute, with enclosure, to the Foreign and Commonwealth Secretary.

G.R.

(GEOFFREY RIPPON)  
31 March, 1971

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March '71

File

31 March 1971

The Prime Minister lunched with the Board of Directors of Shell this afternoon.

There was some discussion of the current state of play of the negotiations on oil prices. Sir David Barran said that he thought that the oil companies were going to stand firm on their present offer, which was a bit higher than they originally hoped to be able to settle at. The companies were holding a united front, and Sir David Barran thought that they had a good chance of settling on that basis. He also thought that there was a reasonable chance that the Tehran settlement would not be re-opened.

The Prime Minister asked whether they had had a chance of studying the Green Paper on the reform of Corporation Tax. The Director of Finance said that, as a company with a high proportion of income earned overseas, they would prefer the French system to the German system. They would be making representations in due course to this effect.

There was some discussion of the implications of the recent French moves on sterling in the context of the E.E.C. negotiations; the members of the Board of Shell were not disposed to read any very sinister implications into the French move. The Prime Minister said that it would be unwise to assume that the French had acted other than deliberately. It had always been recognised that capital movements would have to



be dealt with in the negotiations, but that the position of sterling should fall outside. He did not think that this was a deliberate attempt to wreck the negotiations, but there was a danger that that would be the unintended effect of French determination to make the most of their negotiating position, without sufficient regard for longer term considerations.

I am sending copies of this letter to John Graham (Foreign and Commonwealth Office) and Bill Myrie (H.M. Treasury).

Sgd. R.T. ARMSTRONG

I.T. Manley, Esq.,  
Department of Trade and Industry.

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Chancellor of the Duchy of Lancaster

Foreign and Commonwealth Office  
Downing Street London SW1  
Telephone 01-930 8440

31 March 1971

Dear Peter, *Am.* 1/4

I think you will be interested to see the attached record of the conversation between the Chancellor of the Duchy and the Italian Prime Minister in Rome on 29 March. Signor Colombo's remarks about the common agricultural policy (recorded in paragraph 6), were particularly interesting. Signor Colombo was very anxious to be helpful throughout, and was clearly briefing himself for his meeting with Chancellor Brandt next week (immediately before the Prime Minister's visit to Bonn).

Yours sincerely

*(Signature)*

(C C C TICKELL)

Private Secretary

P J S Moon Esq



CONFIDENTIAL  
RECORD OF CONVERSATION BETWEEN THE CHANCELLOR OF THE  
DUCHY OF LANCASTER AND THE PRESIDENT OF THE ITALIAN  
REPUBLIC

QUIRINALE, ROME: 29 MARCH 1971: 1900 hours

The Rt. Hon. Geoffrey Rippon QC, MP	President Saragat
HE Sir Patrick Hancock	Signor Moro
Mr. Tickell	HE Signor Manzini
	Signor Staderini
	Signor Marras
	Interpreter

Mr. Rippon said that the British Government was most grateful for all the Italian Government was doing to help in achieving success in the negotiations for British entry into the European Community. The British and Italian Governments had long seen eye to eye on most matters. The present British Government entirely endorsed the Anglo/Italian Declaration made in 1969 which carried the name of the Saragat Declaration.

2. President Saragat said that Italy believed that the Community was incomplete without Britain. This was a question of the highest importance, and involved the political and moral values on which European civilisation was based. The future of European democratic institutions depended on British entry. Of the other big three European countries, Italy was a young democracy, and Germany and France both had tendencies towards Caesarism. A united Europe was necessary to deal on a more level basis with the United States. He had just spoken in this sense to Marshal Tito during his State Visit, and was surprised to learn that Marshal Tito entirely shared this view, and wanted the enlargement of the Community. Unfortunately all depended on France. It was difficult to know what President Pompidou really wanted. At the time of General de Gaulle's funeral President Pompidou had received him and said with regard to British entry that we should go slowly to be safe and sound. Although Signor Brosio, to whom he had repeated this remark, judged it discouraging, he believed that President Pompidou should be taken at his word. He was a peasant from the Auvergne. Indeed the French were dominated by their peasant tradition.

3. Mr. Rippon said that in his discussions with Signor Moro earlier that day he had emphasised the political aspect

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/of the



of the negotiations. A stable and prosperous Western Europe could not be created without enlargement of the Community. Moreover an enlarged Community would be the best basis for a detente between east and west. There was a danger of drift in the present negotiations. Real progress in May was essential. In retrospect people would not understand how friends and allies could not agree on such relatively minor matters as those now at issue.

4. President Saragat said that failure of the negotiations would be a calamity for all the countries concerned. It would have wide domestic as well as international repercussions. Italy was a country in transition from an agrarian to an industrial economy. It was vital at this formative stage that the mould should be rightly set.

Mr. Rippon said that he expected success. Failure would certainly have very bad effects on all countries, including Britain. It was sometimes forgotten that the Brussels Treaty was an economic and political, as well as a military, treaty: failure of the negotiations would render its purpose null and put all at peril. President Saragat said that the Italian Government was optimistic. But speaking personally he thought that failure would release centrifugal forces in Europe which would break the Community. He wished

Mr. Rippon the best of luck in what he was doing. The vast majority of Italians were on his side. Those against did not always like to admit it. The Communists had a certain complex about Britain because of their unchaste alliance with the Fascists in the past. The result was that they remained relatively silent. Italy was only a medium-sized power but she would do all she could to promote British entry. Mr. Rippon said that all the European powers were medium-sized today: their salvation was to unite.



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RECORD OF MEETING BETWEEN THE CHANCELLOR OF THE DUCHY  
OF LANCASTER AND THE ITALIAN MINISTER OF FINANCE:  
MINISTRY OF FINANCE, ROME, 29 MARCH, 1971 at 1750 hrs.

The Rt. Hon. Geoffrey Rippon QC, MP	Signor Ferrari-Aggradi
HE Sir Patrick Hancock	HE Signor Manzini
Sir C. O'Neill	Doctor Ossola
Mr. Tickell	Professor Miconi
	Signor Stammati
	Doctor Pulumbo
	Interpreter

Signor Ferrari-Aggradi said that when he had seen the Chancellor of the Exchequer in London he had urged the need for speed in the negotiations. How did Mr. Rippon see the economic and financial aspects?

2. Mr. Rippon said he had already discussed this with Signor Colombo earlier in the day. There was a danger that the economic and monetary aspects could obscure the political objectives which were of paramount importance. The British economic situation was not peculiar to Britain. Although we had a sound balance of payments, the Government had to find how to restrain inflation. It had already made progress in bringing the rise in wages under control, and had grasped the nettle of industrial relations in its Bill to reform the trades unions. The Government had no doubt of the dynamic effects of entry on the British economy, but it faced certain short term problems, in particular for the balance of payments. There had to be, as M. Harmel had said on 30 June, a constant balance of mutual advantage during the transitional period.

3. Mr. Rippon said that as regards sterling the Government agreed that there should be negotiation over capital movements within the negotiations proper, but it



did not believe that the future of the reserve role of sterling and the sterling balances which went much wider, concerned other countries, and was extremely delicate from all points of view, should be discussed in the Brussels market place or form part of the negotiations. We were entirely ready for such matters to be discussed between the parties according to the formula used by M. Harmel on behalf of the Community on 30 June, 1970. The substance of what M. Boegner had said on 18 March was not unduly disturbing, but the leaks had been embarrassing, and had shown very clearly that he had not chosen the appropriate forum. Discussion should take place very discreetly and preferably not in Brussels. On sterling, successive British Governments had said that they were not necessarily attached to its present reserve role. On the sterling balances, we had to have regard to the existing holders of sterling and could not change things overnight. There were many possibilities; for example the balances could be funded, or we could look at the idea of European Special Drawing Rights. But all this should be discussed between experts over a long period in the right place.

4. Signor Ferrari-Aggradi said he wished to say something which sometimes needed saying. British entry would be of great historic importance for Europe as well as Britain. It would literally change the course of European history. The Italian Government was strongly in favour, and fully appreciated how much the British Government had done to accept the principles of the Community. The Italian Government was likewise aware of the short term problems which membership would create for Britain, and welcomed British readiness to discuss the sterling aspects in the right forum. As soon as Britain was a member, the present members of the Community would have an interest in seeing that the problems which now seemed large for us were properly dealt with. The



members of the Community had a large balance of payments surplus which was meant to be used. The sterling balances were no more than a small proportion of total European reserves. It would be sufficient for the Community to put part of its reserves into sterling to solve part of the problem. Perhaps some new European supranational organisation should be set up to deal with and assume responsibility for its longer term aspects, including the reserve role of sterling and the sterling balances. It might be the vehicle for solutions in the same way that OECD had been the vehicle for the recovery of Europe through Marshall aid. The Italian Government would do all it could to help in this direction.

5. Dr. Ossola said that the sterling balances were diminishing. They were used to finance a much lower proportion of world trade than in the past. Mr. Rippon said that if the Community could speak as Signor Ferrari-Aggradi had done, we should all be a great deal further forward.

6. Signor Ferrari-Aggradi asked whether we had any proposals to make on this subject. Mr. Rippon said that we had constantly expressed willingness to discuss these problems and were ready to do so now. It was not his responsibility to put forward proposals. He thought perhaps the right forum for discussion would be one in which Ministers of Finance and Governors of Central Banks could meet in very discreet circumstances. Signor Ferrari-Aggradi agreed that some special procedure was required. Finance Ministers and Governors of Central Banks meet relatively often and with great discretion, as for example recently at Haarlem and Hamburg. Speaking personally he thought the right



procedure would be for Finance Ministers and Governors of Central Banks to appoint a special expert group chosen from the existing members of the Community and Britain. This group would examine these problems in the highest secrecy, look at all the possibilities, and make proposals to their Finance Ministers, who would in turn submit them to the Council of Ministers of the Community.

7. Mr. Rippon said that he would have to consult those concerned about this idea but it sounded very helpful. It was the emotion aroused by discussion of these problems which caused so much difficulty. He thanked Signor Ferrari-Aggradi for all he had said and promised to pass on his views to the Chancellor of the Exchequer.



RECORD OF A MEETING BETWEEN  
THE CHANCELLOR OF THE DUCHY OF LANCASTER  
AND THE ITALIAN FOREIGN MINISTER  
AT THE FOREIGN MINISTRY IN ROME  
29 MARCH 1971 at 12 15 hrs

The Rt Hon Geoffrey Rippon  
QC, MP

Sir P Hancock

Sir C O'Neill

Mr Selby

Mr Tickell

Mr Cambridge

Mr Deetham

Signor Moro

Signor Pedini

Signor Manzini

Signor Bonbassei

Signor Gaja

Signor Ducci

Signor Guazzaroni

Dr Albertario

Prof Niconi

Dr Ossola

Signor Francisci di Baschi

Signor Bellelli

Signor Borgia

1 Signor Moro described the present meeting as one between friends. The most important question now at issue in the development of the Community was its enlargement to include the United Kingdom. As well as discussing the specific questions under negotiation in Brussels, the meeting should consider sterling (which had now been brought up by the French) and also the future political development of the Community.

2 Mr Rippon said he was glad to be in Rome. He had particularly valued the tête-à-tête discussion which he had just had with Signor Moro. It was inevitable that at this stage of the negotiations a number of difficult questions should confront us. But the important thing was not to create an atmosphere of crisis.

He was grateful/



He was grateful that the Community was not rushing to conclusions: it was better that it should take its time in formulating counter proposals to us on the points at issue, rather than that these counter proposals should be bad ones. The main problems were our contribution to the Community budget during the transitional period, New Zealand dairy products, and sugar from the developing Commonwealth. It might be that some of these problems could be approached in a different way than they had been in the past. As regards finance, it was a pity that the negotiations had concentrated so much on the starting point. They should have paid regard more to what we would be paying later on. One possibility was to start at our contribution in the fifth year and work backwards. The Community must understand the extent of the adjustments we would have to make, for instance in switching our whole preferential system away from the Commonwealth to the Community. If on top of this we had to pay too much at the start we would be denied the dynamic effects we hoped to achieve. He hoped the Community would build on their February 2 declaration where the principles of our contribution to the Budget were set out. In this way, we might be able to make progress over finance at the Ministerial Meeting in May; and if at the same time we managed to deal with the issues of Community preference, New Zealand dairy products and sugar, the negotiations would be all but concluded. Admittedly other points would remain - for example fisheries and the European Investment Bank; but if we were able to keep to this general timetable it should be possible for the United Kingdom to become a member by the start of 1973.

3 As regards sterling, Mr Rippon said that we recognised it should be discussed. Indeed he had said as much in the House of Commons the other day. What we had to do, however, was to distinguish between what was suitable for the actual negotiations in Brussels, and what was suitable simply for discussion. We had asked for a transitional period of five years for capital movements; and therefore we would expect to talk about this in the negotiations proper. But Brussels was not a sufficiently discreet place for discussing the other issues. So we had to consider how these discussions could be held. In any event, the  
subject/



subject should not be made a confrontation between us. Successive British Governments had said they were not necessarily attached to the present role of sterling. They had also said that they wished to participate in a constructive way in European economic and monetary union. Mr Lever had said that the sooner we were able to eliminate the sterling balances the better. That might be; but we had to consider our obligations to the holders of sterling; and the Community for its part had to consider the possible impact on the international monetary scene. Sterling was not a problem, and must not be allowed to become one.

4 Signor Moro said that the February 2 meeting had been very difficult; but the principles there agreed were important, particularly that our contributions should increase gradually. There must be no jump at the end; but there must be no jump at the beginning either. Italy had fought hard for this principle; but the question was still an open one. The actual percentage we should pay was a difficult question. It was probably better at this stage not to argue about figures, but to re-examine in an objective way the principles behind them. As regards sugar and New Zealand dairy products, Italy had tried to make her partners in the Community understand that these questions, though of concern to the Community, also involved the Community's relations with third countries. It was important that the Community should not become a "closed shop" or inward looking. This also applied to their relations with the United States. The discussions about sterling must be at the right moment and on the basis of full information.

5 Signor Guazzaroni said that Italy was trying to speed up the negotiations. As regards sugar, the Italians thought that since it was of concern to developing countries, the Community had to consider the question in the context of its responsibilities to the third world in general. As regards New Zealand, the Italians had agreed with the Dutch proposal, which amounted to allowing New Zealand access to the Community at the end of the transitional period for 54% of the milk equivalent of its present exports of butter and cheese. The French position here, however, was still very rigid. As regards finance, the Italians were trying to find a set of principles which would enable the Community to develop a dialogue with Britain which would lead to a definition of

actual figures/