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Agreed English text of RECORD OF CONCLUSIONS

of the meetings between the President of the French Republic and the Prime Minister of the United Kingdom held at Le Palais de l'Elysée, Paris, on Thursday 20 and Friday, 21 May 1971

1. ROLE AND DEVELOPMENT OF EUROPE

The President of the Republic and the British Prime Minister established that their views on the role and development of Europe were in all essentials identical. They noted the importance of Franco-German reconciliation as a foundation for the European Communities. They agreed that, building on the achievement of the meeting in The Hague on 1 and 2 December 1969, it was their joint interest and common purpose to develop the enlarged Community as a basis for the growing unity of Europe. They further agreed that the French and British Governments would work together to develop a distinctive European personality in world affairs with distinctive European policies which will recognise and give expression to the common interests of Europe principally in economic affairs but also more generally.

The President of the Republic and the British Prime Minister agreed that the European Community will not replace the member nations but will create a new framework for them. Progress must be made on a practical basis. The European Commission had made and would continue to make a valuable contribution to the Community. But, in accordance with the Treaty of Rome, the Council of Ministers must remain

the forum for taking decisions and the representatives of Member States must remain responsible for all progress in the institutional field. *As regards the Luxembourg agreement, the President of the Republic and the British Prime Minister agreed that community decisions must in practice be reached by unanimous agreement on issues where the vital national interests of one or more partners are at stake.*

*Since the British Government were not parties to the Luxembourg agreement, and there exists no official English translation of that agreement, it was accepted that this sentence should stand in the English text of this proces verbal as equivalent to the corresponding sentence in the French text which reads:

"En ce qui concerne les Accords de Luxembourg, le President de la République et le Premier Ministre britannique sont convenus que, "même pour les décisions susceptibles d'être prises à la majorité, la discussion au sein du Conseil devra se poursuivre jusqu' à ce qu'on soit parvenu à un accord unanime lorsque les intérêts très importants d'un ou de plusieurs partenaires sont en jeu".'

2. THE FUTURE OF STERLING

The Prime Minister accepted that, with the entry of Britain into the Community, it would be appropriate, in the context of progress to economic and monetary union of the Community, to work towards an alignment of the external characteristics of sterling with those of the currencies of the other members of the enlarged Community. With a view to stabilising the level of the official sterling balances between 30 June 1971 and the date of Britain's entry into the Community, the British Government would be ready to reduce the minimum sterling proportions laid down in the agreements with sterling area countries now being renewed. The British Government also envisaged that after Britain's entry into the Community it would be necessary to renegotiate the Basle arrangements and the associated agreements with sterling area countries so as to make them compatible with progress towards economic and monetary union in the enlarged Community. The British Government would seek to ensure, by modification of its bi-lateral agreements with the sterling area countries, that the benefits conferred on them would relate to amounts which would diminish progressively.

The President of the Republic and the British Prime Minister concluded that this combination of measures would permit Britain to work for an orderly and gradual reduction of official sterling balances in the framework of progress towards economic and monetary union in the enlarged Community.

The Prime Minister noted that, on this basis, the French Government would envisage France participating in the renegotiated Basle arrangements.

3. COMMUNITY PREFERENCE FOR AGRICULTURE

The President of the Republic and the British Prime Minister noted with satisfaction the agreement reached in Brussels concerning transitional arrangements and the operation of Community preference for agriculture.

4. FUTURE OF THE FRENCH LANGUAGE IN THE INSTITUTIONS OF THE COMMUNITY

The Prime Minister informed the President of the Republic that British officials appointed to the European Communities as a consequence of Britain's entry into the Community would be able to negotiate and transact business in French.

The Prime Minister further informed the President of the Republic that the British Government had decided on a series of proposals designed to improve the knowledge of France and the French language in the United Kingdom.

5. YAOUNDE CONVENTION

The President of the Republic and the British Prime Minister recognised the need, in the negotiation of the new Yaounde Convention, to take into consideration the consequences of enlargement of this Convention for the interests of the present associates, particularly the need to safeguard their existing rights in the financial field. They equally recognised that the interests of all associated States adhering to the new Convention must be taken into consideration, particularly the need to have regard to the economic situation of each of them and to safeguard the position of those States largely dependent on the markets of the enlarged Community for their exports of sugar and other primary products.

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6. MATTERS ARISING IN CONNECTION WITH NEGOTIATIONS FOR BRITISH ENTRY INTO THE EUROPEAN ECONOMIC COMMUNITY

(i) New Zealand

The British Prime Minister emphasised the political and economic importance of satisfactory arrangements for exports of butter and cheese from New Zealand to the enlarged Community. The President of the Republic expressed his understanding for this point of view.

British and Community experts will be invited to consider whether it is possible to separate the problem of butter from that of cheese.

Exports of dairy products from New Zealand will undergo over a period of five years a progressive reduction, which may be different for different products, and which will be decided in Brussels in June. At the end of this five year period the situation will be reconsidered within the enlarged Community and in the light of the possibilities of an international agreement on dairy products.

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(ii) Financial Regulation

The President of the Republic and the Prime Minister agreed on the importance of a satisfactory solution to the problem of the United Kingdom's contribution to the budget of the enlarged Community in the period before the full application to the United Kingdom of the definitive system of ressource propres as it was established by the Decision of the Community on 21 April 1970.

The President of the Republic and the Prime Minister further agreed that the method set out in the proposals put forward by the Community on 12 May 1971 provided an acceptable framework for a solution.

The Prime Minister recalled that the problem was simply one of transition.

The President of the Republic pointed out that the amount of the British contribution was a matter to be settled in the Brussels negotiations. However in the June meetings France will determine her attitude with the wish to ensure that the initial amount of this contribution will not constitute too serious a burden for the British balance of payments.

The Prime Minister stated that, in the spirit of the conversations of the last two days, he was confident that with the help of M. Schumann an acceptable figure would be agreed in Brussels.

(iii) Common Fisheries Policy

The President of the Republic and the British Prime Minister took note that the regulations relating to the Common Fisheries Policy of the Community presented problems for the candidate countries. The Prime Minister explained that during the entry negotiations some adaptation of the fisheries regulations would be required to meet the needs and circumstances of an enlarged Community and to take account of the special social and economic importance of inshore fishing in member and applicant countries. The President said that the French Government would be ready to consider whether such an adaptation would from their point of view be justified.

(iv) Timing

As regards New Zealand, Community finance and other main problems the President of the Republic and the British Prime Minister recognised the need for agreement to be reached rapidly within the next few weeks.

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7. COMMUNITY ENTERPRISES AND INWARD INVESTMENTS

The President of the Republic and the British Prime Minister agreed that the enlarged Community would need to develop technical, legal and fiscal harmonisation measures to enable its industries to establish themselves on the scale necessary to retain a significant place in the world economy. They also agreed on the need for Community policies to protect key sectors of national economies from foreign take-overs, and to ensure that member states do not outbid each other in providing incentives for investment by third countries in the Community.

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