



PREM

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1911 EUROPEAN POLICE

PART 8 begins:-

Brunels/FCO 207 -25.571

PART 7 ends:-

Paris Sabany GRTA-24.571

BRITISH EMBASSY,
PARIS.R/25
24 May 1971R T Armstrong Esq
No 10 Downing Street*Dear Mr.*

THE PRIME MINISTER'S TALKS WITH PRESIDENT POMPIDOU

1. I enclose the records of these talks. I have been through them very carefully and, as you will see, have made a good many amendments to the first draft. With more time I could certainly have given them more polish and no doubt have made them shorter. But I have concentrated on getting them right and I am as confident as I can be that they accurately reflect what was said. But I need hardly say that if, on reading them through, you want to do some further tautening and polishing up, I hope you will do so.
2. On reflection, I thought it best to keep one photocopy of the entire set here, until you have received the originals and have produced a final version. This is not only because bags can get lost, but I thought that if there were any enquiries it would be simplest for me to have a copy here: we could then probably clarify any questions over the telephone by reference to the records, page nos etc. But I will keep this copy to myself and, as soon as you let me know that a final version has been produced with which you are satisfied, I will destroy the copy here.
3. You will note that I have not attached to the record of the first meeting a copy of the Annotated Agenda which is referred to towards the bottom of page 2. But I think the Agenda should be attached to the records and perhaps you could have this done when the final version is produced. On the other hand, I am sure it would be right that the agreed minute should not be attached to the records but should constitute a separate document. The final Communiqué will no doubt also constitute part of the definitive dossier.

It was splendid to have you all here and a fascinating personal experience for me, which I would not have missed for anything. I think it is now for us to wish all of you good luck in the process of convincing British opinion!

To us,

Witold

A M Palliser

ENC

SECRET

European Policy

PA/EO 312/24

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GPS 172

CYPHER CAT A

ADVANCE COPY
sent to <u>PDS</u>
<u>CRK</u>
<u>has to D.S.</u>

(IX-)

FM PARIS 241810Z

SECRET

TO IMMEDIATE F C O TELNO 654 OF 24 MAY
MY I.P.T. AND YOUR TELS 383 AND 384
PERSONAL FOR PDS.

AK 2/5 v.

1. WE HAVE NO CLEAR EVIDENCE AS TO THE ORIGIN OF THE STORIES IN PAPAS 2-4 OF MY I.P.T. BUT THE PRIME MINISTER WILL REMEMBER HAVING HAD A TALK AFTER DINNER AT THE ELYSEE WITH M SCHUMANN ABOUT STERLING. WE HAVE LEARNED SINCE FROM DELARUE OF "FRANCE EDIR" THAT SCHUMANN SUBSEQUENTLY HAD A TALK WITH HIM AND MASSIP OF "FIGARO" AT WHICH BRUNET AND COURCEL WERE ALSO PRESENT. I STRONGLY SUSPECT THAT THE REFERENCE IN TATU'S ARTICLE TO AN EXCHANGE OF LETTERS BEFORE THE MEETING IS IN FACT A REFERENCE TO THE ANNOTATED AGENDA. THIS MAY HAVE BEEN INADVERTENTLY REFERRED TO IN SCHUMANN'S CONVERSATION WITH DELARUE OR MAY, I SUPPOSE, HAVE BEEN SEEN IN JOBERT'S OFFICE BY COURCEL. ITS EXISTENCE WAS IN ANY CASE KNOWN TO THE QUAI.

2. JOBERT AND ALL POMPIDOU'S SENIOR STAFF ARE WITH HIM IN BELGIUM. I WILL PURSUE THIS WITH JOBERT WHEN THEY GET BACK. BUT MEANWHILE IF YOU OR WE ARE ASKED QUESTIONS ABOUT THE EXCHANGE OF LETTERS, I SUGGEST THAT WE SAY (QUITE TRUTHFULLY) THAT NO SUCH EXCHANGE TOOK PLACE.

3. PLEASE PASS ALSO TO ARMSTRONG, NO. 12.

COAKES

SENT AT 24/1914Z CC

RECD AT 24/1914Z JCC

SECRET

M PARIS 241809Z

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/FRAME/

TO IMMEDIATE FCO TEL NO 653 OF 24 MAY INFO IMMEDIATE BONN,
THE HAGUE, ROME, BRUSSELS, LUXEMBOURG, AND CODEL BRUSSELS.

MY TEL NO 648: FURTHER FRENCH PRESS COMMENT ON THE PARIS SUMMIT
MEETING.

ALL FRENCH NEWSPAPERS HAVE QUOTED, MOSTLY IN EXTENSO, THE
TEXTS OF THE COMMUNIQUE AND OF THE STATEMENTS MADE BY PRESIDENT
POMPIDOU AND THE PRIME MINISTER AT THEIR JOINT PRESS CONFERENCE.
WEEKEND EDITORIAL COMMENT HAS BEEN ALMOST ENTIRELY CONFINED TO
RUMINATION ON THE THEMES IN THESE TEXTS AND TO ENTHUSIASTIC ASSESS-
MENT OF THE VALUE OF THE SUMMIT MEETING IN CLEARING THE WAY NOT
ONLY FOR A SUCCESSFUL CONCLUSION TO THE BRUSSELS NEGOTIATIONS BUT
ALSO FOR THE FUTURE CONSTRUCTION OF EUROPE.

2. ONLY MICHEL TATU IN 'LE MONDE' OF 23/24 MAY AND MAURICE DELARUE
IN 'FRANCE SOIR' OF 24 MAY HAVE PURPORTED TO GIVE A DETAILED RUN-
DOWN OF THE SUBSTANCE OF THE CONVERSATIONS. AFTER REMARKING THAT
THE PRECISE CONCLUSIONS OF THE TALKS WILL ONLY BECOME CLEAR IN DUE
COURSE, TATU SAYS THAT THE POINTERS GIVEN BY ONE SIDE OR THE OTHER
ALLOW A CLEARER UNDERSTANDING OF THE PRESENT POSITION ON THE MAIN
DOSSIERS. THUS, THE ROLE OF STERLING GAVE RISE TO THE MOST
INTENSIVE DISCUSSION, WHICH WAS PARTLY RESPONSIBLE FOR THE POST-
PONEMENT OF THE CONCLUSION OF THE TALKS. IT APPEARS THAT THE
BRITISH ACCEPTED, QUOTE BY MEANS OF AN EXCHANGE OF LETTERS
PRECEDING THE MEETING, UNQUOTE, THAT THE STERLING BALANCES SHOULD
BE "FROZEN" AT THEIR PRESENT LEVEL, WHICH WOULD AT LEAST PUT A
STOP TO THE UPWARD MOVEMENT NOTED SINCE THE BASLE AGREEMENT OF
1968. PARIS, ON ITS SIDE, IS WILLING TO AGREE THAT THIS QUESTION
WILL ONLY FIGURE "BY IMPLICATION" IN THE DOSSIERS OF THE BRUSSELS
NEGOTIATIONS.

3. ON NEW ZEALAND, TATU CONTINUES, IT SEEMS THAT M. POMPIDOU
PERFECTLY UNDERSTOOD THE IMPORTANCE ATTACHED TO THIS QUESTION BY
OPINION IN BRITAIN, ESPECIALLY IN THOSE CIRCLES WHICH ARE OPPOSED
TO ENTERING THE COMMUNITY. BUT HIS ATTITUDE MIGHT DEPEND ON
BRITAIN'S BEHAVIOUR WITH REGARD TO THOSE QUESTIONS WHICH PARIS
REGARDS AS MORE IMPORTANT, NOTABLY STERLING AND THE BRITISH FINAN-
CIAL CONTRIBUTION TO THE COMMUNITY BUDGET. TATU ALSO MENTIONS THE
PROBLEMS OF EUROPEAN INSTITUTIONS, DEFENCE AND WORKING LANGUAGES,
WITHOUT GOING INTO DETAIL.

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/4. DELARUE FOLLOWS

4. DELARUE FOLLOWS A SIMILAR LINE ON STERLING AND NEW ZEALAND. ON THE FIRST HE SAYS: "THE FRENCH SIDE SEEM TO BELIEVE THAT THE BRITISH, AT THE LEAST, WILL NOT INCREASE ANY MORE THEIR STERLING RESERVES", WHILE ON THE SECOND HE SAYS: "MR. HEATH RECEIVED THE ASSURANCE THAT M. POMPIDOU WILL CONSIDER WITH SYMPATHY A PROBLEM WHICH CARRIES SENTIMENTAL AND POLITICAL IMPORTANCE ACROSS THE CHANNEL, THOUGH IT CAN ONLY BE SOLVED IN BRUSSELS".

5. SEE MY I.F.T. (TO FCO ONLY).

SOAMES

EUROPEAN ECONOMIC AND POLITICAL
DISTRIBUTION

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ADDITIONAL DISTRIBUTION
FRAME

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RECORD OF THE PRIME MINISTER'S MEETING WITH THE RT. HON.
J.R. MARSHALL, DEPUTY PRIME MINISTER OF NEW ZEALAND, AT
11.00 A.M. ON MONDAY 24 MAY 1971 AT NO. 10 DOWNING STREET.

Also present:

His Excellency Sir Denis Blundell, New Zealand High Commissioner

Mr. Moon

Mr. James Moriarty, Secretary of
the Department of Industries and
Commerce.

Mr. L. White, Deputy Secretary,
Department of Foreign Affairs.

The Prime Minister said that following his talks in Paris, it now seemed clear that the French did want to see an enlarged Community. In the new atmosphere there was a much better chance of working out satisfactory arrangements on the outstanding issues in the negotiations. His talks with President Pompidou had been conducted tête-à-tête almost throughout and with complete confidentiality. There had been a news black-out up to the time of the Press Conference and the Prime Minister expressed the hope that his own talks with Mr. Marshall could also be regarded as completely confidential.

With regard to New Zealand's case, the Prime Minister said that he had put to President Pompidou the points which Mr. Marshall had made to him at their previous meeting. It was plain that New Zealand was not going to get a 100 per cent guarantee. On the other hand,

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other third country suppliers were going to be affected before New Zealand and the Prime Minister felt that a satisfactory solution for New Zealand could be worked out. President Pompidou had said that cheese affected them more than butter. He did not favour a "milk equivalent" solution. It was important to him politically to demonstrate to the French cheese lobby that he had looked after their interests. Since, on the New Zealand side, butter was more important than cheese, the Prime Minister thought that it should prove possible to meet President Pompidou's political difficulty.

Turning to sheepmeat, the Prime Minister said that there had not been any discussion of substance on this. He believed that to have raised it when there was still no sheepmeat regulation could have complicated the situation on milk products without any compensating advantage. It could better be left to a later stage.

Mr. Marshall asked whether President Pompidou had agreed in principle to a continuing transitional period with provision for review as a solution to the problem of New Zealand dairy products. The Prime Minister replied that he must stick to the position that these were matters to be dealt with in the negotiations with the Six. He hoped that Mr. Marshall would now work out with Mr. Rippon what would be best for New Zealand.

Mr. Marshall enquired about the timing of the negotiations. The Prime Minister said that he did not expect the question of New Zealand to be completed before

the meeting on 21 and 22 June.

Mr. Marshall said that they had to assume that the French would abandon their position that New Zealand products should be completely phased out after the 5-year transitional period since this was totally unacceptable. Given this, what had to be discussed was the nature of the continuing arrangements and the provision for review. The fact that the French were more concerned with cheese than butter was a new point to him. Certainly from the New Zealand point of view, butter was the more important of the two but they were also concerned about cheese. They still attached importance to working on the basis of milk equivalent which would give greater flexibility. They thought that the arguments in its favour had been generally accepted. Mr. Rippon commented that even with milk equivalent it had been envisaged that there would be fixed amounts for butter and cheese but with the possibility of re-considering the distribution between the two.

Mr. Marshall asked if President Pompidou had given any indication of quantity with regard to cheese. If New Zealand could get 100 per cent on butter they could be flexible on cheese. The Prime Minister said that there was no question of New Zealand getting 100 per cent on butter. The French regarded 100 per cent as incompatible with the concept of the transitional period.

Mr. Rippon reminded Mr. Marshall that even the Dutch position did not go as far as 100 per cent. If reduction in quantities was outweighed by increases in prices New Zealand could still be better off.

Mr. Marshall agreed that a combination of quantity and prices which conserved their economy was something they could consider.

Mr. Marshall then referred to sheepmeat and again emphasised the importance of this being covered at the time of any agreement. He repeated his proposal for a statement to be made in the British White Paper.

Mr. Rippon said that quite apart from sheepmeat there were other items on which it was important that there should not be prejudicial decisions in the period between our accession and actual entry into the Community and there would have to be something to cover this. The Prime Minister asked that this should be discussed further between Mr. Marshall and Mr. Rippon. Mr. Marshall remarked that the present 20 per cent duty was acceptable to New Zealand though they did not relish it. They recognised, however, that if there was to be any question of reduction this would have to be the subject of negotiation in a wider context such as GATT.

Returning to the question of milk products, Mr. Marshall said that it was important to New Zealand that the terms for criteria for review should be reasonably precise.

CONFIDENTIAL

- 5 -

They needed to have confidence that there would be genuine continuity. He hoped too that this could be discussed between officials. The criteria should be incorporated in any agreement.

At the close of the meeting the Prime Minister again stressed the need for the discussion to be treated as confidential. It was agreed that Mr. Marshall would say ^{only} the minimum to the Press.

Am.

24 May 1971

Distribution:

Private Secretary to	Foreign and Commonwealth Secretary
"	"
"	"
	Chancellor of the Duchy of Lancaster
	Minister of Agriculture, Fisheries
	and Food

Sir Burke Trend
Sir W. Nield
Mr. Thornton

FLASH
CYPHER/CAT A.

RESTRICTED

(NEWS)

FM FOREIGN AND COMMONWEALTH OFFICE 241425Z

RESTRICTED.

TO FLASH PARIS TELEGRAM NUMBER 384 OF 24 MAY.

FOR HARDING FROM LEAHY:

FCO TELEGRAM NO 383 AND OUR TELEPHONE CONVERSATION THIS
AFTERNOON.

TELEGRAM UNDER REFERENCE WAS SENT AT REQUEST OF PRIME MINISTER
AS TRANSMITTED BY MOON TO PRIVATE OFFICE. WHAT IS REQUIRED
IS BRIEF RESUME OF RESPECTS IN WHICH FRENCH PRESS REPORTS MAY
INDICATE DEPARTURE FROM BRIEFING LINE AGREED IN ADVANCE.
SUGGEST YOU REPLY BY TELEGRAM RATHER THAN FURTHER TELEPHONE
CONVERSATION.

DOUGLAS-HOME

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FLASH
CYPHER/CAT A

(MM)

FM FCO 241130Z

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TO FLASH PARIS TELEGRAM NUMBER 383 OF 24 MAY.
GRATEFUL FOR YOUR VIEWS SOONEST (THIS AFTERNOON IF POSSIBLE)
ON WHETHER THERE IS ANY FRENCH GOVERNMENT INSPIRATION BEHIND
THE REPORTS IN THE FRENCH PRESS ON THE PRIME MINISTER'S VISIT
TO PARIS, AND IF SO WHAT THIS AMOUNTS TO.

DOUGLAS-HOME

DEPARTMENTAL DISTRIBUTION

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Foreign and Commonwealth Office

London S.W.1

24 May, 1971

Dear Robert,

Prime Minister's Visit to Paris:
Sterling

It seems to us important to follow up the success which the Prime Minister achieved in Paris last week by trying to get the French to agree not to proceed with their demand for discussions on sterling in Brussels. If we leave taking action on this too long, we may find the experts on the Community side raising new problems.

I therefore enclose a draft telegram which we would like to send to Paris asking Mr. Soames to take this up with Jobert. Please let me know if you agree that we should go ahead.

I am copying this letter with enclosures to Bill Ryrle and to Peter Thornton in the Cabinet Office.

Yours sincerely,

Nicholas Davies

R. T. Armstrong, Esq.,
10 Downing Street.

DEPARTMENT

reach addressee(s) _____

SECURITY CLASSIFICATION

Top Secret
Secret
Confidential
Restricted
Unclassified

PRIORITY MARKINGS

Flash }
Immediate }
Priority }
Routine }

(Date) _____

Despatched _____

PRIVACY MARKING

In Confidence

En Clair,
Code
Cypher

[Security classification
—if any] SECRET

[Privacy marking
—if any]

[Codeword—if any] DEDIP

Draft Telegram to:—
Paris

No. _____

(Date) _____

And to:—

Addressed to _____

telegram No. _____ (date) _____

And to _____

repeated for information to _____

Saving to _____

Repeat to:—

Following for Ambassador. Sterling.

Saving to:—

In the light of the Prime Minister's talks with Pompidou last week, we naturally hope that the French will regard questions relating to sterling as answered as far as the negotiations for our entry into the Community are concerned, and that the French will make clear to their partners that this is the case.

Distribution:—

Files
EID
Sir C O'Neill

Copies to:—
Mr. Armstrong
No. 10

Mr. Ryrie
Treasury

2. Unless you see objection, I think it would be best if you could yourself see Jobert as soon as possible, and raise with him the question how the French now propose to proceed in Brussels on sterling in relation to our negotiations. As things stood, before the Paris meeting, the Six were discussing this question in Brussels, with a view to reaching a common position to be discussed with us.

NOTHING TO BE WRITTEN IN THIS MARGIN

3. We would now hope that the question could either be put on one side indefinitely in Brussels, or that the Council of Ministers of the Community could inform us on 7 June in Luxembourg that the exchanges which had already taken place meant that any further questions on sterling could be left over until after the conclusion of an agreement on our accession to the Communities and dealt with in the context of European monetary and economic union, in which we would be playing a full part once we are a member of the Community. (These words would deliberately not preclude discussions between us and the Community on sterling and other monetary issues between signature of an accession instrument and the date of our entry into the Communities. Presentationally this might be easier for the Community, and we shall in any case want to be kept in touch with developments in economic and monetary union between signature and accession).

4. You may feel it would be best to confine yourself at first to putting the question in paragraph 2 above, and to ^{inject} inspect our ideas as given in paragraph 3 above only as discussion develops.

5. You should not raise the question of capital movements, but if it is raised with you, you should say that we naturally accept that discussion of this must continue in the negotiations, since there are Community directives in this field with which, subject to any transitional arrangements, we shall have to comply.

TOP SECRET

Evolutionary

24 May 1971

I have sent you separately a copy of a note recording the main points which emerged from the Prime Minister's conversations with President Pompidou. The purpose of this letter is to amplify the section of that note which relates to monetary matters.

The Prime Minister accepted that, with British entry into the E.E.C., it would be appropriate in the context of progress towards economic and monetary union to work towards an alignment of the external characteristics of sterling with those of the currencies of other members of the enlarged communities. He agreed that, with a view to stabilising the level of the official sterling balances between 30 June 1971 and the date of our entry into the Community, we should be ready to reduce the MSP in the OSA agreements. He envisaged that after our entry into the Community it would be necessary to renegotiate the Basle arrangements and the associated OSA agreements so as to make them compatible with progress towards economic and monetary union in the Community, and said that the British Government would seek to ensure, by modification of the OSA agreements, that the amounts covered by a dollar guarantee would progressively diminish.

It was agreed that these measures would permit Britain to work for a gradual and orderly reduction of official sterling balances in the framework of progress towards economic and monetary union in the Community.

TOP SECRET

TOP SECRET

- 2 -

The President indicated that on this basis the French Government would envisage participating in the renegotiated Basle arrangements from 1973.

It was made clear in the discussion that none of this precluded the possibility of allowing the Basle arrangements and the associated OSA agreements to lapse in 1973.

The Prime Minister has already told the Chancellor of the Exchequer, Alan Neale and Jeremy Morse of these conclusions. Sir Douglas Allen and the Governor should clearly be told. Otherwise knowledge of the conclusions should be strictly confined to those who need to know for the purpose of carrying them out. Neither their substance nor their existence should be directly or indirectly disclosed in international discussions whether between governments or between central banks.

RJA

W.S. Ryrie, Esq.,
H.M. Treasury.

cc Phouba CO

TOP SECRET

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as below

24 May 1971

The Prime Minister is sending messages to the Heads of Government of Belgium, the Federal Republic of Germany, Italy, Luxembourg and the Netherlands, with a fuller report of his recent conversations with President Pompidou. He has asked that consideration should be given to the possibility of his sending further messages later this week or during the course of next week, which might discreetly indicate to those concerned what negotiating attitudes in their representatives we think might be helpful for the purposes which we all want to see, for the Luxembourg meetings on 7 June and 21 and 22 June.

He recognises that it is necessary to consider very carefully not only what might be said but whether anything should be said, given the risk of misunderstanding. He will not therefore be suggesting that there is a further message to follow in the messages which he is now sending.

If you agree, I suggest that Sir William Nield's committee might be asked to consider this matter in the first instance and to report urgently.

I am sending copies of this letter to John Graham and to William Nield.

(SGD) R.T. ARMSTRONG

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

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file

24 May 1971

Mr. Jeremy Thorpe came to see the Prime Minister in the Prime Minister's room at the House of Commons on Monday 24 May 1971 at 4.15 p.m.

His purpose in coming, apart from congratulating the Prime Minister on the success of his visit to Paris, was to suggest that the main difficulty in securing Parliamentary assent to proposals for entry into the Common Market could be over New Zealand. The difficulty with New Zealand was that, unlike Australia, it had not taken any steps to industrialise its economy. It might be easier for New Zealand to accept the consequences of British entry into the Community for its agriculture, if Britain was able to offer assistance - say £200 million spread over five years or more - for industrial development in New Zealand.

The Prime Minister thanked Mr. Thorpe for this suggestion.

I am sending copies of this letter to Bill Rylie and Crispin Tickell.

(sgd) R.T. ARMSTRONG

J.A.N. Graham, Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

cc. Field & Armstrong
Thompson,
Gilmore - esd
Ryrie - 11/11

2

24 May 1971

I attach a copy of the present draft of the statement which the Prime Minister will be making in the House of Commons this afternoon about his visit to Paris. This is subject to further drafting amendments, but shows broadly the lines which the Prime Minister intends to follow.

I am sending a copy of this letter to Brian Gilmore (since the Lord Privy Seal will be repeating this statement in the House of Lords), and to Bill Ryrie.

(sgd) R.T. ARMSTRONG

J.A.N. Graham, Esq.,
Foreign and Commonwealth Office.



Foreign and Commonwealth Office

London S.W.1

24 May, 1971

Dear Robert,

Prime Minister's Visit to Paris
Messages to Heads of Government
of the Five

You wrote to Johnny Graham this morning enclosing a draft of the letter for the Prime Minister to send to the Heads of Government of the Five about the outcome of his talks with President Pompidou in Paris.

As regards procedure we think it would be right for the Prime Minister to write privately to each of the Five Heads of Government. It would be best if the text of the messages were telegraphed tonight for delivery tomorrow and the signed copies could follow.

On the substance of the draft, we have only four small comments, after consulting the Foreign and Commonwealth Secretary:

- (a) the second paragraph of the draft should perhaps contain an alternative version for the Dutch Prime Minister on the following lines: "Joseph Luns had of course made it clear to Geoffrey Ripon that the Netherlands Government thought that a meeting between President Pompidou and myself could be constructive both for the negotiations for the enlargement fulfilled the hope which the Netherlands Government had for it"
- (b) We suggest the omission from the last seven lines of the third paragraph of the specific reference to the Commission and Council. These go somewhat further than Pompidou suggested (Paris tel. no. 646), and would probably not be very welcome to some of the Heads of Government of the Five. The text might read after "of one mind": "that in practice community decisions should be reached by unanimous agreement when the vital interests of member states were at stake."
- (c) As regards paragraph 4 of your draft, we wonder whether it would not be as well to take up President Pompidou's own suggestion (Paris telegram number 646) and specifically refer to the Prime Minister's view that there has been an evolution in French policy. This point could be met by amending the

/ last



last sentence of paragraph 4 of your draft to read:
"I have come away from Paris with a firm belief that there has been an important evolution in French policy. I think it would also be fair to say that both of us came to understand.....";

- (d) In the fifth paragraph, ~~We~~ suggest that there ought to be a reference to Community finance and New Zealand. This would be in line with what the Prime Minister and Pompidou agreed (Paris telegram 646 of 21 May, giving an advance copy of Mr. Palliser's record of the talks on this point.) This point might be met by redrafting the second half of the first sentence of this paragraph to read: ".... but we did of course discuss these questions, particularly the financial regulations and New Zealand, with a view to seeing if we could help to bring the negotiations to a satisfactory conclusion."

Yours sincerely

Nicholas Brunnington

24 May, 1971

The Prime Minister agreed with President Pompidou the general lines on which the Heads of Government of the Five should be informed about the outcome of their talks in Paris.

As you know, the Prime Minister sent brief preliminary messages as soon as he got back. He would now like to send fuller messages. I attach a draft which corresponds to the general line agreed; I should be grateful for comments during the day, so that I can submit the messages for approval this evening.

Should the messages be telegraphed and delivered by Ambassadors, or is this, do you think, a case for personal letters from the Prime Minister?

J. A. N. Graham Esq.,
Foreign and Commonwealth Office.

CONFIDENTIAL

Draft letter to:

1. Herr Brandt
2. Signor Colombo
3. Belgian Prime Minister *W*
4. Dutch Prime Minister
5. Luxembourg Prime Minister

I promised to write to you more fully about my recent conversations with President Pompidou.

(1 and 2 only) You had made it clear to me that you thought that a meeting between us could be constructive, both for the negotiations for the enlargement of the European Communities and for the future of Europe more generally. So indeed I found it to be, and I hope you will feel that our meeting has fulfilled the hopes ^{which} you had for it.

(4 only) → We spent a good deal of our time on the fundamental questions of the role and development of Europe, once the Communities were enlarged, and about how the growing unity of Europe should be organised, and found that our views coincided very closely. On the institutional arrangements also we found ourselves very much of one mind: that ^{the identity of ~~some~~ national states should be maintained in the framework of the developing Community, and the} ~~valuable as the contribution of the European Commission was, progress in the development~~ of European unity was ~~most likely to be made by member states taking decisions in the Council of Ministers, and~~ that in practice ^{Community} ~~the Council's~~ decisions ^{should} ~~must~~ be reached by unanimous agreement where ^{me} ~~one or~~ ^{states} ~~more member~~ ^{states} were at stake.

We also had a considerable discussion on economic, financial and monetary questions. I told the President that Britain could unreservedly subscribe to the programme of progress towards economic and monetary union set out in The Hague communique of December 1969, and would play

CONFIDENTIAL

from clear

its full part in the action required to carry this progress forward. Our conversation on this subject included discussion of the role of sterling. I think that it would be fair to say that both of us came to understand more clearly than before each other's anxieties and objectives in this field, and that as a result any reservations the French Government may have felt on this score have been dissipated.

There has been an important evolution of French policy, and particularly the financial regulations and New Zealand,

It was not the purpose of our meeting to reach decisions on the issues outstanding in the negotiations for British entry into the European Communities; but we did of course discuss these questions, with a view to seeing if we could help to bring the negotiations to a satisfactory conclusion. In these discussions we made significant progress, and both of us were satisfied that this would facilitate the solution of the remaining problems in the negotiations. You will have seen that President Pompidou told a press conference after our meeting that it would be unreasonable to believe that agreement between Britain and the E.E.C. would not be reached in June.

There was no mistaking the warmth of the welcome which I received in Paris, not only from the President but from many French men and women whom I met. The combination of this and the outcome of my conversations encouraged me to think that my visit had re-established Franco-British understanding and friendship and so opened the way not only for a successful conclusion to the negotiations in Brussels but also for continuing progress

CONFIDENTIAL

- 3 -

in the development of the European unity which we all have at heart.

(2 only) I am much looking forward to your visit to England next month, which will give us the opportunity of talking more about all this.

23 May, 1971

CONFIDENTIAL

PRUZ
D
PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 100^A/71

cc. Fco File

24 May 1971

Cher M. le President,

On my return to London I should like to tell you once again how greatly I valued the opportunity that my visit to Paris gave me of discussing with you in depth the whole range of issues which are of interest to our two countries, and above all the future of Europe. As you know, the growing unity of Europe is an ideal which I have had before me throughout my political life. It was not simply a pleasure, but a profound encouragement to me to find our thoughts, ideas and hopes so close. I believe that the understanding which we achieved during our talks will establish a new era of Franco-British friendship and cooperation, which will be valued by and of value to our own countries and our friends and partners in Europe and outside it.

AA

The warmth of your own welcome to me was matched by that of the French men and women whom I met during my visit, at the Elysee and at the British Embassy. Throughout my visit I felt that I had come amongst friends.

I should like to express to you my warmest gratitude for your hospitality to me and to my colleagues at lunch and at the magnificent dinner in the Salle des Fetes. That was indeed a memorable occasion, and I particularly appreciated the beautiful playing by the String Orchestra of the Garde Republicaine of a programme which grouped French and English works round a masterpiece by G. F. Haendel: a composer who belongs to no single country but to Europe.

Lastly, I should like to thank you most warmly for your magnificent present to me, which I shall value as a reminder of our talks, and as a

celebration of the renewal of the long friendship
between our two countries.

Yours sincerely,

Edward Heath

Son Excellence Monsieur Georges Pompidou.

E.R.

Ref. A09753

PRIME MINISTER

European Policy Pt 7

EEC

There is one aspect of our new relationship with France which may deserve a word at Cabinet this morning.

In both the defence and the civil fields we are engaged in a variety of collaborative projects with different European partners, all of whom tend to watch pretty closely for any signs of back sliding or foot dragging which could be interpreted as indications of our lack of genuine "Europeanness". Usually we have good reasons of our own for such hesitation or reluctance as we show from time to time. But it may be worth asking Ministers to be particularly careful, in dealing with projects of this kind during the next few months, to avoid creating any unnecessary impression of reluctance to co-operate with Europe or of undue dependence on the United States. I have been reminded of this by reading a memorandum about our National Space Technology Programme (SCT(71) 8) which is to be considered by the Ministerial Committee on Science and Technology this morning. One decision which may emerge from this meeting is a cancellation of Black Arrow. On merits there may be a lot to be said for this; but the form and timing of any announcement to this effect would need fairly careful consideration. I have suggested as much to the Chairman of the Committee. But the point is, of course, of wider application; and you may think it worthwhile indicating to the Cabinet that Ministers should be particularly careful to wear kid gloves when handling any European collaborative project until we are safely in the EEC.

J *C*
James Callaghan

24th May, 1971

Published Papers

The following published paper(s) enclosed on this file have been removed and destroyed. Copies may be found elsewhere in the Public Record Office.

HOUSE OF COMMONS HANSARD,
24 MAY 1971, COLUMNS 31-49
"PRIME MINISTER AND PRESIDENT
POMPIDOU (TALKS)"

Signed Wayland Date 19/12/00

PP J R Green
Prime Minister's Office Records
Hepburn House, Marsham Street

SECRET

~~22~~16

24 May 1971

Copy on Prime Minister
March 71

*
see flag
B
I attach a copy of a note summarising the main points which emerged from the Prime Minister's conversations with the President of the French Republic on 20 and 21 May.

Knowledge of the contents and the existence of this document should be confined to those who need to know for the purposes of executing policy or carrying on negotiations.

I am sending copies of this letter and of the enclosure to Tickell (Office of the Chancellor of the Duchy of Lancaster), Ryrie (Treasury), Evans (Ministry of Agriculture, Fisheries and Food), and Manley (Department of Trade and Industry).

Signed (R.T. Armstrong)

J.A.N. Graham, Esq.,
Foreign and Commonwealth Office.

SECRET



Prime Minister

Christopher Soames
rang. He was
very pleased with
your message.

RIA

24 ✓

File

11

23 May 1971

The Prime Minister has seen your letter to me of 21 May about the exchange in the House of Commons last Thursday between the Home Secretary and Mr. Wilson over the French and English texts of President Pompidou's Panorama broadcast.

The Prime Minister agrees that the French language transcript provided by the French Embassy should be placed in the library of the House; and we will arrange for this to be done right away. He thinks that it will probably be necessary to put an English text in the library as well: but he would like to see your translation before deciding finally.

Sgd. C.W.R.

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

The Ambassador

message teleprinted to ✓
P.M. at Chequers 22/5.
Italian Embassy.
7 Grosvenor Square,
London, W.1.

2914

London, 22nd May, 1971.

My dear Prime Minister,

I have the pleasure to enclose, together
with the draft translation, a message which Signor
Colombo has asked me to convey to you.

1996/71

yours sincerely

Giuseppe Maurici

The Rt.Hon.,
Edward Heath, M.B.E., M.P.,
10 Downing Street,
LONDON, S.W.1.

encls.

PRINTER'S
MESSAGE
SERIAL No. _____

La ringrazio del cortese messaggio che mi ha fatto avere, con le prime impressioni sulle Sue conversazioni di Parigi.

Sono ben lieto dei chiarimenti e di progressi che vi sono stati che, come sa, abbiamo per parte nostra cercato di favorire al massimo. Sono certo che serviranno ad accelerare i negoziati di Bruxelles verso quella felice conclusione che può e deve aprire una fase di straordinario vigore e dinamismo per la nostra Comunità.

I am sure that they will contribute to accelerating the
Bruxelles negotiations towards Emilio Colombo conclusions which
can and must open a phase of extraordinary vigour and
dynamism for our Community.

Emilio Colombo

Seen By P.H.

PRIME MINISTER'S

DRAFT TRANSLATION

~~PERIODICAL MESSAGE~~

SERIAL No. T 903/71

I wish to thank you for the kind message you have sent me, with your first impressions on your talks in Paris.

I am very glad to hear of the clarifications and the progress that have taken place, which, as you know, we have tried on our part to facilitate as much as possible. I am sure that they will contribute to accelerating the Bruxelles negotiations towards that happy conclusion which can and must open a phase of extraordinary vigour and dynamism for our Community.

Emilio Colombo

Seen by P.M.

CONFIDENTIAL

IMMEDIATE

CYPHER/CAT A

FM FCO 221515Z

CONFIDENTIAL

FRAME

TO IMMEDIATE BONN TELEGRAM NO. 416 OF 22 MAY AND TO ROME BRUSSELS
THE HAGUE LUXEMBOURG INFO PRIORITY PARIS UKDEL EEC COPENHAGEN
OSLO STOCKHOLM BERNE VIENNA LISBON REYKJAVIK HELSINKI DUBLIN
WASHINGTON OTTAWA CANBERRA WELLINGTON UKMIS GENEVA.

MEETING BETWEEN MR HEATH AND PRESIDENT POMPIDOU

1. THE CHANCELLOR OF THE DUCHY OF LANCASTER GAVE THE AMBASSADORS OF THE FIVE SOME ACCOUNT OF THE MEETING THIS MORNING. MR RIPPON SAID THAT HE HAD NOT YET SEEN MR HEATH, NOR WAS HE FULLY INFORMED ABOUT THE PARIS MEETING; BUT THE PRIME MINISTER WAS ANXIOUS THAT HE SHOULD GIVE THEM AN EARLY ACCOUNT. HE SAID THAT M SCHUMANN WOULD BE SEEING THEIR COLLEAGUES IN PARIS THIS MORNING, AND THAT THE PRIME MINISTER WOULD PROBABLY BE SENDING MESSAGES TO THE HEADS OF GOVERNMENT OF THE FIVE IN THE NEAR FUTURE.
2. MR RIPPON SAID THAT THE PRIME MINISTER WAS VERY WELL SATISFIED WITH THE OUTCOME OF THE MEETING. A LARGE PART OF THE CONVERSATION HAD BEEN TAKEN UP BY A GENERAL DISCUSSION ON THE FUTURE SHAPE OF EUROPE, AND AS THE COMMUNIQUE ISSUED AFTER THE TALKS SAID THEIR VIEWS WERE QUOTE VERY CLOSE UNQUOTE.
3. MR RIPPON SAID THAT THE DISCUSSION ON DEVELOPING DISTINCTIVE EUROPEAN POLICIES HAD CENTRED ON ECONOMIC MATTERS, BUT THE 2 LEADERS HAD ALSO LOOKED FORWARD TO CLOSER POLITICAL COLLABORATION IN AN ENLARGED COMMUNITY. THERE HAD BEEN VERY LITTLE DISCUSSION OF DEFENCE MATTERS.
4. MR RIPPON SAID THAT THE UPSHOT OF THIS PART OF THE MEETING WAS SUMMARISED IN PARAGRAPH 4 OF THE COMMUNIQUE WHICH SPOKE OF A COMPLETE IDENTITY OF VIEW ON THE WORKING AND DEVELOPMENT OF THE COMMUNITY.

CONFIDENTIAL

/5. MR RIPPON

5. MR RIPPON SAID THAT AS REGARDS PARAGRAPH 5 AND 6 OF THE COMMUNIQUE, THE PRIME MINISTER HAD BEEN ABLE TO SATISFY THE PRESIDENT THAT THE UK LOOKED FORWARD WHOLEHEARTEDLY TO JOINING IN THE DEVELOPING ECONOMIC AND MONETARY UNION, AND ACCEPTED THE CONSEQUENCES OF SUCH DEVELOPMENT FOR ITS OWN POLICIES AND PRACTICES. THE ROLE OF STERLING HAD BEEN DISCUSSED AT SOME LENGTH, AND IT NOW SEEMED THAT THIS SHOULD NOT BE TOO MUCH OF A PROBLEM IN THE MONTHS AHEAD.

6. MR RIPPON SAID THAT THE TWO LEADERS HAD DISCUSSED THE OUTSTANDING POINTS OF THE NEGOTIATIONS IN BRUSSELS, AND IT WAS OUR IMPRESSION THAT THE MEETING HAD BROUGHT THE TWO COUNTRIES POINTS OF VIEW CLOSER TOGETHER ON THE ISSUES INVOLVED; BUT THEY HAD NOT SOUGHT TO REACH AGREEMENT ON THEM. THEY REMAINED TO BE SETTLED IN THE BRUSSELS CONFERENCE. FROM OUR POINT OF VIEW PARAGRAPH 8 WAS ONE OF THE MOST IMPORTANT IN THE COMMUNIQUE WITH ITS REFERENCE TO AGREEMENT THAT IT WAS QUOTE DESIRABLE AND POSSIBLE TO REACH FULL AGREEMENT ON THE MAIN OUTSTANDING ISSUES. UNQUOTE MR RIPPON SAID THAT IN THEIR PRESS CONFERENCE IN PARIS M POMPIDOU AND MR HEATH BOTH SPOKE OF SETTLING THE MAIN ISSUES IN JUNE.

7. MR RIPPON SAID THAT THERE REMAINED A LOT OF HARD BARGAINING TO BE DONE IN THE NEGOTIATING CONFERENCE AND HE HOPED THERE WOULD BE ENOUGH PROGRESS AT THE NEGOTIATING MEETING ON 7 JUNE TO AVOID ANY SENSE OF ANTI-CLIMAX.

8. IN ANSWER TO QUESTIONS MR RIPPON SAID

A) THE PROLONGATION OF THE MEETING WAS NOT THE RESULT OF ANY HITCH, IT WAS MERELY THAT THE ORIGINAL PROGRAMME ALLOWED INSUFFICIENT TIME FOR THE ISSUES INVOLVED TO BE FULLY DISCUSSED.

B) THE QUESTION OF LANGUAGE HAD BEEN TOUCHED UPON AND SEEMED TO INVOLVE NO REAL PROBLEM.

DOUGLAS--HOME

EUROPEAN ECONOMIC AND POLITICAL DISTRIBUTION

E.I.D.

ADDITIONAL DISTRIBUTION
FRAME

PLEASE PASS FOLLOWING MESSAGE TO RESIDENT CLERK AT THE
FOREIGN OFFICE

IMMEDIATE TELEGRAMS SHOULD BE SENT TO AMBASSADORS IN BONN
BRUSSELS THE HAIGH LUXEMBURG AND ROME. ASKING EACH OF THEM
TO CONVEY TO THE RELEVANT HEAD OF GOVERNMENT THE FOLLOWING
PERSONAL MESSAGE FROM THE PRIME MINISTER.

'I AM JUST BACK FROM MY MEETING WITH PRESIDENT POMPIDOU.
I WILL SEND A FULLER MESSAGE LATER BUT I WANTED TO LET YOU
KNOW AT ONCE THAT WE HAVE HAD TWO VERY GOOD DAYS

WE

~~DID NOT OF COURSE TAKE DECISIONS IN~~

DID NOT OF COURSE TAKE DECISIONS ON MATTERS WHICH ARE TO BE
SETTLED IN THE BRUSSELS NEGOTIATIONS BUT BOTH OF US WERE
OPTIMISTIC ABOUT THE POSSIBILITY OF SETTLING THE MAIN
OUTSTANDING ISSUES BY THE END OF JUNE. EDWARD HEATH'

FOREIGN OFFICE PLEASE ALSO SEND THE FOLLOWING IMMEDIATE
TELEGRAM PERSONAL FROM THE PRIME MINISTER TO BRITISH AMBASSADOR
WASHINGTON

'I HOPE YOU WILL BE ABLE TO FIND AN EARLY OPPORTUNITY OF
SPEAKING TO THE PRESIDENT TO TELL HIM THAT I HAVE HAD TWO
DAYS OF VERY GOOD DISCUSSIONS WITH PRESIDENT POMPIDOU AS A
RESULT OF WHICH I DO NOT THINK IT IS OVER OPTIMISTIC TO SAY
THAT WE ARE NOW IN SIGHT OF OUR GOAL. I SHALL BE WRITING
TO HIM MORE FULLY LATER BUT I WANTED TO LET HIM HAVE THIS
MESSAGE AS SOON AS I GOT BACK.'

MESSAGE ENDS

OK KK

MHI THATS OK ILL TYPE IT OUT NOW SEE U BIBIK

SECT
CYPHER/CAT A

FM F C O 220015Z

CONFIDENTIAL

PRIME MINISTER'S

PERSONAL MESSAGE

SERIAL No T99m/71

CONFIDENTIAL

TO IMMEDIATE BONN TELNO 415 OF 22 MAY AND TO IMMEDIATE BRUSSELS,
THE HAGUE, LUXEMBOURG AND ROME.

PLEASE CONVEY TO THE HEAD OF GOVERNMENT TO WHICH YOU ARE
ACCREDITED THE FOLLOWING PERSONAL MESSAGE FROM THE PRIME
MINISTER:

QUOTE I AM JUST BACK FROM MY MEETING WITH PRESIDENT POMPIDOU.
I WILL SEND A FURTHER MESSAGE LATER BUT I WANTED TO LET YOU
KNOW AT ONCE THAT WE HAVE HAD TWO VERY GOOD DAYS. WE DID NOT
OF COURSE TAKE DECISIONS ON MATTER WHICH ARE TO BE SETTLED IN
THE BRUSSELS NEGOTIATIONS BUT BOTH OF US WERE OPTIMISTIC
ABOUT THE POSSIBILITY OF SETTLING THE MAIN OUTSTANDING ISSUES
BY THE END OF JUNE. EDWARD HEATH. UNQUOTE

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NNNN

CONFIDENTIAL



Foreign and Commonwealth Office

London S.W.1

22 May 1971

R T Armstrong Esq
No 10 Downing Street
London SW1

✓
Dear Robert,

Prime Minister's Visit to Paris
Statement in the House on 24 May

I enclose a draft statement for the Prime Minister to make in the House on 24 May, together with notes for supplementaries.

2. I have included notes for supplementary questions on sterling. This is simply an FCO draft: I have not been able to get in touch with Raymond Bell about it; and I imagine that you will want to consult the Treasury about it.

3. I have also included a note for a supplementary question on sheepmeat, on the assumption that the Prime Minister did mention sheepmeat. But as the records of the second day are not yet available, you will wish to check first whether he raised the question. I am copying this letter to Raymond Bell.

Yours ever
John Robson

J A Robinson

I shall be in London for the rest of the weekend (589.8557) etc. you want me.

Prime Minister's Visit to Paris
Draft Statement for Parliament.

With your permission, Mr Speaker, and that of the House, I should like to make a statement about the visit which I made to Paris last week. In the course of two days, I had a series of talks with President Pompidou which enabled us to review together the whole field of European policy in an atmosphere of great warmth and confidence.

2. As regards the role of Europe, and the need for Europe to develop common policies, it was clear from our talks that the views of the French Government are very close indeed to our own. By far the greater part of our talks was devoted to economic matters. But we both looked forward to closer political collaboration in an enlarged Community, if the present negotiations could be brought to a successful conclusion; and we briefly discussed defence questions, agreeing that these were matters for the future.

3. President Pompidou and I also found an identity of view on the role which a united Europe can play in relation to the problems which face us in other parts of the world, and particularly in relation to the developing countries, where we both recognised the contribution which France and Britain could together make. We agreed on the need to safeguard the interests of existing and future associates under the Yaounde Convention and on the importance of sugar in this context.

4. We discussed together the working and development of the European Community, and exchanged views on the functioning of the Community's institutions. We agreed in particular that as European unification progresses, the identity of national states

in the Community should be maintained and that the process of harmonisation within the Community should not override the essential national interests of any member.

5. On monetary matters, we reviewed the progress made in the Community towards economic and monetary union, following the meeting of the Six heads of government in The Hague in December 1969. I told President Pompidou that Britain looked forward wholeheartedly to joining in the monetary and economic development of the Community if negotiations for our accession could be satisfactorily concluded, and that, as the Government have made clear on many occasions, we accept the consequences of this development for our own policies.

6. Finally, we reviewed the progress made so far in the negotiations in Brussels on the enlargement of the Communities. It was not for President Pompidou and myself together to attempt to reach definite conclusions regarding the main outstanding questions: solutions to these questions fall to be reached within the negotiating conference in Brussels and Luxembourg. But I explained to President Pompidou the British Government's position on the main outstanding questions, and found his reactions generally sympathetic. I explained the great importance of reaching satisfactory arrangements for New Zealand; I went over the main issues involved in a settlement of Britain's contribution to the Community budget in the years leading up to full acceptance of the Community's system; and I also explained the difficulties which the Community's fisheries policy caused for us. The results of our exchanges on these questions are best seen in our agreed

conclusion that it is desirable and possible to reach early agreement in the negotiations between Britain and the Community, and Honourable Members may have seen that President Pompidou said after our talks that he was confident that the main issues would be settled before the end of June.

7. There are still important questions to resolve, and there is still much hard work to be done before it will be clear whether satisfactory terms can be negotiated to permit our entry into the European Communities. But the atmosphere throughout my talks with the French President was excellent, and the House can be satisfied with the results. The divisions and suspicions which have so hampered relations between France and Britain in recent years have now, I am confident, been removed. We can therefore approach both the final phase of our negotiations for entry into the Communities and the development of Europe thereafter in a spirit of confidence and partnership. And this in turn will open the prospect of a degree of unity and prosperity in Western Europe which our Continent has never seen before.



Sheepmeat

I mentioned the importance of sheepmeat to the New Zealand economy, and I am confident that the French Government are aware of this.

A SECRET AGREEMENT

MEETINGS OF THIS KIND ARE CONFIDENTIAL, AND IN THIS CASE THE DISCUSSIONS COVERED MATTERS WHICH ARE STILL UNDER NEGOTIATION BETWEEN BRITAIN AND THE COMMUNITY AS A WHOLE. THEY CANNOT THEREFORE BE DIVULGED. BUT I AM SATISFIED THAT THERE IS NO POSSIBILITY OF MISUNDERSTANDING BETWEEN THE FRENCH GOVERNMENT AND OURSELVES AS A RESULT OF MY TALKS.

SUSCEPTIBILITIES OF THE FIVE

I HAVE MADE CLEAR IN MY STATEMENT THAT THERE WAS NO ATTEMPT TO AGREE MATTERS WHICH ARE PROPER FOR NEGOTIATION WITH THE COMMUNITY AS A WHOLE. THE PURPOSE OF MY TALKS WITH PRESIDENT POMPIDOU WAS TO ESTABLISH A BROAD IDENTITY OF VIEW ON EUROPEAN QUESTIONS, AND THIS HAS BEEN SOMETHING WHICH THE OTHER COMMUNITY GOVERNMENTS HAVE ON VARIOUS OCCASIONS URGED THE BRITISH AND FRENCH GOVERNMENTS TO DO.

DEFENCE/NUCLEAR

AS I HAVE SAID, DEFENCE QUESTIONS WERE BRIEFLY TOUCHED ON, BUT IT WAS AGREED THAT THESE WERE MATTERS FOR THE FUTURE, AND THERE WAS NO DETAILED DISCUSSION OF THEM.

INSTITUTIONAL DEVELOPMENT

PRESIDENT POMPIDOU AND I EACH EXPRESSED THE VIEW THAT THE COUNCIL OF MINISTERS OF THE COMMUNITY SHOULD REMAIN THE DECISION-TAKING BODY. THIS WAS IN NO SENSE A REFLECTION ON THE POSITION OF THE EUROPEAN COMMISSION, WHOSE INVALUABLE CONTRIBUTION TO THE WORK AND DEVELOPMENT OF THE COMMUNITY SHOULD CONTINUE.

THE LUXEMBOURG AGREEMENT

THE QUESTION AT ISSUE HERE IS THE APPLICATION OF THE PROVISIONS IN THE ROME TREATY FOR MAJORITY VOTING. THIS WAS THE SUBJECT OF AN AGREEMENT BETWEEN THE SIX MEMBER STATES IN 1966. I MADE IT CLEAR TO PRESIDENT POMPIDOU THAT I AGREED THAT COMMUNITY DECISIONS MUST IN PRACTICE BE REACHED BY UNANIMOUS AGREEMENT ON ISSUES WHERE THE VITAL INTEREST OF ONE OR MORE OF THE MEMBER STATES IS AT STAKE.

THE FRENCH LANGUAGE

THE POSITION IS THAT THE LANGUAGES OF ALL MEMBER COUNTRIES OF THE COMMUNITY ARE OFFICIAL LANGUAGES OF THE COMMUNITY. THERE IS NO QUESTION OF CHANGING THIS, NOR OF ANY COUNTRY ATTEMPTING TO IMPOSE ONE LANGUAGE OR ANOTHER ON ITS PARTNERS. BUT IT IS NATURAL THAT WITH THE PROSPECT OF ENLARGING THE COMMUNITY, EXISTING MEMBERS SHOULD WISH TO BE ASSURED THAT THERE WILL BE NO OVERTURNING OF EXISTING PRACTICES, AND I THINK I WAS ABLE TO REASSURE PRESIDENT POMPIDOU ABOUT OUR POSITION ON THIS POINT.

EFTA

I AM SATISFIED AFTER MY TALKS IN PARIS LAST WEEK THAT THE FRENCH GOVERNMENT, LIKE THE BRITISH GOVERNMENT, WOULD WISH THAT AN OPPORTUNITY BE GIVEN TO ALL OUR PARTNERS IN EFTA TO PLAY AN APPROPRIATE PART IN THE DEVELOPMENT OF UNITY IN OUR CONTINENT.

MONETARY QUESTIONS/STERLING

AS THE HOUSE KNOWS THIS IS NOT A SUBJECT OF NEGOTIATIONS WITH THE EUROPEAN COMMUNITY. BUT THERE HAVE ALREADY BEEN DISCUSSIONS BETWEEN US AND THE COMMUNITY ON THESE MATTERS, AND I WAS ABLE TO TAKE THIS DISCUSSION FURTHER WITH PRESIDENT POMPIDOU LAST WEEK. THERE WAS NO QUESTION OF ATTEMPTING TO INTRODUCE AGREEMENT ON MONETARY MATTERS INTO THE TERMS OF OUR ENTRY INTO THE COMMUNITIES. BUT I THINK THAT I WAS ABLE TO REASSURE THE FRENCH PRESIDENT ON A NUMBER OF POINTS, WHICH HAD CONCERNED HIM. SQUARE BRACKETS - THESE QUESTIONS WILL NO DOUBT BE FURTHER DISCUSSED WITH OUR EUROPEAN PARTNERS AND OTHER GOVERNMENTS INVOLVED BETWEEN NOW AND THE EXPIRY IN SEPTEMBER 1973 OF THE RENEWED BASLE AGREEMENTS - CLOSE SQUARE BRACKETS.

YAOUNDE

PRESIDENT POMPIDOU WAS CONCERNED HERE TO ENSURE THAT THE EXISTING ASSOCIATES OF THE COMMUNITY DID NOT SUFFER WHEN THE YAOUNDE CONVENTION IS RENEWED AND COMMONWEALTH DEVELOPING COUNTRIES HAVE THE OPPORTUNITY TO ADHERE AFTER 1974. I FOR MY PART WAS EQUALLY CONCERNED THAT THE INTERESTS OF THE COMMONWEALTH COUNTRIES IN QUESTION SHOULD BE SAFEGUARDED, NOT LEAST THE COMMONWEALTH DEVELOPING COUNTRIES WHO WILL DEPEND ON THE MARKETS OF THE ENLARGED COMMUNITY FOR THEIR EXPORTS OF SUGAR.

SHEEPMEAT

I MENTIONED THE IMPORTANCE OF SHEEPMEAT TO THE NEW ZEALAND ECONOMY, AND I AM CONFIDENT THAT THE FRENCH GOVERNMENT ARE AWARE OF THIS.

MESSAGE ENDS

Registry
No.

DRAFT

Type 1 +

SECURITY CLASSIFICATION

To:—

From

~~Top Secret.~~
Secret.
Confidential.
Restricted.
Unclassified.

Telephone No. & Ext.

Department

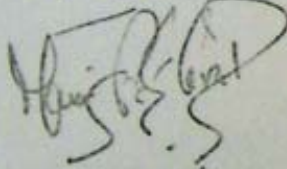
PRIVACY MARKING

..... In Confidence

RECORD OF CONVERSATION
BETWEEN PRESIDENT
POMPIDOU AND THE PRIME
MINISTER AT LUNCHEON

AT THE EMBASSY ON 21 MAY 1971

NOTHING TO BE WRITTEN IN THIS MARGIN

Mr. Hoan.

21/5.

1. President Pompidou said that he had warned representatives of French farming to beware of British agriculture which was highly evolved. Britain would most probably be exporting meat to France.

2. President Pompidou said that in his view agricultural prices were too high within the Community. Cereals were growing everywhere in France now, because of the advantageous price conditions. He felt there ought to be price stabilisation but he did not say so in public because it would be politically difficult. He thought that the Prime Minister would agree.

The Prime Minister assented. President Pompidou said that the prices were high to satisfy the Germans. The Prime Minister asked why the Germans did not encourage farmers to leave the land and go into industry. There would no longer be any need for labour to be imported into Germany from such countries as Turkey. President Pompidou said that Chancellor Brandt's problem was that farmers voted for the

CDU. The Prime Minister asked whether this was not therefore an opportunity to carry out such a reform. President Pompidou replied that Chancellor Brandt was in fact in a minority and was in a difficult position.

3. Bresident Pompidou, reverting to the question of prices, said that he thought that the Germans would revalue the DM. This would cause a storm among farmers because of the effect upon prices.

NOTHING TO BE WRITTEN IN THIS MARGIN

DRAFT RECORD

The Prime Minister spent about three-quarters of an hour with M. Chaban-Delmas. Also present were M. Simon Nora, M. de La Fournière and the Baron de Courcel.

2. M. Chaban-Delmas asked the Prime Minister how the talks had gone.

The Prime Minister replied that they had had a preliminary talk over all the ground. They had found themselves in agreement on the future of Europe, the part it should play in the world and its institutions.

The problem of Community preference had already been settled at Brussels and the President had acknowledged that this showed we accepted Community rules and regulations as they stood.

On the Yaoundé Convention, this was something in which the French and British had the major interest and the Prime Minister had assured the President that the last thing we wanted to do was to create bad blood between the countries of francophone and anglophone Africa.

3. The Prime Minister went on to say that he thought the French suggestion on the principles that

NOTHING TO BE WRITTEN IN THIS MARGIN



should govern our thinking on the problem of Community finance was a good one in that it would serve to remove any doubt which might have existed about Britain accepting the financial system agreed on by the Six. They had had a long talk on sterling. The important thing here from the British point of view was that the total burden on our balance of payments of running down the sterling balances on the one hand and our contribution to Community finance on the other should not be so great as to lead us into difficulties which could involve our having to invoke Article 108 of the Treaty of Rome. The Prime Minister had agreed with the President that officials should give more thought to this during the evening and they would resume their talks the next morning.

4. The Prime Minister went on to say that there were two particular problems which could ^{now have an} ~~cause him~~ political ~~difficulties~~ ^{at home}. One was fisheries and the other was New Zealand. On the latter the President had made it clear to him that the figure of imports of

cheese was more sensitive to him than the figure for butter.

5. M. Chaban-Delmas said that there was no doubt of the sincere wish of both Governments that the negotiations should succeed. In seeking agreement we must consider the high interests of the ^{Europe} larger Community and distinguish between major and minor problems. The latter might be troublesome but they should not present insuperable obstacles. On New Zealand he confirmed that for France cheese was more sensitive than butter. Troubles over imports into France of Algerian wine had proved ^{scarcely} somewhat of a nightmare to him and he personally had no desire to go through all this again ^{over} with New Zealand products; but he felt sure that we would find the necessary solutions to satisfy us both.

6. It did not surprise him that it had been found necessary to refer the monetary problem back to officials for further consideration, for this indeed was the most difficult and important problem of

all. He felt it important that concrete decisions should be taken over the reduction of sterling balances. The problem should not be exaggerated. The figures ^{of the B.W.L. etc.} in ^{the} ^{relation to world liquidity}

^ relation to world liquidity were not all that large and it should not prove impossible to find a solution. The important thing was that the Community should get itself into a position to be able to arrive at economic and monetary union, so that it could keep its destiny firmly in its own hands. It was necessary in this context that there should be a gradual reduction in the sterling balances. This should all be taken account of in the review now being undertaken of the BaLe agreements and it was his hope that steps would be taken which would enable France to join in these agreements (he did not say whether he was referring to this year or 1973).

7. The Prime Minister replied that negotiations for the renewal of the BaLe agreements had begun early in the year and that the Governor of the Bank of England had informed the

NOTHING TO BE WRITTEN IN THIS MARGIN

Governor of the Bank of France at the time. It was H.M.G.'s desire to get stability into the sterling balances as a first step. There were two ways by which they could be reduced. The first was to offer the holders of official sterling balances an alternative home for them. The other was to let them run down on their own; but the danger here was that if it went too fast it could have a bad effect on our balance of payments. There were three calls on our balance of payments surpluses: firstly we had to pay off the debts which had been incurred by the previous Government; this we were already well on our way to doing. Secondly there would be our contribution to Community finance; and thirdly there would be the reduction in our sterling balances. It was necessary, therefore, to decide what the priorities should be. We had to take great care to ensure that the holders of sterling balances did not think that the total burden ^{of all the} on our *balance* of payments was going to be too *great* if they did, there was likely to be

NOTHING TO BE WRITTEN IN THIS MARGIN

a run on the pound and this would carry great risks.

8. M. Chaban-Delmas replied that he ^{also} agreed this was a difficult problem.

Or If a formula could be found which would tend to reduce the sterling balances, this would be a political gesture which would be most important in the eyes of the French. ^{French} He wanted to underline that in his view this was the most important thing to consider now.

9. The Prime Minister said he would like to ask two questions. Firstly how did M. Chaban-Delmas see the future of the franc zone; and secondly what view did he take of more and more money going into deutschmarks? M. Chaban-Delmas did not reply to this question but treated the Prime Minister to the French view of the recent argument between Paris and Bonn. He said that it was most unhealthy for the deutschmark to be allowed to float and that if this continued for any length of time, it might prove most serious for the future of the Community. He hoped that during

NOTHING TO BE WRITTEN IN THIS MARGIN

the next weeks agreement would be reached among the Six somewhere between the following two extreme positions: one was the return of the mark to its previous ^{parity} ~~high level~~. the other was a common revaluation of all the six currencies. He then repeated that he thought the Germans had been very naughty in taking the decision they had. It had been done essentially to regulate the internal German inflationary problem and it had put German interests in front of Community interests. What was more, they had not discussed this sufficiently with their partners before taking their decision. It was his earnest hope that the Community would succeed in putting its affairs into order before we joined; otherwise he could expect nothing from us but pity.

10. At this point time was ^{running} ~~getting~~ late and the Prime Minister had to leave. ^{take his leave.}

NOTHING TO BE WRITTEN IN THIS MARGIN

CONFIDENTIAL

PRIORITY
CYPHER/CAT A

FM FCO 221445Z

CONFIDENTIAL

A²⁵⁷h

TO PRIORITY PARIS TEL NO 382 OF 22 MAY
PERSONAL FOR AMBASSADOR FROM PRIME MINISTER.
QUOTE

THE SUCCESS OF MY TALKS WITH PRESIDENT POMPIDOU OBVIOUSLY OWED
A VERY GREAT DEAL NOT ONLY TO YOUR IMMEDIATE PREPARATIONS
AND ARRANGEMENTS BUT ALSO TO ALL THAT YOU AND YOUR PEOPLE HAVE
DONE IN RECENT MONTHS TO CHANGE THE ATMOSPHERE. I WANTED TO LET
YOU KNOW THAT I WELL UNDERSTAND, AND AM VERY GRATEFUL, FOR ALL THAT
LAY BEHIND THE OCCASION.

IT WAS AS ALWAYS A JOY TO STAY WITH YOU AT THE EMBASSY AND I AM
MOST GRATEFUL TO YOU BOTH FOR LOOKING AFTER ME SO WELL. YOUR
LUNCH WAS A SUPERB AND GLITTERING OCCASION IN EVERY RESPECT.
IT IS A GREAT PLEASURE TO SEE A BRITISH AMBASSADOR AND HIS WIFE
ENTERTAINING WITH SUCH STYLE AND DISTINCTION. I HOPE THAT YOUR
OTHER GUESTS WERE AS GRATEFUL AND AS IMPRESSED AS I WAS.

EDWARD HEATH
UNQUOTE

DOUGLAS-HOME

[COPIES SENT TO NO 10 DOWNING ST]

F I L E S
PB
VED
did

CONFIDENTIAL

JLH
14

CONFIDENTIAL

22 May 1971

The Prime Minister would be grateful for the following telegram to be despatched to H.M. Ambassador in Paris:

"Personal from Prime Minister.

The success of my talks with President Pompidou obviously owed a very great deal not only to your immediate preparations and arrangements but also to all that you and your people have done in recent months to change the atmosphere. I wanted to let you know that I well understand, and am very grateful, for all that lay behind the occasion.

It was as always a joy to stay with you at the Embassy, and I am most grateful to you both for looking after me so well. Your lunch was a superb and glittering occasion in every respect. It is a great pleasure to see a British Ambassador and his wife entertaining with such style and distinction. I hope that your other guests were as grateful and as impressed as I was.

EDWARD HEATH"

Vg

The Resident Clerk,
Foreign and Commonwealth Office.

CONFIDENTIAL

LOLOLO DO U READ ME KK
LOLO IM HERE NOW ALL READY FOR U GA K
GOOD HERE WE GO THEN KK

DUTY CLERK FROM ROBERT ARMSTRONG
PLEASE ARRANGE WITH RESIDENT CLERK FCO FOR DISPATCH OF
FOLLOWING TELEGRAM TO H

M

AMBASSADOR IN PARIS

FOLLOWING PERSONAL FROM PRIME MINISTER
THE SUCCESS OF MY TALKS WITH PRESIDENT POMPIDOU OBVIOUSLY
OWED A VERY GREAT DEAL NOT ONLY TO YOUR IMMEDIATE PREPARATIONS
AND ARRANGEMENTS BUT ALSO TO ALL THAT YOU AND YOUR PEOPLE
HAVE DONE T
HAVE DONE IN RECENT MONTHS TO CHANGE THE ATMOSPHERE
I WANTED TO LET YOU KNOW THAT I WELL UNDERSTAND, AND AM
VERY GRATEFUL, FOR ALL THAT LAY BEHIND THE OCCASIONS.

85 2

IT WAS AS ALWAYS A JOY TO STAY WITH YOU AT THE EMBASSY, AND
I AM MOST GRATEFUL TO YOU BOTH FOR LOOKING AFTER ME SO WELL

YOUR LUNCH WAS A SUPERB AND GLITTERING OCCASION IN EVERY
RESPECT

IT IS A GREAT PLEASURE TO SEE A BRITISH AMBASSADOR AND HIS
WIFE ENTERTAINING WITH SUCH STYLE AND DISTINCTION. I HOPE
THAT YOUR OTHER GUESTS WERE AS GRATEFUL AND AS IMPRESSED AS
I WAS.

MESSAGE ENDS

ALL CLEAR I HOPE BUT NO PARA AFTER RESPECT ABOVE KK

THANKS JANICE ILL GET THAT UP TO DUTY CLERK ASAPP
IS ALL OK WITH U AND NOT TOO HECTIC KK
NO ITS FINE AND IM QUITE ENJOYING IT SEE YOU SOON KK
BUBU J
BIB

A²² ✓

FOLLOWING IS A CONFIDENTIAL TELEGRAM TO FCO FROM BRUSSELS

TO IMMEDIATE FCO TELEGRAM NO 202 OF 22 MAY INFO ROUTINE
BONN ROME THE HAGUE LUXEMBOURG PARIS AND SAVING TO UKDEL
EEC. YOUR TEL NO 415 TOBONN.

THE PRIME MINISTER IS OUT OF BRUSSELS TODAY. WE
THEREFORE HANDED THE MESSAGE TO M. HARMEL'S CHEF DE CABINET
WHO UNDERTOOK TO SEND IT TO THE PRIME MINISTER BY LUNCH TIME.

2. M. NOTERDAEME SAID HE WAS VERY PLEASED BY THE MESSAGE.
HE WAS ALSO ENCOURAGED BY THE COMMUNIQUE ISSUED IN PARIS.
HE THOUGHT THAT THE LAST SENTENCE WITH ITS REFERENCE TO SUGAR
AND OTHER BASIC PRODUCTS WOULD BE PARTICULARLY HELPFUL TO
MR RIPPON IN PARLIAMENT. NOTERDAEME SAW NO REASON WHY THE
MAJOR POINTS AT ISSUE SHOULD NOT BE SETTLED IN JUNE. PASSED
SAVING TO UKDELEEC.

BEITH

REC PE 7

Lamb prices in Market 'may be doubled'

DAILY TELEGRAPH REPORTER

THE price of mutton and lamb will double in Common Market countries if a new regulation now being drafted in Brussels comes into force, Sir Denis Blundell, New Zealand High Commissioner to Britain, said yesterday.

"We have every reason to believe that the regulation will be based on Paris prices. In France mutton is a luxury meat, sometimes higher in price than the best quality beef," he said in Nottingham.

Sir Denis said the New Zealand trade problem could be one of the rocks on which Britain's application to join the Common Market could founder.

"New Zealand has become a pawn in the proceedings," he declared.

"We cannot understand why there should be any doubt of Britain's sincerity to be a member because she wishes to honour established trade links with some of the countries which are peopled by her own folk to whom it would be disastrous if the ties were broken.

Changing tastes

"We have tailored our sheep and cattle production to the needs of the British market since the 1830s. As the taste of the housewife has changed, we have experimented with different breeds to produce the type of lamb she wants.

"Because of the climate and the efficiency of our farmers, we

can put a pound of butter on the table in London cheaper than can a farmer in Hereford—and without any subsidy."

During the last war, New Zealand went on rationing to ensure that greater quantities of meat, butter and cheese came to the British market.

"If Britain were to join the Common Market without any protection of New Zealand, that country would lose, virtually overnight, the whole of our butter and cheese market here."

There would be such a high tariff that New Zealand would be unable to sell any of her meat and dairy products.

TRANSITION PACT

"Unsatisfactory" for N.Z.

New Zealand should be more concerned than ever over the state of Britain's negotiations to join the Common Market, Mr Norman Kirk, leader of the country's Opposition Labour Party, said yesterday.

Mr Kirk, just back from a six-week visit to Britain and Common Market countries, said if New Zealand were offered the sort of transitional agreement as the sugar producers "would be completely unsatisfactory. We need something more concrete."—Reuter.

CONFIDENTIAL

CYPHER/CAT A

FM F C O 220015Z

CONFIDENTIAL

TO IMMEDIATE WASHINGTON TELNO 1454 OF 22 MAY.

FOLLOWING IS PERSONAL MESSAGE FROM THE PRIME MINISTER:

QUOTE I HOPE YOU WILL BE ABLE TO FIND AN EARLY OPPORTUNITY OF SPEAKING TO THE PRESIDENT TO TELL HIM THAT I HAVE HAD TWO DAYS OF VERY GOOD DISCUSSIONS WITH PRESIDENT POMPIDOU, AS A RESULT OF WHICH I DO NOT THINK IT IS OVER OPTIMISTIC TO SAY THAT WE ARE NOW IN SIGHT OF OUR GOAL. I SHALL BE WRITING TO HIM MORE FULLY LATER BUT I WANTED TO LET HIM HAVE THIS MESSAGE AS SOON AS I GOT BACK. EDWARD HEATH. UNQUOTE.

DOUGLAS-HOME

[COPIES SENT TO NO. 10 D.S.]

DEPARTMENTAL DISTRIBUTION
E.I.D.

CONFIDENTIAL

SECRET

15

PRIME MINISTER

VISIT TO PARIS

If you agree, I will send copies of the attached note to the Private Secretaries to the Foreign and Commonwealth Secretary, the Chancellor of the Exchequer, the Chancellor of the Duchy of Lancaster, the Minister of Agriculture and the Secretary of State for Trade and Industry, with instructions that knowledge of its contents and existence should be confined to those who need to know for the purposes of executing policy or carrying on negotiations.

see flag
'6'

RAA

I will also record the sterling conclusions, for very restricted Treasury (and Bank) eyes only.

22 May, 1971

Copy to Prime Minister March 71

cc Angel.
21
21 May 1971

You will have seen the record of the exchanges in the House of Commons yesterday between the Home Secretary, who was answering ~~the~~ Prime Minister's Questions in Mr. Heath's absence, and Mr. Wilson, when the latter asked that the French text of President Pompidou's broadcast on Panorama and "an authoritative version in English" should be placed in the Library of the House (Hansard for 20 May, Cols. 1518-1519).

When we spoke about this on the telephone yesterday, you kindly said that you would let me have, by mid-afternoon today, your Department's advice on how we should deal with Mr. Wilson's request. I think that it would be as well to place at least the French text of President Pompidou's broadcast in the Library of the House fairly quickly, as the point is one to which Mr. Wilson may well return, for example, during the Supplementary Questions which will follow the Prime Minister's Statement on Monday.

I am sending a copy of this letter to Angel (Home Office).

(SGD) CHRISTOPHER ROBERTS

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

I can't believe his seniors - but I suppose
his betters do it.

PRIME MINISTER

AA²⁴/v

At Question time on Thursday Mr. Wilson asked that both the French text and "an authoritative version in English" of President Pompidou's Panorama broadcast should be placed in the library of the House (Hansard extract at Flag A). He was particularly concerned about the translation of President Pompidou's remarks on New Zealand, and particularly his use of the word "rupture". Mr. Wilson suggested that President Pompidou was referring to the "rupture" of relations between Britain and New Zealand: but, as you will see from pages 5a and 6 of the attached unofficial HEC texts (Flag B) his use of the word "rupture" was not in the specific context of New Zealand but a general reference to the "rupture" which would be caused by British entry into the E.E.C.

There is of course no such thing as a final authoritative translation: a translation has the authority of the translator and ^{those who} ~~thus should~~ agree with him, but no more.

You will see from the letter at Flag C that the Foreign Office advise that we should place in the library of the House a copy of the French language transcript (Flag D) provided ^{by} ~~from~~ the French Embassy; together with a Foreign and Commonwealth Office translation which is being ^{made} ~~provided~~.

I imagine that you will want to see the F.C.O. translation before it goes into the library. Are you content however that the French text provided by the French Embassy (Flag D) should go into the library right away so

Yes.

A

OFFICIAL REPORT: VOL. 817 NO. 146 COL. 1578-20
 EUROPEAN ECONOMIC COMMUNITY

Q6. Dr. Gilbert asked the Prime Minister which Minister is responsible for the dissemination of information about the United Kingdom's possible accession to the European Economic Community.

Mr. Maudling : I have been asked to reply.

The co-ordination of all matters relating to the European negotiations is the responsibility of my right hon. and learned Friend the Chancellor of the Duchy of Lancaster. The provision of information on specific subjects is for the Minister primarily responsible.

Dr. Gilbert : Has the right hon. Gentleman noticed the curious coincidence that the print order of Government fact sheets on the Common Market is being quadrupled at the same time as public support has diminished almost to vanishing point? Would he identify cause and effect in this situation? Has the print order gone up because the public are so disenchanted, or are the public so disenchanted because they are learning more about the Common Market?

Mr. Maudling : The reason for publishing fact sheets is to give the maximum information to the public about a matter which, as the House would agree, is of fundamental importance.

Sir J. Rodgers : Does not my right hon. Friend agree that since my right hon. and learned Friend the Chancellor of the Duchy of Lancaster is doing such a magnificent job in the negotiations, it might be worthwhile to augment his efforts by allowing him a Minister of State, a junior Minister, to tour the countryside to explain how well he is doing in Europe?

Mr. Maudling : My right hon. Friend will doubtless consider that suggestion, too.

Mr. Harold Wilson : Assuming that whichever Minister is responsible for this is bilingual, would the right hon. Gentleman arrange to place in the Library or to circulate in the OFFICIAL REPORT a copy of the highly important text of the broadcast by President Pompidou a couple of nights ago in the French original and in the best Foreign Office

or Home Office translation into English? In this, would he give some guidance to the House, which is so far very deficient, whether the translation of President Pompidou's word "rupture"—[Laughter.] In case you could not hear me, Mr. Speaker, in English, "rupture?"

Sir G. Nabarro : Rapture, careless, rapture.

Mr. Wilson : The hon. Gentleman must make his own arrangements with his own surgeon in these matters. [Laughter.] May I continue my question? Will the right hon. Gentleman place this in the Library in French and in an authoritative version in English, giving the Government's translation of this word, which reads in French "rupture"—and which I understand is translated into English as "rupture"—of relations between Britain and New Zealand, which is apparently a condition of future negotiations? Since the B.B.C. in one translation said that it was "disruption", which is not the English translation of the French word, the second time did not translate it at all and the third time correctly translated it as "break", may we have the Government's view of what President Pompidou was saying?

Mr. Maudling : The right hon. Gentleman has raised an important point; I will consider doing that. Bilingualism is not a characteristic of all Ministers, certainly not of Home Secretaries. I follow the precedent of the late Sir Winston Churchill, who began one speech with the words, "*Prenez garde : je vais parler Français.*"

Mr. St. John-Stevas rose—

Mr. Orme : The hon. Member is going to speak in Italian.

Mr. St. John-Stevas : The language of the Vatican is Latin, not Italian. Would it not be more to the point if the Leader of the Opposition, in any language of his choosing—French, English or anything else—gave the country some indication of where he stands on this vital issue?

Mr. Maudling : I sometimes wonder whether that problem could be elucidated even by the resources of the Vatican.

Mr. Harold Wilson rose—

Hon. Members : Answer.

Mr. Wilson: I thank the right hon. Gentleman for his interest in these matters. Since he heard me say—I said it on television last week and I have said it in this House many times—that I want to get into the Common Market if the terms are right, and I am waiting to see whether the terms are right, would he say whether he disagrees with that, or whether he does not take the view that he would like to get in the Common Market if the terms are right?

Mr. Maudling: There is no mystery about that. Of course I want to get into the Common Market if the terms are right.



Chancellor of the Duchy of Lancaster

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

21 May 1971

Dear Christopher,

Thank you for your letter about the exchange yesterday between the Home Secretary and Mr. Wilson.

Mr. Wilson's comments about the variations in the BBC's translation of the word rupture as used by President Pompidou appear to be correct. The translation used in the English transcript put out by the BBC was, as Mr. Wilson states, disruption. This is not a literal translation, but in the circumstances, and taking account of the context, it is not necessarily inaccurate.

I attach copies of the French language transcript which we have obtained from the French Embassy; the BBC were unable to provide a transcript. We are preparing an FCO translation and will let you have this on Monday or as soon thereafter as possible.

I also attach supplementaries on this point for possible use with the Prime Minister's statement on Monday.

Yours sincerely

C.C.C. Tickell

(C.C.C. TICKELL)
Private Secretary

C.W. Roberts Esq.,
No 10 Downing Street.

PRESIDENT POMPIDOU'S REMARKS ON PANORAMA
ON 17 MAY

Copies of a transcript of President Pompidou's words [obtained from an official French source] have been placed in the library of the House. A translation is being provided by the Foreign and Commonwealth Office.

TRANSLATION OF THE WORD RUPTURE AS USED
BY PRESIDENT POMPIDOU

I am not to be drawn into the semantics of the precise translation of one word out of its context. Many hon Members will no doubt judge for themselves from the full text of President Pompidou's words in his own language. Taking into account the context, the use of the word disruption in the English transcript provided by the BEC is not in my view inaccurate. New Zealand's future is a matter of great importance, and is something which must ultimately be resolved with all members of the Six at the negotiating conference.

NOTHING TO BE WRITTEN IN THIS MARGIN

Transcript of BBC TV interview between Michael
Charlton and President Georges Pompidou

9 pages in total

excluded for reason of copyright

SECRET

148 B

copy on Prime Minister - March '71

MEETINGS BETWEEN THE PRESIDENT OF THE FRENCH REPUBLIC
AND THE PRIME MINISTER OF THE UNITED KINGDOM
HELD AT LE PALAIS DE L'ELYSEE, PARIS,
ON THURSDAY 20 AND FRIDAY 21 MAY 1971

This note summarises the main points which emerged from the Prime Minister's conversations with the President of the Republic.

2. A close identity of view was established on the role and development of Europe in the event of British entry into the European Economic Community. It was agreed that, as envisaged in the communiqué issued after the meeting at The Hague in December 1969, the enlarged Community should be developed as the basis for the growing unity of Europe. There was agreement that the Community would not replace member nations but provide a new framework for them, that the Council of Ministers must remain the forum for taking decisions, and 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.
3. The President and the Prime Minister reviewed progress made in the Community towards economic and monetary union. The Prime Minister made it clear that Britain would join fully in the economic and monetary development of the Community, accepting the consequences for British policies.
4. The Prime Minister told the President that British officials appointed to the Communities would be able to transact business in French, and described British Government proposals to improve knowledge of France and the French language in the United Kingdom.
5. The President and the Prime Minister discussed the renewal of the Yaounde Convention, negotiations for which were due to begin in 1973, and agreed upon the need to safeguard the existing rights of present associates in the financial field and the position of states adhering to the new Convention who were largely dependent on the markets of the enlarged Community for their exports of sugar and other primary products.
6. The President and the Prime Minister discussed the three main outstanding issues in the negotiations for British entry into the European Economic Community.
7. On New Zealand, the President indicated that for him cheese presented greater political problems than butter. It was agreed that experts should consider whether butter and cheese could be dealt with separately. The President was prepared to contemplate the possibility of a transitional period of five years, over which guaranteed access for New Zealand butter degressed by a small amount and guaranteed access for New Zealand cheese degressed to a very low figure, followed by a review at the end of the five years, as part of which the possibility of an international agreement on dairy products should be considered.

SECRET

8. On the financial regulation, there was agreement that the method of dealing with the problem of Britain's contribution to the Community budget set out in the proposals of 12 May 1971 provided an acceptable framework. Figures will be for discussion in the negotiations, but the President indicated his awareness of the need to ensure that the initial contribution did not impose too heavy a burden on the British balance of payments.

9. On the common fisheries policy, the President said that the French Government would be prepared to consider whether the fisheries regulation should be adapted to the needs and circumstances of an enlarged Community.

10. The President and the Prime Minister recognised the need for agreement on New Zealand, Community finance and other main problems in the negotiations during the month of June.

11. The President and the Prime Minister also agreed upon the need for technical, legal and fiscal harmonisation measures to facilitate Community enterprises, and for the development of Community policies on inward investment.

RA

24 May 1971

cc Chamberlain

Private Secretary.

No. 10. 17A

FLASH

S E C R E T

COPY NO 6

CYPHER/CAT A

FM FCO 211425Z

SECRET

TO FLASH PARIS TELEGRAM NO. 379 OF 21 MAY.
FOLLOWING FOR ARMSTRONG FROM NEALE AND MORSE
YOUR TELEGRAM NO 642.

WE ASSUME MEMORANDUM OF UNDERSTANDING WILL REMAIN CONFIDENTIAL.
IN CASE OF LEAK WE SHOULD PREFER TO REPLACE "THE MSPS LAID DOWN
IN" BY "TO TAKE SPECIFIC ACTION TO MODIFY".

2. YOUR PARAGRAPH 5. WE CANNOT, REPEAT NOT, PROMISE NOW THAT
O S A COUNTRIES WILL ACCEPT RENEWAL OF AGREEMENTS WITH SUGGESTED
SPECIFIC MODIFICATION. IT WOULD BE POSSIBLE TO ADD TO FIRST
PARAGRAPH "FOR EXAMPLE WE MIGHT SEEK TO MODIFY AGREEMENTS
IN SUCH A WAY ETC.". BUT IF THIS BECAME KNOWN IT WOULD BE
CONTRARY TO OUR ASSURANCES THAT WE WILL NOT NEGOTIATE POSITION
AFTER 1973 WITHOUT CONSULTATION WITH O S A COUNTRIES.
FOR THIS REASON WE SHOULD PREFER TO RESIST INCLUSION.

DOUGLAS-HOME

P R I S E C

S E C R E T

NNNNN

CYPHER CAT A

FM PARIS 211241Z
SECRET

UNEDITED COPY

ADVANCE COPY 12

I.S.
MR KYRIE, TREASURY
MR AD. NEALE
MR MORSE, BANK OF ENGLAND⑤
SECRETFOR INFORMATION ONLY

TO FLASH FCO TEL NO 642 OF 21 MAY.

FOLLOWING FOR NEALE, TREASURY AND MORSE BANK OF ENGLAND.

FOLLOWING IS TEXT OF PASSAGE IN MEMORANDUM OF UNDERSTANDING
ON STERLING WHICH WE HAVE PROPOSED TO FRENCH:-

2. 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.

3. THE PRESIDENT AND THE PRIME MINISTER AGREED THAT THESE MEASURES WOULD PERMIT BRITAIN TO WORK FOR AN ORDERLY AND GRADUAL REDUCTION OF STERLING BALANCES IN THE FRAMEWORK OF PROGRESS TOWARDS ECONOMIC AND MONETARY UNION IN THE ENLARGED COMMUNITY.

4. THE PRIME MINISTER NOTED THAT ON THIS BASIS, THE FRENCH GOVERNMENT WOULD ENVISAGE FRANCE PARTICIPATING IN THE RENEGOTIATED BASLE AGREEMENTS.

5. THEY WISH TO ADD AT END OF FIRST PARAGRAPH OF PASSAGE:-

THE BILATERAL AGREEMENTS BETWEEN GREAT BRITAIN AND THE STERLING AREA COUNTRIES WOULD BE MODIFIED IN SUCH A WAY THAT THE BENEFITS CONFERRED ON THESE COUNTRIES BY THE BRITISH GOVERNMENT UNDER THE AGREEMENTS WOULD BE RELATED TO SUMS WHICH WOULD DIMINISH BY 5 PER CENT A YEAR.

CENT A YEAR.

6. THEY HAVE EXPLAINED THAT WHAT THEY ARE CONCERNED ABOUT IS PERCENTAGE GUARANTEED IN DOLLARS AND ARE NOT ASKING FOR COMMITMENT TO REDUCTION IN TOTAL OF BALANCES.

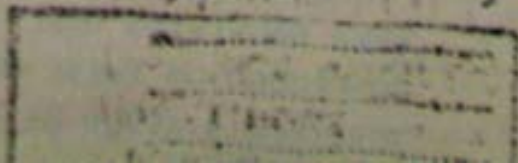
7. PRIME MINISTER EXPECTS HE CAN RESIST THIS INCLUSION BUT THAT ACCEPTANCE MIGHT GAIN SOME CONCESSION ON COMMUNITY FINANCE.
GRATEFUL FOR REPLY BY 1530 HOURS INDICATING WHETHER YOU SEE ANY OBJECTION.

SOAMES

NNNN

SENT AT 21/1308Z CC

RECD AT 21/1308Z JB



CONFIDENTIAL

21 May 1971

The Prime Minister has asked that the following immediate telegram should be sent to Ambassadors in Bonn, Brussels, The Hague, Luxembourg and Rome, asking each of them to convey to the relevant Head of Government the following personal message from the Prime Minister:

"I am just back from my meeting with President Pompidou. I will send a fuller message later but I wanted to let you know at once that we have had two very good days. We did not of course take decisions on matters which are to be settled in the Brussels negotiations but both of us were optimistic about the possibility of settling the main outstanding issues by the end of June. EDWARD HEATH"

The Prime Minister would also like the following immediate telegram sent as a personal message from him to the British Ambassador in Washington:

"I hope you will be able to find an early opportunity of speaking to the President to tell him that I have had two days of very good discussions with President Pompidou, as a result of which I do not think it is over optimistic to say that we are now in sight of our goal. I shall be writing to him more fully later but I wanted to let him have this message as soon as I got back. EDWARD HEATH"

The Resident Clerk, F.C.O.

CONFIDENTIAL

PLEASE PASSS FOLLOWING MESSAGE TO RESIDENT CLERK AT THE
FOREIGN OFFICE

IMMEDIATE TELEGRAMS SHULD BE SENT TO AMBASSADORS IN BONN
BRUSSELS THE HAIGH LUXEMBURG AND ROME. ASKING EACH OF THEM
TO CONVEY TO THE RELEVANT HEAD OF GOVERNMENT THE FOLLOWING
PERSONAL MESSAGE FROM THE PRI ME MISISTER.

'I AM JUST BACK FRO M MY MEETING WITH PRESIDENT PO PIDOU.
I WILL SEND A FULLER MESSAGE LATER BUT I WANTED TO LET YOU
KNOW AT ONCE THAT WE HAVE HAD TWO VERY GOOD DAYS

WE

DID NOT OF COURSE TAKE DECUSUIBS IN
DID NOT OF COURSE TAKE DECISONS ON MATTERS WHICH ARE TO BE
SETTLED IN THEBRUSSELS NEGOTIATIONS BUT BOTH OF US WERE
OPTIMISTIC ABOUT THE POSSIBILITY OF SETTLING THE MAIN
OUTSTANDING ISSUES BY THE END OF JUNEM 3EDWARD HEATH'

FOREIGN OFFICE PLEASE ALSO SEND THE FOLLOWING IMMEDIATE
TELEGRAM PERSONAL FROM THE PRIME MISTER TO BRITISH AMBASSADOR
WASHINGTON

'I HOPE YOU WILL BE ABLE TO FIND AN EARLY OPPORTNITY OF
SPEAKING TO THE PRESIDENT TO TELL HIM THAT I HAVE HAD TWO
DAYS OF VERY GOOD DISCUSSIONS WITH PRESIDENTPOMPIDOU AS A
RESULT OF WHIC H I DO NOT THINK IT IS OVER OPTIMISTIC TO SAY
THAT WE ARE NOW IN SIGHT IF OUR GOAL. I SHALL BE WRITING
TO HIM MORE FULLY LATER BUT I WANTED TO LET HIM HAVE THIS
MESSAGE AS SOON AS I GOT BACK.'

MESSAGE ENDS

OK KK

MHI THATS OK ILL TYPE IT OUT NOW SEE U BIBIK

PRIME MINISTER

Community Finance and New Zealand: Aide Memoire

Our expected receipts from the Community budget in 1973 are not expected to exceed 1½%

Agriculture:

Guidance section is fixed at only \$285m. for the whole Community.

Guarantee section: we expect small receipts on manufactured food exports and perhaps some low quality cereals. Substantial receipts depend on producing Agriculture surpluses. We don't and won't by 1973.

Social Fund)

Euratom) Both funds are very small and receipts correspondingly so.

ECSC There are no payments from the Community budget.

Alternative Methods of reducing the cost

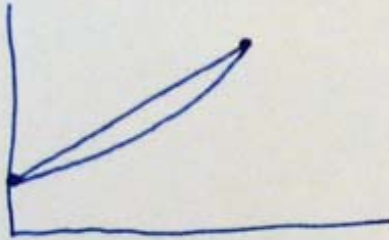
	<u>A</u> <u>Rebate</u>	<u>B</u> <u>Rebate</u>	<u>C</u> <u>Rebate with</u> <u>readjustment fund</u>	
			<u>Rebate</u>	<u>Fund</u>
1973	70%	50%	50%	20%
1974	56%	40%	40%	16%
1975	42%	30%	30%	12%
1976	28%	20%	20%	8%
1977	14%	10%	10%	4%

Under system C we would be liable for a rebate falling from 50% to 10% (= contribution rising from about 10% to 19%) but we would retain in the U.K. a diminishing amount (last column) for financing U.K. readjustment (over and above normal receipts) The effect of this would be to limit

balance of payment cost to equivalent of 70% - 14% rebate (i.e. 6% to 18%).

Another method of reducing cost over the first 5 years with the same starting and finishing figures is to increase by increasing instead of equal annual steps.

Thus:-



Thus it would be possible to start with a higher figure in 1973 than corresponds to 70% rebate but keep the 5 year cost the same.

New Zealand

To secure the milk equivalent of 70% of existing quantities of butter (17⁰/₁₀₀,000 tons) and cheese (75,000 tons) the following are possible:-

- cheese degressing to 0 in fifth year, butter to 85%
- cheese degressing to 10%, butter to 83%
- cheese degressing to 20%, butter to 81%
- cheese degressing to 30%, butter to 79%

You could therefore say to M Pompidou that you could accept the French position on cheese (i.e. phasing out altogether) provided he gives you not less than 85% in the fifth year on butter.

New Zealand will find it easier to sell cheese here anyway.

P.E.T.

21 May 1971

E.R.

MR ARMSTRONG

At his meeting yesterday evening the Prime Minister asked for some additional statistics about New Zealand in relation to the UK and the EEC. A table is accordingly attached.

P.E.T.

P E THORNTON
19 May 1971

New Zealand dairy production and economy

1.	<u>Milk production</u>	<u>'000 million gallons</u>
	EEC (1970)	20.6
	UK (1970/1)	2.7
	New Zealand (1969/70)	1.3

2.	<u>Butter production in 1970</u>	<u>million metric tons</u>
	EEC	1.3
	UK	0.07
	(UK imports)	(0.4)
	New Zealand	0.2

3.	<u>Cheese production in 1970</u>	<u>million metric tons</u>
	EEC	2.1
	UK	0.1
	(UK imports)	(0.15)
	New Zealand	0.1

4. Population and G.N.P. - 1969

	<u>Population</u>	<u>GNP</u>	<u>Agriculture as % of GNP</u>
EEC	190m	\$430 billion	6
UK	56m	\$93 billion	3
New Zealand	3m	\$5 billion	about 10

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TO FLASH FCO TEL NO 633 OF 19 MAY.

YOUR TEL NO 339: AGENDA FOR PRIME MINISTER'S TALKS.

1. THE FRENCH HAVE TURNED THE TEXT OF OUR PROPOSED AGENDA INTO A TWO-COLUMN DOCUMENT CONTAINING ON ONE SIDE THEIR OWN TRANSLATION OF OUR PROPOSALS INTO FRENCH AND, ON THE OTHER, CERTAIN MODIFICATIONS WHICH THEY WISH TO PROPOSE. THE LATTER ARE NOT NUMEROUS AND FEW OF THEM RAISE POINTS OF SUBSTANCE.

2. THE MODIFICATIONS THEY PROPOSE ARE AS FOLLOWS:-

(A) ITEM 1 (POINTS ON WHICH UNDERSTANDINGS WILL NEED TO BE RECORDED). FOR THE PHRASE "NOT ONLY IN ECONOMIC MATTERS BUT MORE GENERALLY", THEY WISH TO SUBSTITUTE THE WORDS "PRINCIPALLY IN ECONOMIC MATTERS BUT ALSO MORE GENERALLY". THEY EXPLAIN THAT THIS REFLECTS MORE ACCURATELY IN THEIR VIEW THE FACT THAT THE COMMUNITY WE WISH TO ENTER IS, AT PRESENT AT LEAST, AN ECONOMIC COMMUNITY.

(B) ITEM 2 (SUBJECTS FOR CONSIDERATION) (A)(1) THEY WISH TO SUBSTITUTE FOR THE WORDS "THE ROLE OF STERLING AT PRESENT AND IN AN ENLARGED COMMUNITY" THE WORDS "THE ROLE OF STERLING". THEY FEEL THIS SUFFICIENTLY CLEAR IN VIEW OF THE TITLE OF THIS ITEM.

(C) ITEM 3 (B)(1). THE FRENCH TEXT WILL READ "POSSIBILITY OF A STABILISATION OF THE LEVEL OF STERLING BALANCES (SEE BELOW)". THE PASSAGE BELOW TO WHICH REFERENCE IS MADE IS INCLUDED IN THE LIST OF POINTS ON WHICH AGREEMENT IS TO BE RECORDED AND READS AS FOLLOWS: "IN ORDER TO BRING THE EXTERNAL CHARACTERISTICS OF ITS CURRENCY INTO LINE WITH THE CURRENCIES OF ITS PARTNERS IN THE COMMON MARKET, BRITAIN UNDERTAKES TO SEE THAT THE OFFICIAL STERLING BALANCES OF THE STERLING AREA COUNTRIES DO NOT, AT THE TIME OF ACCESSION, EXCEED THE LEVEL REACHED ON 30 JUNE 1971. FURTHERMORE BRITAIN UNDERTAKES TO SEE THAT THESE BALANCES DECREASE PROGRESSIVELY AND REGULARLY BY AN ANNUAL MINIMUM OF 5% AS FROM 1973".

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/(D) ITEM 2

(D) ITEM 2 (POINTS ON WHICH UNDERSTANDINGS WILL NEED TO BE RECORDED). THE FRENCH COMMENT ON THE OPENING SENTENCE IN OUR TEXT (BEGINNING WITH THE WORD RECOGNITION) READS AS FOLLOWS: "THE FRENCH DELEGATION CONSIDERS THAT, IN ITS VIEW, THIS EXPOSE OF MOTIVES DOES NOT CORRESPOND TO PRACTICAL REALITY". THEY EXPLAINED THAT, IN COMPARISON WITH THE OTHER FACTORS AFFECTING THE INTERNATIONAL MONETARY SYSTEM AND ESPECIALLY THE ENORMOUS SUMS OF FLOATING MONEY, THE PROBLEM OF THE STERLING BALANCES WAS RELATIVELY LIMITED. THEY BELIEVED THAT IT COULD APPROPRIATELY BE DISCUSSED WITHIN A EUROPEAN CONTEXT WITHOUT RISK OF DISTURBANCE TO THE INTERNATIONAL MONETARY SYSTEM.

(E) ITEM 4 (SUBJECTS FOR CONSIDERATION). THE FRENCH TEXT REFERS ONLY TO BRITISH PROPOSALS (AND NOT FRENCH). THEY SAID THAT THEY HAD NOT PERHAPS MADE IT SUFFICIENTLY CLEAR IN THE PREPARATORY TALK WITH OUR OFFICIALS THAT THE FRENCH THEMSELVES FELT INHIBITED FROM BRINGING FORWARD AND FRENCH PROPOSALS.

(F) ITEM 5 (YAOUNDE). THE FRENCH POINTED OUT THAT THE RE-NEGOTIATION WAS DUE TO BEGIN IN 1973 AND THEY ATTACHED IMPORTANCE TO THIS SINCE IT WOULD BE HAPPENING IMMEDIATELY AFTER ENLARGEMENT. WE POINTED OUT THAT THE COMPLETION DATE FOR RE-NEGOTIATION WAS NEVERTHELESS 1975. THEY AGREED TO DROP THE REFERENCE TO 1973 AND WE AGREED TO OMIT THE DATE IN OUR FORMULA.

(G) ITEM 5 (POINTS ON WHICH UNDERSTANDINGS WILL NEED TO BE RECORDED). THE FRENCH COUNTER PROPOSITION READS AS FOLLOWS: QUOTE THE TWO GOVERNMENTS RECOGNISE THE NECESSITY IN THE NEGOTIATION OF THE NEW YAOUNDE CONVENTION TO HAVE REGARD TO THE CONSEQUENCES OF AN ENLARGEMENT OF THIS CONVENTION FOR THE INTERESTS OF EXISTING SIGNATORIES, ESPECIALLY WITH A VIEW TO SAFEGUARDING THEIR ACQUIRED RIGHTS IN THE FINANCIAL FIELD. AT THE SAME TIME THEY RECOGNISE THAT THE INTERESTS OF ALL THE COUNTRIES WHICH ADHERE TO THE FUTURE CONVENTION MUST BE EXAMINED AND IN PARTICULAR THE INTERESTS OF COUNTRIES WHICH WILL BE LARGELY DEPENDANT ON THE MARKETS OF THE ENLARGED COMMUNITY FOR THEIR EXPORTS OF SUGAR AND OTHER PRELIMINARY PRODUCTS.

(H) ITEM 6 (OUR PHRASE QUOTE DESIRABILITY OF AGREEMENT ON THESE MAIN ISSUES BY THE END OF JUNE UNQUOTE) HAD CAUSED THEM TROUBLE. THEY EMPHASISED THAT THIS WAS NOT, REPEAT NOT, BECAUSE OF ANY DISAGREEMENT OF SUBSTANCE WITH US. IT WAS SIMPLY THAT THEY DID NOT FEEL THEY COULD COMMIT THEIR PARTNERS TO A SPECIFIC

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DEADLINE. THEY THEREFORE COUNTER-PROPOSED THE FOLLOWING:
QUOTE NEED FOR AN EARLY AGREEMENT ON THESE MAIN ISSUES UNQUOTE.
WE EXPRESSED A STRONG DESIRE TO RETAIN THE REFERENCE TO THE
END OF JUNE AND POINTED OUT THAT QUOTE NEED FOR UNQUOTE
WAS NOT THE SAME THING AS QUOTE DESIRABILITY OF UNQUOTE.
THEY TOOK THIS POINT AND WILL NOW SEE IF THEY CAN REDRAFT
THEIR COUNTER PROPOSAL IN TERMS WHICH WILL ENABLE THEM TO
RETAIN THE REFERENCE TO JUNE.

(1) ITEM 7 (FOOTNOTE). THE FRENCH COUNTER-PROPOSITION READS:
QUOTE THE FRENCH DELEGATION WOULD LIKE THESE POINTS TO BE CONSIDERED
ALONG WITH THE OTHERS UNQUOTE.

3. TRANSLATIONS IN ENGLISH AND COPIES IN FRENCH OF THIS DOCUMENT
WILL BE AVAILABLE FOR THE DELEGATION ON ARRIVAL TONIGHT.

4. PLEASE PASS ADVANCE COPIES TO NO. 10.

SOAMES

[COPIES SENT TO NO.10 DOWNING ST]

PRISEC

FH PARIS

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TO FLASH F.C.O. TELNO 631 OF 19 MAY.

OUTWARD

FOLLOWING FOR HAITLAND, NO. 10 DOWNING STREET.

PRIME MINISTER'S VISIT: POINTS FROM THE FRENCH PRESS.

LE FIGARO CONTAINS AN ARTICLE BY ALAIN VERNAY ECONOMIC AND FINANCIAL EDITOR, HEADED "THE POUND - FORWARD DEFENSIVE LINE FOR THE DOLLAR - AT THE CENTRE OF THE PARIS TALKS". THE FOLLOWING ARE EXTRACTS:

"THE ROLE OF THE POUND STERLING WITHIN AN ENLARGED COMMUNITY CANNOT FAIL TO FIGURE AT THE HEART OF THE DISCUSSIONS BETWEEN M. POMPIDOU AND MR. HEATH. THIS QUESTION IS IN FACT THE BEST INDICATION OF THE PRIME MINISTER'S BASIC THINKING ON THE DEGREE OF THE UNITED KINGDOM'S INDEPENDENCE WITH REGARD TO THE UNITED STATES". VERNAY GOES ON TO ARGUE THAT WHEN BRITAIN'S POLITICAL, MILITARY AND ECONOMIC POWER WAS AT ITS HEIGHT THE POUND BROUGHT THE SAME ADVANTAGES THAT THE DOLLAR CONFERS ON THE UNITED STATES TODAY, NAMELY THE MEANS OF ACQUIRING OVERSEAS INVESTMENTS WITHOUT HAVING TO SLOW DOWN HOME INVESTMENT POLICIES IN THE EVENT OF A PROLONGED BALANCE OF PAYMENTS DISEQUILIBRIUM.

2. VERNAY CONTINUES: "BUT SINCE THE WAR THE MAINTENANCE OF STERLING'S PRIVILEGES HAS BECOME THE HEAVIEST BURDEN ON BRITAIN, WHICH HAS SEEN ITS HOPES OF ECONOMIC EXPANSION HELD IN CHECK BY A CONSTANT PREOCCUPATION NOT TO LOSE THE CONFIDENCE OF ITS CREDITORS, SINCE THIS WOULD ENTAIL A MASSIVE RUN INTO OTHER CURRENCIES. /3.

3. UNDER A SUBHEADING "AMERICA'S BASIC INTEREST", VERNAY CONTINUES: "FROM NOW ON IT IS AMERICA'S BASIC INTEREST, BUT NO LONGER NECESSARILY BRITAIN'S, - AT LEAST THIS IS THE VIEW HELD IN PARIS, WHERE THERE IS NO DOUBT THAT MR. HEATH IS HIMSELF CONVINCED OF THIS - TO PRESERVE THE IMMUTABLE RESERVE ROLE OF STERLING SINCE THIS APPEARS AS THE FORWARD DEFENSIVE LINE OF THE DOLLAR. THE REASON FOR THIS IS THAT THE 10,000 MILLION DOLLARS HELD IN LONDON IN STERLING BY THE OFFICIAL AND PRIVATE HOLDERS OF THE STERLING BALANCES - THANKS TO A DOLLAR GUARANTEE AND TO VERY HIGH INTEREST RATES - ARE NOT TEMPTED TO JOIN THE ENORMOUS MASS OF HOT MONEY WHICH NORMALLY FLOWS INTO COUNTRIES WITH STRONG CURRENCIES.

4. THE SUPPORT GIVEN TO BRITAIN IN 1968 BY THE UNITED STATES AND ITS ALLIES, AT THE TIME OF THE BASLE AGREEMENT, IMPOSES ON HER THE DOUBLE OBLIGATION OF FOLLOWING IN THE WAKE OF THE UNITED STATES AND OF PRACTISING A POLICY OF DEFLATION WHICH IS HARD TO RECONCILE WITH THE FAST RATE OF DEVELOPMENT OF THE SIX. IT IS INDISPENSABLE - AND INDEED CERTAIN - THAT THERE WILL BE A RENEVAL OF THE BASLE AGREEMENTS IN 1971 WHATEVER HAPPENS, WHETHER IT INVOLVES CONTINUING THE SAME MONETARY STRATEGY OR, ON THE CONTRARY, ENBARKING ON CHANGES WHICH WOULD BE BOUND TO BE PROGRESSIVE.

5. THE STATEMENTS OF MR. HEATH, WHO IS KNOWN FOR HIS RELUCTANCE TO COMMIT HIMSELF, BUT FOR HIS SINCERITY ONCE COMMITTED, WILL DEMONSTRATE BRITAIN'S REAL CHOICE: EITHER TO CONTINUE TO SERVE AS AN ADVANCE BASTION OF THE UNITED STATES BY HOLDING A SECOND MONETARY FRONT WHICH LESSENS THE PRESSURE ON THE AMERICAN THEATRE, OR GRADUALLY TO RENOUNCE STERLING'S PARTICULAR ROLE AND TO MAKE IT A CURRENCY LIKE OTHER COMMUNITY CURRENCIES, WITH THE WILL TO HELP IN CREATING A SECOND MONETARY FORCE IN EXCHANGE FOR A PROGRESSIVE CONSOLIDATION OF ITS DEBTS. /c.

-3-

6. VERNAY CONCLUDES: "M. POMPIDOU IS FOND OF SAYING THAT ONE MUST NOT MAKE WAR ON THE DOLLAR AS ONE WOULD LOSE. WILL HE BE THINKING TOMORROW: ONE CANNOT DEFEND ONESELF AGAINST THE DOLLAR AND AGAINST THE INFLATION EXPORTED BY IT WITHOUT BRITAIN?"

7. MICHEL GARIBAL IN LES ECHOS (ECONOMIC DAILY) IN A DISCUSSION OF THE THREE MAIN THEMES LIKELY TO BE COVERED IN THE TALKS, WHICH HE CONSIDERS TO BE THE OVERALL CONCEPTION OF EUROPE, DEFENCE AND MONETARY QUESTIONS, HAS THIS TO SAY: "DEFENCE WILL NOT TAKE UP MUCH OF THE TIME OF THE TWO LEADERS SINCE M. POMPIDOU CONSIDERS THAT IN SPITE OF THE IMPORTANCE OF THE QUESTION IT DOES NOT HAVE AN IMMEDIATE BEARING ON THE NEGOTIATIONS. NEVERTHELESS HE WILL LET HIS GUEST KNOW THAT BRITAIN'S ARRANGEMENTS WITH THE UNITED STATES IN THE NUCLEAR SPHERE NO LONGER AMOUNT TO AN OBSTACLE. MR HEATH ON HIS SIDE, WILL PROBABLY ARGUE IN FAVOUR OF A JOINT ARMAMENTS PROGRAMME".

8. IN THE INDEPENDENT LEFT WING NEWSPAPER COMBAT THE WIDELY SYNDICATED COMMUNIST RENE DABERNAT WRITES THAT THE EXTENT OF FRANCO-GERMAN DIFFERENCES RESULTING FROM THE RECENT MONETARY CRISIS ARE NOW BEING PLAYED DOWN AND IT IS CLEAR THAT THE ELYSEE IS CONCERNED NOT TO GIVE THE IMPRESSION TO MR HEATH THAT FRANCE IS ANXIOUSLY AWAITING BRITAIN'S ENTRY INTO THE COMMUNITY - AT ALMOST ANY PRICE - IN ORDER TO ENABLE HER TO HOLD UP HER HEAD AGAINST THE GERMANS. IT HAS BEEN POINTED OUT THAT WHAT UNITES FRANCE AND THE FEDERAL REPUBLIC IS INFINITELY STRONGER THAN WHAT SEPARATES THEM, SO THAT, HOWEVER IMPERFECT THE COMPROMISE ON THE CAP WHICH HAS BEEN PATCHED TOGETHER, LONDON HAS TO DEAL WITH A RESTORED COMMUNITY.

9. SEE NY I.P.T.

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Foreign and Commonwealth Office
London S.W.1

From The Parliamentary Under-Secretary of State

19 May, 1971.

Dear Tim,

You may remember that at dinner on Monday you expressed your concern that Geoffrey Rippon's European statement did not arrive at No. 10 until after 3 o'clock yesterday afternoon. In view of your comment I instituted an investigation yesterday as to what happened to the statement. I have ascertained that the first available copy of the statement was sent immediately by Geoffrey Rippon's office by "tube" to No. 10 at 2 p.m. with a covering letter from Crispin Tickell (Mr. Rippon's Private Secretary) to Mr. Roberts. Mr. Pakenham (Mr. Rippon's Assistant Private Secretary) telephoned No. 10 shortly after 2 p.m. but was unable to get Mr. Roberts. He spoke instead to the Duty Clerk, who received the letter soon after this conversation. So far as I can judge, this means that the letter will have reached the Duty Clerk at or around 2.15 p.m.

I am confident that no time at all was lost in getting the statement over to you once it had been finalised.

Yours
Tim

Anthony Royle

T.P.G. Kitson, Esq., MP.,
Parliamentary Private Secretary,
10 Downing Street.

CONFIDENTIAL



Foreign and Commonwealth Office

London S.W.1

19 May, 1971

Prime Minister,

M.

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Dear Peter,

Since the Prime Minister is off to Paris this evening, it may be helpful to have this preliminary account of the Foreign and Commonwealth Secretary's talks in Paris yesterday. Full records will follow.

The discussions between the Foreign Ministers of the Ten in the morning went smoothly. All the Foreign Ministers were present except Moro and Scheel.

M. Schumann introduced discussions as Chairman, first on the Middle East and then on East-West relations, giving an account of the process of consultation that had taken place between the Six; officials had produced detailed and concrete reports on the two subjects which had been endorsed by Ministers. (We had only seen copies of these reports just before the meeting started, but it was clear from them, and from what Schumann said, that the Six have gone into considerable detail and taken steps towards reaching a common attitude on these problems.) In the meeting the candidate countries were not expected to subscribe to all the ideas in the reports which included some things, for instance on Jerusalem, on which we could not agree. The idea is that there is "consultation" between the Six but subsequently only an "exchange of views" between them and the four candidates. On the Middle East, however, it was possible for Sir Alec Douglas-Home to welcome the general approach of the Six, which coincided with our own and to explain how we see the Middle East situation. As the Ministers spoke round the table there was a large measure of agreement that particularly after the recent events in Egypt now was the best time to press both sides in the Middle East to reach agreement, that Resolution 242 should remain the basis of a long-term solution, and that a partial solution over the Suez Canal was at least worth trying. It was also agreed that it was important to continue to avoid publicity for the substance of what had been agreed in the European political consultations (Ministers had in mind the strong reaction that had been shown by the Israelis to the idea of the Europeans ganging up).

/On East-West

F. J. S. Moon, Esq.,
No. 10 Downing Street

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On East-West relations discussion centred on the continuing need for a Berlin agreement before multilateral preparations were made for a European Security Conference, and also before such preparation was made for any mutual and balanced force reductions. Otherwise the inevitable involvement of the East Germans would give them enhanced international status and make them lose interest in a Berlin settlement. There may be difficulties about this in future with the Americans, if the Americans feel the need to push ahead with MBFRs to counter Senator Mansfield's latest proposals.

The attitude of Schumann and his officials was very friendly indeed towards the British party. At the talks and at the lunch which followed Schumann specifically said how much the Six were looking forward to the time when the Community would be enlarged to take in the candidates.

After lunch Sir Alec Douglas-Home made his first courtesy call on the new Norwegian Foreign Minister, Mr. Cappelen, an unexciting character. He made it quite clear that without a suitable concession for Norwegian interests on fish, Norway could not enter the Common Market. Cappelen said he had recently seen Brandt, who had of course a strong sympathetic connection with Norway. Brandt had said he disliked the Common Fisheries Policy and Cappelen said he was hopeful that the Norwegian proposals, which were designed to fit in with the Communities' own philosophy on establishment, would be accepted. He asked if Britain and Norway could take joint action. Sir Alec Douglas-Home stressed our great interest in fisheries, but said that we were still studying the implications of the Norwegian proposal for us.

Later in the afternoon Sir Alec Douglas-Home had an hour's talk with M. Schumann. This was again very friendly. Sir Alec Douglas-Home expressed satisfaction about progress made in Brussels, and gratitude for Schumann's own rôle as Chairman over the recent months. It was agreed that attention must be concentrated on ~~the~~ agreement between the Prime Minister and President Pompidou and that the prospects were good. Sir Alec Douglas-Home emphasised that if the negotiations were to be successful it was politically essential to have a satisfactory solution for New Zealand. Schumann said how difficult it was to explain this to the French peasants but he took the point about the political importance we attach to the issue, and said that the President was aware of this.

The two Ministers then discussed the Middle East, the Norwegian desire to raise at the next NATO meeting the Portuguese policies in Africa, Pakistan, Ceylon, Berlin and MBFRs. There was a large measure of agreement on all these subjects.

/Schumann



Schumann ended by raising defence. He said that Europe could not defend herself without the United States, but nevertheless she must rely on herself more. This would be easier if Britain and France could combine their defence systems. Schumann said he knew that this question had been discussed between Lord Carrington and M. Debré and that it was difficult for us. We had thankfully never been occupied and our defence arrangements were therefore much more mixed up with those of the United States. Although Europe could never balance the forces of the East by itself - we could not do this even with the Americans' help - the only deterrent power which could keep West Europe safe was a nuclear power. Britain and France would have been in a sinister position, if each of them had not been careful, over the past years, to keep their nuclear capacities alive. Sir Alec Douglas-Home said that he imagined that the Prime Minister and the President would touch on these questions. He would like to talk about them with the French at some convenient time in the future. Was he right in thinking that the French did not want to raise these questions in the context of the Common Market negotiations. M. Schumann said it was true they did not want to make it an issue now. They were frightened of the misunderstandings that had taken place at the time of Rambouillet. It was agreed that the subject should be discussed at some later stage.

The meeting ended with brief reference to bilateral problems, such as the Tunnel and Concorde, which Schumann said had "obviously got beyond the no-return point". Sir Alec Douglas-Home said that it was flying well. Schumann said how important it was to reach a decision to enlarge the Community but one must not forget the importance of creating closer Anglo-French relations, even inside the Community. Mr. Soames chipped in to say that once negotiations were behind us tremendous progress could be made in forming a really close relationship between the two countries.

My general impression after talking to M. Schumann and other officials at the Quai is that they are still in the dark about what is really going on between ourselves and the Elysée; that whereas some of the more hostile officials, such as Alphand, may be resentful about the way the meeting has been fixed up over their heads, Schumann himself and most of his officials are beginning to feel that the enlargement of the Communities is inevitable and are anxious that France should be seen in a good light in Britain in the future.

Yours ever

Nicholas Dainoff

Foreign and Commonwealth Office

London S.W.1

19 May, 1971

Low files,

PMVP (71) 14: Brief on Defence for Prime Minister's
Visit to Paris

Since the above brief was finalised there have been a number of developments of which you should be aware. They all relate to material in the Background Note attached to the brief.

Deployment of Buccaneer Aircraft to the FRG (para. 4)

Following discussions with the Germans, it has been provisionally agreed that the Communication to the French should be made jointly by the British and German Embassies in Paris on 26 May and not in London as originally planned.

Collaboration between US and France on Nuclear Questions (para.5)

The US Embassy here, acting in fulfilment of the Mildenhall Agreement, yesterday informed us of the American offer to the French. They did not add anything to what we already knew about the proposed Franco-American discussions, except that they will begin in Paris early next month. We still do not know whether or not the formal approach to the French has been made.

Dr. Kissinger has undertaken to ensure that the French are not informed of our knowledge of their exchanges with the Americans.

You will, however, have seen Paris tel. No.616 of 17 May which gives an account of a discussion in Washington between Dr. Kissinger and one of President Pompidou's senior advisers, M. Juillet. Juillet was apparently given a briefing on American attitudes to Anglo-French nuclear cooperation and some general account of what passed between the Prime Minister and President Nixon during the former's visit to Washington in December. Juillet claimed to be convinced that the President had "both the political will and the means to help us both along". (Dr. Kissinger had, however, earlier told Lord Cromer that no substantial discussion had taken place between him and Juillet.)

Thus we now know from French sources, in very general terms indeed, that there have been some preliminary Franco-American discussions. The Prime Minister may not therefore need to be quite as cautious on this point as we originally suggested in the brief.

/ But

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

SECRET



But of course he should not disclose that we have had a separate account from the Americans.

I am sending copies of this letter, which we have not had time to clear in advance, to Andrew (Ministry of Defence) and Norbury (Cabinet Office).

Yours ever

Nicholas