

The Prime Minister has given me the following summary of the conclusions reached by the nine Heads of Government over dinner at the Palais d'Egmont this evening.

Three Wise Men

It was agreed that the following three 'wise men' should be nominated: M. Marjolin (France), Mr. Dell (United Kingdom) and Mr. Biesheuvel (Netherlands).

Remuneration for European MPs

It was agreed that Foreign Ministers should be instructed to work out a scheme for salaries for Members of the European Assembly based on the salaries paid to Members of their national parliaments, their national taxation schemes and a common level of allowances. This decision was reached despite the strong reservations expressed by Mr. Lynch, Mr. van Agt and M. Thorn.

Defence Sales to China

Chancellor Schmidt disclosed that he, like the Prime Minister, had received a message from President Brezhnev about arms sales to China. President Giscard had not revealed that he, too, had received such a message. Chancellor Schmidt proposed that the recipients of such messages should concert their replies. The Prime Minister has asked that Chancellor Schmidt should be given copies of President Brezhnev's message to him and of our proposed draft reply. I shall arrange this with the FRG delegation tomorrow.

Trade Policy

President Giscard had developed an elaborate advocacy of a more protectionist EEC tariff policy. He argued that, faced with the challenge of the super-competitives, the EEC should become a more inward-looking economy like that of the United States. This thesis had not received much support.

Work Plan

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It was agreed that the Heads of Government session tomorrow, 5 December, should continue until 1800 (Brussels time).

gm.

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