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We shall ~~not~~ ^{recommend that we do} take part in the new Exchange Rate

Declaration on 1st Jan. [Responsible to participate
at a later date]

We wish it well.

We will participate in establishing the Scheme

- ① Create
Establish ECU
as a Reserve Asset
- ② Credit Mechanism ie
Short Term + Medium Term
but not Day to Day.

Loans for less prosperous Countries for infrastructure
- but not to finance direct or indirect competitive
position of industries in other Countries.

Understand to try to the best
Council result of studies to
try about convergence &
utilization of funds & claim
at reducing structural imbalances

- ③ Consultation
on Exchange Rate
Policy.
- ④ Coordination with 3rd
Countries.

=

HS. My interest is melting away & very fast.
This will have no consequence for UK.

{ Must not be ~~offering~~ occasion to renegotiate →
These long term objectives remain.

Decisions were ~~made~~ promised that would result in convergence

Pr. 3(3) is very costly

1000 m.u.a. on state A/c is not acceptable

Lynch → 1000 m.u.a. for a 5 year period ✓

HS. Compromise -
Go to 1000 m.u.a. for 5 years

Propose
3 B m.u.a. in 3 years.
Interest Rate subsidy of 3%.
5 years ← 3 years grace
15 years ^{loan} grace

200 m.p.a. of capitalised.

Recipients Countries must bring forward projects.

& Non Participants do not finance or draw benefit

Equal to Development Aid for Developing Countries

P.T.

Great deal of ground for argument on MAs.

These are subsidies to importing countries

Common. agrees - P.T. said yesterday they looked after the interests of all donor states

This was Bremer
intention
Transfer

G. Asoli - Agree we shall.
Put in a restatement as I suggested

4% Subsidy Loans already for 13000 m.u.a. = 326,000
u.a.

10000 m. Added loans for 3 years @ 4% = 250,000,000
subsidy.

Receive 125m Regional fund

3.1. Interest Rate Subsidies for 3 years on loans of 10000 m.u.a. per annum

Lynd - ~~the~~ Approval determined by assistance we will get.

2000 m. E.U.A.s for 5 years to if all participate.

5 years for loans to be made available

& subsidy for life of the loan

4%

Open to argument on distribution.

Giocard ~~will~~ These loans will be available only to those who participate in Exchange Rate Mechanism.

France will ask for her share of Regional fund to be increased. Cannot agree to 3(3)

Flat Rate Reduction in interest on public debt

LSC. I shall not recommend entry.

Andreotti - Have ch. been done

Believe Gradually taking on character of the old snake.

Reserves hi ref - needs more than 2 days - but a week.

Hope ref can be positive - will be a political defeat if not.

HS. - Can you decide by Sunday night? A. will try

Lynal. Cannot give a positive indication that we will enter.

Will consider matter further with my Govt.

Request Encl. to ask Commun. to take into Acc the unique situation of Ireland on a basis.

Will ask this if ~~we~~ I can give a positive indication.

HS. Next week or next year?

Lynal Very near future - ~~but~~ Cannot indicate I will give a positive answer - but will discuss with my Govt.

Hope early next week - Wednesday night

Giscard This is not a question of the Snake - it is organized on the ECU.

Considers Attitude of U.K. is positive. We will participate.

HS. This is different from the Snake. Confidence will be strengthened in countries which join. Understand Ireland's special difficulties.

Will say for Snake EEC countries that central rates will remain unchanged.

Will also report that France & U.K. anticipate no change

Giscard: Very moderate increase in Agricultural Prices next year.

Andreotti - something will have to be done

HS. look forward to full discussion at Spring Euro Council to create new guidelines

Commun. will formulate its proposals on basis of its paper
to defend it.

— Could we live with this? if pressed.

If under 235 all must contribute

Contribution = key. 1% Ireland.

10% Italy

17% United Kingdom.

on the distribution of the subsidy
key. \downarrow the subsidy
would be in the regulation
recessed key.

6% Ireland.

40% Italy.

27% UK. — draw more than 17%

While we are not members of ERR we
would undertake — gentleman's agreement
not to ~~draw~~ draw have been 17% — this
would apply to any other country that
withdrew from the ERR. key would only
draw the % of their contribution.

It would also cover the Irish part
that of Britain not in ERR key free
extra costs — if we \downarrow in key we take
up our full % 27 and key get
less

What would be the key?

Gentlemen's Agreement. not to use the facility.

less Prosperous Country.

France will join