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MESSAGE FROM THE PRIME MINISTER TO PRESIDENT GISCARD

My Dear President,

Thank you for your message of 7 December.

I entirely agree with you about the consequences of a further substantial increase in the price of oil. Inevitably it would seriously affect the operations of the world economy and would be against the interests of all the developed countries of the West, even of those who are not significantly dependent on imported oil. Clearly we must do our utmost to arrest such a development.

One element in our policy must be action by the consumers. I fear that the moderates in OPEC will be unable to hold prices indefinitely unless we ourselves have shown our willingness to act effectively. The discussions at the Energy Council on 27 November were a useful step forward. The IEA meeting today will also be important.

These meetings will provide the background to consideration of any high-level political approach to the Gulf oil producers. Since such an approach would have to be made before the meeting of OPEC oil ministers in Bali on 15 December, our Foreign Ministers should certainly take the opportunity of their meeting tomorrow to review the situation. Peter Carrington will be interested to hear

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<sup>M.</sup>  
from ~~Monsieur~~ Francois-Poncet how you consider that a  
political approach to the Gulf producers can best be made  
and how it can be harmonised with the decisions that  
the consumers are taking on their own behalf.

*Yours sincerely*

~~Barbara~~ Margaret Thatcher.