SECRET

RECORD OF A CONVERSATION BETWEEN THE PRIME MINISTER AND THE PRESIDENT OF THE FRENCH REPUBLIC AT THE ELYSEE PALACE IN PARIS ON FRIDAY 21 MAY, 1971 AT 10.00 A.M.

Present:

Prime Minister

President Pompidou

Mr. A.M. Palliser

M. C. Andronikov

(The French Prime Minister, M. Chaban-Delmas joined the meeting at 12 noon)

M. Pompidou said that officials were drafting a final Communiqué and the Agreed Minute recording their conversations. It might be best for them to examine the remaining questions on their Agenda and thereafter the few points remaining from the previous day, such as the Finance Regulation and New Zealand. The Prime Minister agreed. He doubted whether the three remaining items presented much difficulty.

Fisheries

The Prime Minister said that they had been considering this problem at the end of their previous day's meeting. He hoped that the Agreed Minute could record their agreement to consider adaptation of the Community's regulation on fisheries during the Brussels negotiations. This would be helpful, since the fisheries question was of political importance for the British Government. M. Pompidou agreed that the matter should be covered in the Agreed Minute.

Relations of the enlarged Community with EFTA countries not seeking membership; and with other non-member West European countries

After President Pompidou had first invited the Prime Minister to open on this subject, under the misapprehension that it had been proposed for inclusion in the Agenda by the British rather than the French, he said that he had not much to say about it.
It would be unreasonable to seek to re-establish customs barriers between Britain and EFTA countries after enlargement, or between them and the Community. This would result in substantial industrial advantages for these countries. But these could perhaps be compensated by an obligation to buy agriculture produce from the Community. In any case he foresaw little difficulty in the negotiation of this.

There was a particular problem namely the situation of Norway. She was a candidate for membership, but if she joined would require extensive exceptions. He wondered whether it might not be more in the Norwegian interest to have a relationship with the Community similar to that likely to be devised for Sweden, rather than full membership. If Norway became a member, it would either be necessary for her to accept very severe obligations or for the Community to accept very extensive exceptions for Norway. However they could not prevent Norway becoming a member - or at least a candidate - and she was a friendly country.

The Prime Minister said that his understanding in regard to the EFTA countries had always been that each would in any case decide for itself the form of relationship it wished to have with the Community. He agreed that it would be undesirable to re-establish tariff barriers in Europe that had already been dismantled. It should be possible to work out acceptable arrangements for Switzerland and Sweden. Austria and Finland on the other hand were affected by their proximity to the Soviet Union and would in consequence want different treatment.

M. Pompidou agreed. But he foresaw no great problem in this field.

The European Company

M. Pompidou said that they could not hope to find a solution on this subject. But the French view was that the powerful
international companies, most of which were American, would present both an economic and a political problem for the future. In this connection he wished to make two points. First, the Community must find some means of granting advantages to European companies: the French definition of a European company was that its headquarters, its centre of decision, should be located in Europe. For example Shell-Royal Dutch was a European company; Esso was not.

Secondly, it was in the Community's interest to promote the creation of international European companies through agreements between existing national companies, whether in France, Britain, Germany, Holland etc. There had so far been all too little success in this direction. French companies, as well as those in other European countries, seemed to prefer to reach agreements with American companies than with those in neighbouring European countries. This perhaps reflected a feeling that, in a situation where the "balance of power" was uneven between the potential partners, the European company preferred that its more powerful potential partner should be situated further from it. Nevertheless, there had been some progress in the fields of banking and chemicals. With British membership of the Community the powerful British companies would introduce a new element to the picture. In principle the French Government would seek to favour European mergers. For example they hoped in due course to see some agreement on aero-engines between SNECMA and Rolls Royce.

Summing up M. Pompidou said that, since the establishment of international companies was inevitable, they should seek increasingly to encourage European mergers; try to distinguish between the international companies with their centres of decision in Europe and those whose centres of decision lay outside; and, to some extent, give favourable treatment to the former.
The Prime Minister recalled that when he had first met M. Pompidou nearly ten years ago, when the President was Prime Minister, they had discussed developments within the Community and M. Pompidou had said that his biggest disappointment was the fact that there was no effective development of European companies; big French, German and Italian firms would establish subsidiaries in other capitals, but this was not the same thing. The Prime Minister thus knew that this had been a longstanding concern of the President; and he fully shared it. In Britain some progress had been made. Dunlop had recently merged with Pirelli on a wholly European basis. He himself had set in hand a study of the possible development of a European aero-engine organisation: this was one of the reasons why, if acceptable financial arrangements could be made, the British Government wanted the RB211 engine to continue, in the hope that it could subsequently be developed by a European organisation, if one could be set up. However, if this process was to be positively encouraged, it was essential for the European Community to agree on a company law for European companies. The Chairman of Dunlop had told him that one of their greatest problems over the merger with Pirelli had been the differing systems of company law within Europe.

M. Pompidou said that he not only agreed with the Prime Minister; for years he had been trying to stimulate the Community organisations in Brussels and Luxembourg to address themselves to the problem of European company law. A former French Minister, Monsieur Lecourt, now working with the Community in Luxembourg, had been trying to make progress in this field but so far without success. The President was wholly favourable to the Prime Minister's thinking. He would only add that French law was perhaps the most complicated of any on the Continent. He would personally favour a move
towards British law which was more flexible and favourable to
the development of large companies. There had been some recent
progress, however inadequate, in French law. But they must both
keep a wary eye on the possible development of tax havens in
Europe similar to those in places such as Panama or Curaçao.
He believed that this was beginning to happen in Luxembourg
where there was a mushrooming of the head offices of many
financial companies. He felt there must be some reason for
this; and he believed it to be tax evasion.

Co-ordination of policies within the Community towards inward
investment

President Pompidou expressed strong dissatisfaction with
the existing situation within the Community in regard to the
inducements offered to encourage investment. Each country had
its specific problems. For example, France was concerned to
industrialise Western and South Western France to discourage
the population exodus. Italy wished to encourage industrial
investment in the Mezzo Giorno; and Germany, although highly
developed industrially, was also seeking favourable conditions
for the establishment of firms in areas where, if there was
not yet a real unemployment problem, the economic situation
was less favourable than elsewhere. This created substantial
pressures within the Community. For example, there were pressures
on the Franco-German frontier over the establishment of industries
on one side or the other of the frontier. Absurd quantities of
Government inducements were offered in these cases; and in
Germany these inducements were sometimes difficult to detect
because, with their federal system, a Land Government could
often offer inducements even if the Federal Government did not.

M. Pompidou said that this was resulting in ludicrous
situations. For instance, there had been a "real war" with
Germany over the installation of a Pechiney aluminium plant. The French had hoped to see this built in France. But one of the Land Governments in the Federal Republic had offered exceptionally advantageous terms. This competition became even more excessive in the case of firms from outside the Community, in certain cases from Britain but in most cases from the United States. Big companies such as Ford or General Motors received offers "on a silver platter". The Community countries should try to co-ordinate their policy and not ruin themselves, as at present, to the sole benefit of the rich outsiders.

The President said that, although this was not strictly relevant to the point he had been making, Community countries should also try to co-ordinate their investment inducements to the outside world. It was difficult to establish the truth - no country ever really told the other the truth in this matter - but whenever the French negotiated, for example, to build a factory in Eastern Europe or in the underdeveloped world or in Latin America, they were constantly told that their terms were much too severe: the Germans were said to be offering interest rates of 2 per cent over 20 years or the British a 3 per cent rate over 30 years, or someone else even better terms. They should try to establish a common basis for the terms they offered rather than indulge in absurd competition, especially over credit terms. If such investment was going to underdeveloped countries, this was perhaps not too serious, since it represented a form of aid. But there was no reason whatever for the West, through senseless competition, to help powerful economies such as those of the Soviet Union or countries in Eastern Europe.

The Prime Minister said that he much agreed, particularly in regard to export credit arrangements. Each recipient country played one Western country off against another and it was difficult
to check the accuracy of their claims. But the consequence was that all the investing countries were obliged to offer unjustifiably favourable terms. As regards regional development, he wholly agreed on the need to get sensible rationalisation in some form. There were even frontier problems in Britain. The previous Government had provided special investment terms for the whole of Scotland except Edinburgh. In consequence, over two or three years, thirty-three firms had moved from within the Edinburgh City borders to just outside. This had created unemployment in Edinburgh, while providing some additional employment outside it. This made no sense and the Government were now changing the system.

M. Pompidou said that the Prime Minister would find, if he was in the Community, how difficult these problems were. It was relatively easy to agree on principles: but difficult to put them into practice: everyone cheated a little. This was a long term exercise. But he saw no reason to make a special effort to help companies or Governments that were richer than their own. This problem already obtained in respect of American companies and soon the Japanese would be in the field. It was essential for the Community countries to be frank with each other and to co-ordinate their policies so as to avoid being fleeced by richer firms and countries.

The Prime Minister said that there was also a problem arising from the fact that personal and corporate savings were not high enough to permit our firms to expand quickly. American and, increasingly, Japanese firms could get the capital they needed, whereas this was more difficult for European firms. This was to some extent a function of size and scale. The Japanese now had an integrated organisation with banking, basic products and manufacturing which gave them considerable advantages. M. Pompidou commented that these were the problems of daily life.
The Agreed Minute

M. Pompidou said that, when they received from their officials the text of the draft Communiqué, he thought it would be relatively easy to agree it. More important was the Agreed Minute which would summarise their conclusions and, he hoped, take note of the points on which they agreed. He understood that this would record agreement between them on their conception of Europe and its objectives as well as on British willingness to integrate within Europe and on the functioning of European institutions. Equally, it would record their agreement on Community preference as already publicly reached in Brussels. For his part (though he was not sure whether this would be covered in the Agreed Minute) he had noted with great interest the Prime Minister's remarks the previous day to the effect that Britain's officials in Brussels would be able "to work in French", as the Prime Minister had put it, and the Prime Minister's suggestions about further developments in Anglo/French exchanges of officials, teachers and, especially, young people. Finally, he believed that they should reach a full intellectual and political agreement on the negotiations about the Community's attitude to underdeveloped countries from the former British and French Empires or those linked to other member countries, such as Belgium. This naturally comprised both the States associated under the Yaounde Convention, the potential new ex-British associates and the question of the sugar agreements with certain Commonwealth countries. He had also noted with particular interest the Prime Minister's view that Nigeria, though naturally able to become associated with the Community, was in a sufficiently strong economic situation as not to require any substantial amount of aid from the European Development Fund. This was important. Nigeria was so large that it could affect the existing rights of all the Yaounde countries taken together.
This left certain outstanding and important matters on which he understood that he and the Prime Minister would seek to give each other certain clarifications. The President asked whether the Prime Minister agreed with this summary.

The Prime Minister said he did. There had indeed been a substantial measure of agreement in their talks on the subjects M. Pompidou had mentioned. They were agreed on their concept of how they wished the European Community to develop and to exercise an influence which the President had said would be moral and spiritual and not simply material. The Prime Minister warmly agreed with this. They also took the same view about Community institutions, about how they should operate and how they should develop. Equally, they both agreed on the need to safeguard the interests of the present associated territories under the Yaounde Convention and of former British territories that could become associated. The way to do this could be worked out in the negotiations due to begin in 1973.

The Prime Minister said that he could not undertake that Nigeria, or any other developing country, would not wish to make a claim on the European Development Fund. But he accepted that arrangements made under the Yaounde Convention could differ for each individual country and it was natural that in assessing the possible provision of aid to any country account should be taken of its economic situation. On the negotiations themselves, his understanding was that the President and he were agreed in wishing to see the main problems resolved before the beginning of the summer holidays and thus hopefully during the two Ministerial meetings to be held in June.

M. Pompidou said that he agreed.

The Prime Minister said that he had always preferred to speak in Brussels of a "vue d'ensemble" though he understood that this was known in the Community as a "package deal". We
had fully accepted the application of Community preference from the outset. He hoped the President agreed that this was evident proof of our determination to play our full part from the outset in the Community system (President Pompidou nodded). The remaining problems they had discussed would need to be finally settled in Brussels. They consisted of Community finance, New Zealand and fisheries. On the latter, he understood that the President was prepared to agree to the adaptation of the fisheries regulation. There was also the question that was not being negotiated, but discussed in the context of the development of economic and monetary policy within the Community, namely sterling.

M. Pompidou agreed. He suggested that they should leave the fisheries question on one side. He believed that they had found a formula that would be acceptable to Mr. Heath. This was not a particularly important matter for France and they would not seek to oppose an attempt to find means of adapting the present Community regulation. The question was of greater concern to certain of their partners and they could not decide it for them. But France would not raise objections. On the other hand M. Pompidou said that he hoped the fishery problem could be presented with care to public opinion because of the risks of the effect of such presentation on public opinion in other countries. For example, even though French fishermen were not of particular importance as a group, they would certainly come out in revolt if they learned that a great deal was being made in other countries of the French Government's readiness to adapt the regulation. The Prime Minister agreed. He had spent enough holidays in Brittany to be aware of the outlook of the Breton fishermen. Their reactions struck him as closely similar to those of Scottish fishermen!

President Pompidou said that this left three main questions,
two of which would be directly negotiated in Brussels and the third, sterling, discussed confidentially between British and Community experts.

Sterling

M. Pompidou said that this was a problem both of words and of substance. The fact that Britain genuinely and unreservedly accepted that the reserve status of sterling was incompatible with the Community concept of the equality of Community currencies both in the perspective of monetary union, but also at the present time, was of capital importance to the French Government. He had understood the previous day that, in order actively to underline this attitude, the Prime Minister accepted the principle of the stabilisation of the sterling balances at their 30 June level and the principle that, once Britain had joined the Community, the balances should be progressively rundown: though this should be done slowly and in good order so as to avoid damaging the British balance of payments. The previous day he had suggested certain figures for this rundown. But he was not wedded to the concept of figures: what mattered was the question of principle.

President Pompidou said that he was sincerely convinced that this was a question of substance. The Prime Minister should understand that he had no intention whatever of disturbing the British balance of payments, nor did he claim any right to direct the British Government's financial policy. But he was profoundly convinced that the pound as a reserve currency was a relic of the British Empire of an earlier era and was incompatible with the British decision to become a member of the European Community. Words must be found to express their purposes, but he wished to be clear in his mind on British intentions and on their
"fundamental choice". He wished to be satisfied that he had correctly understood what the Prime Minister had told him of his position. He also wished to make one clarification. Comparisons had been made between the sterling area and the franc zone. The franc zone was very small but that was not the point. What mattered was the principle. The real difference between the sterling area and the franc zone was the dollar guarantee. This resulted in sterling being linked to and indeed dependent on the dollar. It was this that led to the abnormal character of sterling as a European currency. He recognised of course that it would be unwise to try to change everything overnight. This would be an upheaval which would be intolerable for Britain and damaging to all concerned. This was why he had proposed that, if there could be agreement on a new framework, the French Government would be ready to participate in a re-negotiation of the Basle Agreements.

The Finance Regulation

President Pompidou proposed that, as part of the "vuedensemble" they should revert to this subject. He wished to withdraw what he had said the previous day about an automatic reversion to Britain of about 4 per cent of the Community budget. This was what he had been told: but in fact the figure was probably too high and in any case it could not be accurately forecast. Britain could expect some "kick-back" (this was not a Community expression, but it meant what it said) from the Agricultural Development Fund and this, for example, might be of help to Scottish farmers; and also under the ECSC arrangement. But this would not come to 4 per cent and he unreservedly withdrew what he had said about that.

On the other hand he had been told that German experts had estimated that, taking account of the entry to the Community of the other candidates and of the fact that Danish entry in particular
would be costly to the Community, the latter would be out of pocket in the first year if the British contribution was not at least 7½ per cent. Indeed he understood that Herr Scheel had quoted an even higher figure. He was saying this as an indication of the problem and not as implying that it represented a solution. They could, if the Prime Minister wished, continue to discuss this question, though it might be difficult to take the discussion too far since he had no mandate to negotiate on behalf of his partners.

**New Zealand**

President Pompidou recalled that he had said that at the end of their talks, if the outcome in other respects had been favourable, the French would try to be helpful over New Zealand, taking account of the moral, sentimental and political aspects of the problem as much as the economic ones. He reverted to his inquiry about the possible separation of butter from cheese. This seemed doubtful since he understood that the two were still linked in the discussion that had taken place between their advisers. He wondered if it could be further studied. If New Zealand could handle cheese as a separate issue, this would help the Community and ease the solution to the problem. But, in any case, the French Government would try to help us over New Zealand. He wished to put a very blunt question. Was it better for Britain that there should be a long period of degression for New Zealand produce running down finally to zero; or was this, however favourable it might be to New Zealand, politically difficult precisely because of the zero; in which case would Britain prefer a shorter period of degression culminating in a review? This would be awkward for the Community, since it was evident that the level reached at the end of the period in question (e.g. 20 or 30 per cent) would almost certainly come to be regarded as the permanent level.
Sterling

The Prime Minister thanked President Pompidou for so clearly explaining his approach on these matters. As regards sterling, he could confirm that the British Government accepted the principle of stabilisation. But he wished to make one point. The President himself had emphasised the confidential character of this matter (President Pompidou nodded). The present position was that the Governor of the Bank of England was still negotiating with certain of the sterling area countries the renewal arrangements for the Basle Agreement. The most important countries had all agreed; but a few smaller ones were still outstanding. When this negotiation had been accomplished, the necessary arrangements would have to be made to achieve stabilisation. He was sure the President would accept that this should be handled in strict confidence by the Governor and that it was essential that it should not become known at a time when certain of these highly delicate negotiations still remained to be concluded.

President Pompidou said that he could give the Prime Minister his word that this would be kept secret.

The Prime Minister said that, as regards the original rundown of the sterling balances after Britain had joined the Community there was a point which would be of importance to him in Parliament if the matter ever came out of discussions there: namely whether the same principle would apply to the other members of the Community. He himself had always argued, and rightly so, that when Britain became a member of the Community she must be prepared to discuss common problems with a view to reaching common solutions and common policies. There was a tendency in financial circles to believe that the deutschmark was becoming a reserve currency; there was also the question of the franc zone. He could expect to be asked whether the same sort of arrangements as were to
apply to the sterling area would apply if necessary to the deutschmark and the franc zone in the context of closer Community co-ordination of economic policies. Britain was being asked to give an undertaking in principle in regard to sterling. The deutschmark and the franc zone were not at present in a comparable situation but, if they ever were, he would expect to be assured that they would be similarly treated.

(At this point, the French Prime Minister joined the meeting.)

The Prime Minister said that he had been interested in the President's comment about the link through the Basle Agreement between sterling and the dollar. It was only in the past two years, since the previous Government's devaluation, that sterling, because of the Basle Agreement had thus been linked to the dollar. Previously, the sterling area had never had such a dollar underwriting: and he and most of his colleagues wished that this had never happened and had no desire to retain it. In present conditions, it was only retained because it provided greater stability in world markets. But in an enlarged Community with an expanding and dynamic economy the situation could be very different. He was concerned to make the point that the dollar connection through the Basle Agreement was a short-lived phenomenon and in no way represented a basic aspect of the sterling area or the sterling balances.

President Pompidou said that these were highly confidential and very difficult questions. He believed it was true to say that the dollar guarantee, under the Basle Agreement and the direct agreements consequential on Basle between Britain and certain countries, was responsible for the increase in the sterling balances. This being so, there was a clear difference between the sterling area and the franc zone. To give an example of this, Algeria (and this had nothing to do with the present
difficulties between France and Algeria) prior to the previous
French devaluation had switched all its franc holdings into
dollars, because it had lost confidence in the franc. There
was no agreement within the franc zone obliging members to hold
any proportion of their reserves in francs. The agreements
concluded by the British Government were all subordinated to
the dollar guarantee even if these were now in practice less
agreeable to certain people than, for example a deutschmark
guarantee would be. At present, the deutschmark was a currency
of refuge not reserve. The strength of the deutschmark was a
function of the strength of the German economy. There was no
mechanical arrangement that encouraged people to hold marks.
Clearly, there could be no objection to a currency being strong
because the economy of its country was strong. The problem with
sterling was that the special machinery that had been set up gave
it a special character. The position would be quite different
if money were attracted to Britain because of a new-found strength
in the British economy resulting, for example, from the success
of Mr. Heath’s policies and from a dynamic expansion in consequence
of Britain’s entry to the Community. France had no desire to
diminish the value of a currency but sought simply to have the
same machinery for all members of the Community. They accepted
that it would take time if existing sterling area machinery were
to be dismantled. But, if the British economy developed rapidly
after entry to the Community, it was probable that anything said
now would prove unrealistic, since there would no longer be a
requirement for special machinery.

The Prime Minister thanked M. Pompidou for a particularly
interesting and important contribution. He would seek to resume
the President’s thought as follows. If sterling were standing
on its own feet and viable solely because of the strength of
the British economy, and if in consequence there were no Basle Agreements and thus no dollar connection, was he correct in assuming that at that point the President would not consider that there was any sterling problem? President Pompidou said that he wished to reflect: this was a very important question. After a pause of about twenty seconds, he replied "I see none".

The Community Finance Regulation

The Prime Minister said that he wished to thank the President for his further statement on this subject. He fully understood the point the President had made about "kickbacks". He was not aware of the calculations the President had ascribed to Herr Schel. But what seemed important was that the British Government agreed to the system proposed by the French Government, under which they would accept the full working of the Community system from the outset, thus demonstrating their genuine desire to integrate into the Community. He asked whether the President felt that it would be preferable not to discuss figures any more since these were a matter for the negotiations in Brussels.

M. Pompidou said that he was ready to discuss figures if the Prime Minister wished. Indeed, if they wanted their Agreed Minute to contain more than a declaration of intent on the finance regulation and New Zealand, they seemed obliged to continue some way. But it would be difficult to go very much further, except possibly in the strictest confidence. It was necessary to leave some substance for discussion in the June Ministerial Meetings. They could perhaps seek to move a little closer together without taking matters to a final conclusion.

New Zealand

The Prime Minister said that he had been very interested in the President's suggestion the previous evening, that butter and cheese should be separated. He had inquired about this and
had been told that it would be possible. This might be helpful to the President in dealing with his own political problem. On the President's second question, whether it would be preferable to have a long degressive period finishing at zero or a shorter period with a review at the end, he thought that both from the New Zealand viewpoint and from that of his own political problem, the latter offer would be the more acceptable. President Pompidou said that he had been afraid the Prime Minister would say that. The Prime Minister said that he was not sure however that his colleagues would share the President's view that at the time of the review the figure achieved at that point would inevitably continue to be the permanent figure for New Zealand's products. They were much more likely to take the view that the outcome of any review would be all too uncertain (President Pompidou said that the French Government shared their apprehensions about a review). But if discussion of this matter continued in Brussels for a certain period, the Prime Minister thought that the French Government would share his view that the question should in due course be explored within the context of a possible international agreement on dairy products which he thought the French Government favoured. It would be in this context that the eventual review might take place. A solution on these lines would also have to take account of the other preoccupation of New Zealand, namely that its milk products which were no longer sold in Europe because of the decrease in the quantity of New Zealand exports there, should be sold elsewhere. M. Pompidou agreed.

12.15 p.m. The President and the Prime Minister were informed that certain of the texts drafted by their advisers were ready. The President, M. Chaban-Delmas and M. Andronikov withdrew while the Prime Minister conferred with his advisers. The meeting resumed at 12.35 p.m.
The Prime Minister and the President considered the draft passage on sterling for inclusion in the Agreed Minute and accepted a minor drafting amendment to the second paragraph, proposed by the President.

The Prime Minister said that during their discussion of the substance the President had emphasised his concern with principle rather than with figures. The text before them suggested a figure. The Prime Minister was willing to examine this. But he felt that what mattered was a clear statement of principle.

After some further discussion of points of detail in the text, the Prime Minister asked for a clarification of the French position towards the renegotiation of the Basle Agreements. It was not clear to him at what point the French Government were prepared to join in the renegotiated agreement. M. Pompidou said that if the principle of a stabilisation and progressive reduction of the sterling balances was accepted in satisfactory form, France would be ready to join in the Basle Agreements forthwith. But he did not wish the Prime Minister to feel under any obligation to accept this offer nor indeed were the French particularly concerned one way or the other. They regarded the Basle Agreements as "res inter alios acta". The President said that, as he understood it, the Prime Minister thought that the proposed text, including a reference to a 5 per cent figure, was acceptable to him, but felt that it would be more in conformity with the spirit of their discussion that there should be a reference only to the principle and not to any figure. The Prime Minister said that he would wish to reflect on whether or not a reference to 5 per cent was acceptable. His preference was simply for a statement of principle. M. Pompidou said that his concern was that the British Government should take the measures required to run the balances down. Figures were a matter of indifference to him,
though they would no doubt increase as time went by.

President Pompidou proposed that they should meet again at 4.00 p.m. that afternoon to finalise the Agreed Minute. They might then jointly meet the Press; and this could be followed by some discreet and co-ordinated briefing by their two Press advisers. They could also discuss what they should say to friendly Governments, and particularly to the German Federal Chancellor and to the Italian Prime Minister.

The Prime Minister agreed.

The meeting ended at 1.00 p.m.